

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended: March 31, 2019

Commission File Number 001-38124

GRANITE POINT MORTGAGE TRUST INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

3 Bryant Park, Suite 2400A
New York, New York
(Address of Principal Executive Offices)

61-1843143
(I.R.S. Employer
Identification No.)

10036
(Zip Code)

(212) 364-3200

(Registrant's Telephone Number, Including Area Code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the 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
Non-accelerated filer

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 Act). Yes No
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol(s)	Name of Exchange on Which Registered:
Common Stock, par value \$0.01 per share	GPMT	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 3, 2019, there were 53,741,316 shares of outstanding common stock, par value \$0.01 per share, issued and outstanding.

GRANITE POINT MORTGAGE TRUST INC.

INDEX

	<u>Page</u>	
PART I - FINANCIAL INFORMATION		
Item 1.	Financial Statements (unaudited)	1
	Condensed Consolidated Balance Sheets at March 31, 2019 and December 31, 2018	1
	Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2019 and 2018	2
	Condensed Consolidated Statements of Stockholders' Equity for the Three Months Ended March 31, 2019 and 2018	3
	Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2019 and 2018	4
	Notes to the Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	39
Item 4.	Controls and Procedures	42
PART II - OTHER INFORMATION		
Item 1.	Legal Proceedings	43
Item 1A.	Risk Factors	43
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	43
Item 3.	Defaults Upon Senior Securities	43
Item 4.	Mine Safety Disclosures	43
Item 5.	Other Information	43
Item 6.	Exhibits	43
	Index of Exhibits	44
	Signatures	45

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GRANITE POINT MORTGAGE TRUST INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2019	December 31, 2018
ASSETS		
	(unaudited)	
Loans held-for-investment	\$ 3,292,989	\$ 3,167,913
Available-for-sale securities, at fair value	12,798	12,606
Held-to-maturity securities	25,815	26,696
Cash and cash equivalents	65,384	91,700
Restricted cash	55,051	31,723
Accrued interest receivable	10,595	10,268
Deferred debt issuance costs	2,333	3,924
Prepaid expenses	764	1,055
Other assets	21,659	15,996
Total Assets ⁽¹⁾	\$ 3,487,388	\$ 3,361,881
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Repurchase agreements	\$ 993,634	\$ 1,500,543
Securitized debt obligations	1,197,814	654,263
Revolving credit facilities	—	75,000
Convertible senior notes	268,484	268,138
Accrued interest payable	10,117	6,394
Unearned interest income	197	510
Dividends payable	21,938	18,346
Other liabilities	13,073	10,156
Total Liabilities	2,505,257	2,533,350
10% cumulative redeemable preferred stock, par value \$0.01 per share; 50,000,000 shares authorized and 1,000 and 1,000 shares issued and outstanding, respectively	1,000	1,000
Stockholders' Equity		
Common stock, par value \$0.01 per share; 450,000,000 shares authorized and 52,171,921 and 43,621,174 shares issued and outstanding, respectively	522	436
Additional paid-in capital	994,592	836,288
Accumulated other comprehensive loss	—	(192)
Cumulative earnings	108,831	91,875
Cumulative distributions to stockholders	(122,814)	(100,876)
Total Stockholders' Equity	981,131	827,531
Total Liabilities and Stockholders' Equity	\$ 3,487,388	\$ 3,361,881

(1) The condensed consolidated balance sheets include assets of consolidated variable interest entities, or VIEs, that can only be used to settle obligations of these VIEs, and liabilities of the consolidated VIEs for which creditors do not have recourse to Granite Point Mortgage Trust Inc. At March 31, 2019 and December 31, 2018, assets of the VIEs totaled \$1,547,626 and \$829,147, and liabilities of the VIEs totaled \$1,199,164 and \$654,952, respectively. See Note 3 - *Variable Interest Entities* for additional information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

GRANITE POINT MORTGAGE TRUST INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)
(in thousands, except share data)

	Three Months Ended	
	March 31,	
	2019	2018
Interest income:		
Loans held-for-investment	\$ 56,665	\$ 38,793
Available-for-sale securities	308	272
Held-to-maturity securities	661	885
Cash and cash equivalents	511	27
Total interest income	58,145	39,977
Interest expense:		
Repurchase agreements	16,989	16,194
Securitized debt obligations	9,859	—
Convertible senior notes	4,465	2,179
Revolving credit facilities	695	—
Total interest expense	32,008	18,373
Net interest income	26,137	21,604
Other income:		
Fee income	913	882
Total other income	913	882
Expenses:		
Management fees	3,449	3,209
Incentive fees	244	—
Servicing expenses	773	458
General and administrative expenses	5,616	4,232
Total expenses	10,082	7,899
Income before income taxes	16,968	14,587
(Benefit from) provision for income taxes	(1)	1
Net income	16,969	14,586
Dividends on preferred stock	25	25
Net income attributable to common stockholders	\$ 16,944	\$ 14,561
Basic earnings per weighted average common share	\$ 0.35	\$ 0.34
Diluted earnings per weighted average common share	\$ 0.34	\$ 0.33
Dividends declared per common share	\$ 0.42	\$ 0.38
Weighted average number of shares of common stock outstanding:		
Basic	48,601,431	43,374,228
Diluted	62,256,595	50,467,978
Comprehensive income:		
Net income attributable to common stockholders	\$ 16,944	\$ 14,561
Other comprehensive income, net of tax:		
Unrealized gain on available-for-sale securities	192	16
Other comprehensive income	192	16
Comprehensive income attributable to common stockholders	\$ 17,136	\$ 14,577

The accompanying notes are an integral part of these condensed consolidated financial statements.

GRANITE POINT MORTGAGE TRUST INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (unaudited)
(in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Earnings	Cumulative Distributions to Stockholders	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2017	43,235,103	\$ 432	\$ 829,704	\$ —	\$ 28,800	\$ (30,315)	\$ 828,621
Net income	—	—	—	—	14,586	—	14,586
Other comprehensive income before reclassifications	—	—	—	16	—	—	16
Amounts reclassified from accumulated other comprehensive income	—	—	—	—	—	—	—
Net other comprehensive income	—	—	—	16	—	—	16
Common dividends declared	—	—	—	—	—	(16,506)	(16,506)
Preferred dividends declared	—	—	—	—	—	(25)	(25)
Non-cash equity award compensation	201,956	2	662	—	—	—	664
Balance, March 31, 2018	<u>43,437,059</u>	<u>\$ 434</u>	<u>\$ 830,366</u>	<u>\$ 16</u>	<u>\$ 43,386</u>	<u>\$ (46,846)</u>	<u>\$ 827,356</u>
Balance, December 31, 2018	43,621,174	\$ 436	\$ 836,288	\$ (192)	\$ 91,875	\$ (100,876)	\$ 827,531
Cumulative effect of adoption of new accounting principle	—	—	13	—	(13)	—	—
Adjusted balance, January 1, 2019	43,621,174	436	836,301	(192)	91,862	(100,876)	827,531
Net income	—	—	—	—	16,969	—	16,969
Other comprehensive income before reclassifications	—	—	—	192	—	—	192
Amounts reclassified from accumulated other comprehensive income	—	—	—	—	—	—	—
Net other comprehensive income	—	—	—	192	—	—	192
Issuance of common stock, net of offering costs	8,291,829	83	157,145	—	—	—	157,228
Common dividends declared	—	—	—	—	—	(21,913)	(21,913)
Preferred dividends declared	—	—	—	—	—	(25)	(25)
Non-cash equity award compensation	258,918	3	1,146	—	—	—	1,149
Balance, March 31, 2019	<u>52,171,921</u>	<u>\$ 522</u>	<u>\$ 994,592</u>	<u>\$ —</u>	<u>\$ 108,831</u>	<u>\$ (122,814)</u>	<u>\$ 981,131</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

GRANITE POINT MORTGAGE TRUST INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

	Three Months Ended	
	March 31,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	\$ 16,969	\$ 14,586
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of discounts and net deferred fees on loans held-for-investment	(3,822)	(2,707)
Amortization of deferred debt issuance costs on convertible senior notes and securitized debt obligations	2,029	184
Equity based compensation	1,149	664
Depreciation of fixed assets	39	1
Net change in assets and liabilities:		
Increase in accrued interest receivable	(327)	(536)
Decrease in prepaid expenses	291	192
Increase in other assets	(5,702)	(696)
Increase in accrued interest payable	3,723	2,161
Decrease in unearned interest income	(313)	(140)
Increase (decrease) in other liabilities	2,917	(580)
Net cash provided by operating activities	16,953	13,129
Cash Flows From Investing Activities:		
Originations, acquisitions and additional fundings of loans held-for-investment, net of deferred fees	(276,574)	(154,101)
Proceeds from repayment of loans held-for-investment	155,320	96,427
Principal payments on held-to-maturity securities	881	4,793
Net cash used in investing activities	(120,373)	(52,881)
Cash Flows From Financing Activities:		
Proceeds from repurchase agreements	225,261	140,731
Principal payments on repurchase agreements	(732,170)	(137,883)
Proceeds from issuance of securitized debt obligations	646,868	—
Principal payments on securitized debt obligations	(105,000)	—
Proceeds from convertible senior notes	—	18,247
Proceeds from revolving credit facilities	48,697	—
Repayment of revolving credit facilities	(123,697)	—
Decrease in deferred debt issuance costs	1,591	1,404
Proceeds from issuance of common stock, net of offering costs	157,228	—
Dividends paid on preferred stock	(25)	(25)
Dividends paid on common stock	(18,321)	(16,372)
Net cash provided by financing activities	100,432	6,102
Net decrease in cash, cash equivalents and restricted cash	(2,988)	(33,650)
Cash, cash equivalents and restricted cash at beginning of period	123,423	110,718
Cash, cash equivalents and restricted cash at end of period	\$ 120,435	\$ 77,068
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 28,284	\$ 16,212
Cash paid (received) for taxes, net	\$ —	\$ 1
Noncash Activities:		
Dividends declared but not paid at end of period	\$ 21,938	\$ 16,588

The accompanying notes are an integral part of these condensed consolidated financial statements.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Note 1. Organization and Operations

Granite Point Mortgage Trust Inc., or the Company, is a Maryland corporation that focuses primarily on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. The Company is externally managed by Pine River Capital Management L.P., or the Manager. The Company's common stock is listed on the New York Stock Exchange, or NYSE, under the symbol "GPMT".

The Company was incorporated on April 7, 2017 and commenced operations as a publicly traded company on June 28, 2017, upon completion of an initial public offering, or the IPO. Concurrently with the closing of the IPO, the Company completed a formation transaction, or the Formation Transaction, pursuant to which the Company acquired the equity interests in TH Commercial Holdings LLC, or the Predecessor, from Two Harbors Investment Corp., or Two Harbors, a publicly traded hybrid mortgage real estate investment trust (NYSE: TWO). In exchange, the Company issued 33,071,000 shares of its common stock, representing approximately 76.5% of its outstanding common stock after the IPO, and 1,000 shares of its 10% cumulative redeemable preferred stock to Two Harbors. Upon the completion of the Formation Transaction, the Predecessor became the Company's wholly owned indirect subsidiary. On November 1, 2017, Two Harbors distributed to its common stockholders the 33,071,000 shares of the Company's common stock it had acquired in connection with the Formation Transaction, allowing the Company's market capitalization to be fully floating.

The Company has elected to be treated as a real estate investment trust, or REIT, as defined under the Internal Revenue Code of 1986, as amended, or the Code, for U.S. federal income tax purposes. As long as the Company continues to comply with a number of requirements under federal tax law and maintains its qualification as a REIT, the Company generally will not be subject to U.S. federal income taxes to the extent that the Company distributes its taxable income to its stockholders on an annual basis and does not engage in prohibited transactions. However, certain activities that the Company may perform may cause it to earn income which will not be qualifying income for REIT purposes. The Company has designated one of its subsidiaries as a taxable REIT subsidiary, or TRS, as defined in the Code, to engage in such activities.

Note 2. Basis of Presentation and Significant Accounting Policies

Consolidation and Basis of Presentation

The interim unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, or SEC. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, have been condensed or omitted according to such SEC rules and regulations. However, management believes that the disclosures included in these interim condensed consolidated financial statements are adequate to make the information presented not misleading. The accompanying condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial condition of the Company at March 31, 2019 and results of operations for all periods presented have been made. The results of operations for the three months ended March 31, 2019 should not be construed as indicative of the results to be expected for future periods or the full year.

The condensed consolidated financial statements of the Company include the accounts of all subsidiaries; inter-company accounts and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the current period presentation.

All entities in which the Company holds investments that are considered VIEs for financial reporting purposes were reviewed for consolidation under the applicable consolidation guidance. Whenever the Company has both the power to direct the activities of an entity that most significantly impact the entity's performance, and the obligation to absorb losses or the right to receive benefits of the entity that could be significant, the Company consolidates the entity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities, amount and timing of allowances for loan losses and impairments and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of certain revenues and expenses during the reported period. It is likely that changes in these estimates (e.g., valuation changes to the underlying collateral of loans due to changes in capitalization rates, leasing, credit worthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, overall economic conditions, the broader commercial real estate market, local geographic sub-markets or other factors) will occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ from its estimates and the differences may be material.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Significant Accounting Policies

Included in Note 2 to the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 is a summary of the Company's significant accounting policies.

Recently Issued and/or Adopted Accounting Standards

Lease Classification and Accounting

In February 2016, the FASB issued ASU No. 2016-02, which requires lessees to recognize on their balance sheets both a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018, with early adoption permitted. The Company's adoption of this ASU did not have a material impact on the Company's financial condition, results of operations or financial statement disclosures.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, which changes the impairment model for most financial assets and certain other instruments. Allowances for credit losses on available-for-sale, or AFS, and held-to-maturity, or HTM, debt securities will be recognized, rather than direct reductions in the amortized cost of the investments. The new model also requires the estimation of lifetime expected credit losses and corresponding recognition of allowance for losses on trade and other receivables, HTM debt securities, loans, and other instruments held at amortized cost. The ASU requires certain recurring disclosures and is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2019, with early adoption permitted for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018. The Company is evaluating the adoption of this ASU to determine the impact it may have on its condensed consolidated financial statements, which at the date of adoption, is expected to increase the allowance for credit losses with a resulting negative adjustment to retained earnings.

Accounting for Share-Based Payments to Nonemployees

In June 2018, the FASB issued ASU No. 2018-07 to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. Under the guidance, equity-classified nonemployee awards will be measured on and fixed at the grant date, rather than measured at fair value at each reporting date until the date at which the nonemployee's performance is complete. The ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018, with early adoption permitted. The Company's adoption of this ASU was applied by recording a cumulative-effect adjustment to retained earnings as of January 1, 2019, which did not have a material impact on the Company's financial condition, results of operations or financial statement disclosures.

SEC Disclosure Update and Simplification

In August 2018, the SEC adopted a final rule that amends certain disclosure requirements that have become duplicative, overlapping, or outdated in light of other SEC disclosure requirements, U.S. GAAP, or changes in the information environment. However, the guidance also added requirements for entities to include in their interim financial statements a reconciliation of changes in stockholders' equity for each period for which an income statement is required (both year-to-date and quarterly periods). The final rule is effective for all filings made on or after November 5, 2018. However, the SEC staff said it would not object to a registrant waiting to comply with the new interim disclosure requirement until the filing of its Form 10-Q for the quarter that begins after the effective date. As a result, the Company adopted the new interim disclosure requirement during the current period. The Company's adoption of this final rule did not have a material impact on the Company's financial condition, results of operations or financial statement disclosures.

Note 3. Variable Interest Entities

The Company finances pools of its commercial real estate loans through collateralized loan obligations, or CLOs, which are considered VIEs for financial reporting purposes and, thus, are reviewed for consolidation under the applicable consolidation guidance. Because the Company has both the power to direct the activities of the CLOs that most significantly impact the entities' performance, and the obligation to absorb losses or the right to receive benefits of the entities that could be significant, the Company consolidates the CLOs.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The following table presents a summary of the assets and liabilities of all variable interest entities consolidated on the Company's condensed consolidated balance sheets as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Loans held-for-investment	\$ 1,488,891	\$ 795,259
Restricted cash	47,076	26,136
Accrued interest receivable	4,634	2,622
Other assets	7,025	5,130
Total Assets	\$ 1,547,626	\$ 829,147
Securitized debt obligations	\$ 1,197,814	\$ 654,263
Accrued interest payable	1,341	689
Other liabilities	9	—
Total Liabilities	\$ 1,199,164	\$ 654,952

The Company is not required to consolidate VIEs for which it has concluded it does not have both the power to direct the activities of the VIEs that most significantly impact the entities' performance, and the obligation to absorb losses or the right to receive benefits of the entities that could be significant. The Company's investments in these unconsolidated VIEs include CMBS, which are classified within available-for-sale securities, at fair value, and held-to-maturity securities on the condensed consolidated balance sheets. As of March 31, 2019 and December 31, 2018, the carrying value, which also represents the maximum exposure to loss, of all CMBS in unconsolidated VIEs was \$38.6 million and \$39.3 million, respectively.

Note 4. Loans Held-for-Investment

The Company originates and acquires commercial real estate debt and related instruments generally to be held as long-term investments. These assets are classified as loans held-for-investment on the condensed consolidated balance sheets. The Company also finances pools of its commercial real estate loans through CLOs, which are considered a VIEs for financial reporting purposes and, thus, are reviewed for consolidation under the applicable consolidation guidance. Because the Company has both the power to direct the activities of the CLOs that most significantly impact the entities' performance, and the obligation to absorb losses or the right to receive benefits of the entities that could be significant, the Company consolidates the CLOs and classifies the underlying loans as loans held-for-investment. Loans held-for-investment are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable.

The following tables summarize the Company's loans held-for-investment by asset type, property type and geographic location as of March 31, 2019 and December 31, 2018:

(dollars in thousands)	March 31, 2019			
	Senior Loans ⁽¹⁾	Mezzanine Loans	B-Notes	Total
Unpaid principal balance	\$ 3,289,035	\$ 14,381	\$ 14,600	\$ 3,318,016
Unamortized (discount) premium	(138)	—	—	(138)
Unamortized net deferred origination fees	(24,889)	—	—	(24,889)
Carrying value	\$ 3,264,008	\$ 14,381	\$ 14,600	\$ 3,292,989
Unfunded commitments	\$ 624,244	\$ —	\$ —	\$ 624,244
Number of loans	95	2	1	98
Weighted average coupon	6.4%	11.9%	8.0%	6.4%
Weighted average years to maturity ⁽²⁾	1.9	3.0	7.8	1.9

GRANITE POINT MORTGAGE TRUST INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)

(dollars in thousands)	December 31, 2018			
	Senior Loans ⁽¹⁾	Mezzanine Loans	B-Notes	Total
Unpaid principal balance	\$ 3,147,310	\$ 31,679	\$ 14,652	\$ 3,193,641
Unamortized (discount) premium	(151)	—	—	(151)
Unamortized net deferred origination fees	(25,577)	—	—	(25,577)
Carrying value	\$ 3,121,582	\$ 31,679	\$ 14,652	\$ 3,167,913
Unfunded commitments	\$ 626,155	\$ —	\$ —	\$ 626,155
Number of loans	88	3	1	92
Weighted average coupon	6.4%	11.4%	8.0%	6.5%
Weighted average years to maturity ⁽²⁾	2.0	1.9	8.1	2.0

(1) Loans primarily secured by a first priority lien on commercial real property and related personal property and also includes, when applicable, any companion subordinate loans.

(2) Based on contractual maturity date. Certain loans are subject to contractual extension options which may be subject to conditions as stipulated in the loan agreement. Actual maturities may differ from contractual maturities stated herein as certain borrowers may have the right to prepay with or without paying a prepayment fee. The Company may also extend contractual maturities in connection with loan modifications.

(dollars in thousands)	Property Type	March 31, 2019		December 31, 2018	
		Carrying Value	% of Loan Portfolio	Carrying Value	% of Loan Portfolio
Office		\$ 1,548,117	47.0%	\$ 1,495,128	47.2%
Multifamily		668,410	20.3%	569,259	18.0%
Hotel		483,553	14.7%	427,611	13.5%
Retail		329,430	10.0%	324,447	10.2%
Industrial		263,479	8.0%	351,468	11.1%
Total		\$ 3,292,989	100.0%	\$ 3,167,913	100.0%

(dollars in thousands)	Geographic Location	March 31, 2019		December 31, 2018	
		Carrying Value	% of Loan Portfolio	Carrying Value	% of Loan Portfolio
Northeast		\$ 1,126,245	34.3%	\$ 1,171,691	37.0%
West		707,379	21.5%	694,223	21.9%
Southwest		726,072	22.0%	681,108	21.5%
Southeast		360,193	10.9%	369,961	11.7%
Midwest		373,100	11.3%	250,930	7.9%
Total		\$ 3,292,989	100.0%	\$ 3,167,913	100.0%

At March 31, 2019 and December 31, 2018, the Company pledged loans held-for-investment with a carrying value of \$3.0 billion and \$2.9 billion, respectively, as collateral for repurchase agreements, revolving credit facilities and securitized debt obligations. See Note 10 - *Repurchase Agreements*, Note 12 - *Revolving Credit Facilities* and Note 13 - *Securitized Debt Obligations*.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The following table summarizes activity related to loans held-for-investment for the three months ended March 31, 2019 and December 31, 2018.

(in thousands)	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ 3,167,913	\$ 2,304,266
Originations, acquisitions and additional fundings	279,694	156,186
Repayments	(155,320)	(96,427)
Net discount accretion (premium amortization)	13	14
Increase in net deferred origination fees	(3,120)	(2,085)
Amortization of net deferred origination fees	3,809	2,693
Allowance for loan losses	—	—
Balance at end of period	\$ 3,292,989	\$ 2,364,647

The Company evaluates each loan for impairment at least quarterly by assessing the risk factors of each loan and assigning a risk rating based on a variety of factors. Risk factors include property type, geographic and local market dynamics, physical condition, leasing and tenant profile, projected cash flow, loan structure and exit plan, loan-to-value ratio, project sponsorship, and other factors deemed necessary. Risk ratings are defined as follows:

- 1 – Lower Risk
- 2 – Average Risk
- 3 – Acceptable Risk
- 4 – Higher Risk: A loan that has exhibited material deterioration in cash flows and/or other credit factors, which, if negative trends continue, could be indicative of future loss.
- 5 – Impaired/Loss Likely: A loan that has a significantly increased probability of default or principal loss.

The following table presents the number of loans, unpaid principal balance and carrying value (amortized cost) by risk rating for loans held-for-investment as of March 31, 2019 and December 31, 2018:

(dollars in thousands)	Risk Rating	March 31, 2019			December 31, 2018		
		Number of Loans	Unpaid Principal Balance	Carrying Value	Number of Loans	Unpaid Principal Balance	Carrying Value
	1	8	\$ 359,595	\$ 358,113	9	\$ 354,791	\$ 353,583
	2	86	2,845,949	2,823,057	78	2,680,297	2,656,679
	3	2	75,052	74,619	3	121,133	120,496
	4	2	37,420	37,200	2	37,420	37,155
	5	—	—	—	—	—	—
	Total	98	\$ 3,318,016	\$ 3,292,989	92	\$ 3,193,641	\$ 3,167,913

The Company has not identified any impaired loans and it has not recorded any allowances for losses as it is not deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loans.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Note 5. Available-for-Sale Securities, at Fair Value

The following table presents the face value and carrying value (which approximates fair value) of AFS securities as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Face value	\$ 12,798	\$ 12,798
Gross unrealized gains	—	—
Gross unrealized losses	—	(192)
Carrying value	<u>\$ 12,798</u>	<u>\$ 12,606</u>

On March 31, 2019, the Company's AFS securities had contractual maturities of less than one year.

At March 31, 2019 and December 31, 2018, the Company pledged AFS securities with a carrying value of \$12.8 million and \$12.6 million, respectively, as collateral for repurchase agreements. See Note 10 - *Repurchase Agreements*.

At March 31, 2019, the Company's AFS securities had a carrying value equal to their face value. At December 31, 2018, the Company's AFS securities were in an unrealized loss position for less than twelve months.

Evaluating AFS Securities for Other-Than-Temporary Impairments

In evaluating AFS securities for other-than-temporary impairments, or OTTI, the Company determines whether there has been a significant adverse quarterly change in the cash flow expectations for a security. The Company compares the amortized cost of each security in an unrealized loss position against the present value of expected future cash flows of the security. The Company also considers whether there has been a significant adverse change in the regulatory and/or economic environment as part of this analysis. If the amortized cost of the security is greater than the present value of expected future cash flows using the original yield as the discount rate, an other-than-temporary credit impairment has occurred. If the Company does not intend to sell and will not be more likely than not required to sell the security, the credit loss is recognized in earnings and the balance of the unrealized loss is recognized in other comprehensive income. If the Company intends to sell the security or will be more likely than not required to sell the security, the full unrealized loss is recognized in earnings. The Company did not record any other-than-temporary credit impairments during the three months ended March 31, 2019 and 2018 as expected cash flows were greater than amortized cost for all AFS securities held.

Note 6. Held-to-Maturity Securities

The following table presents the face value and carrying value of HTM securities by collateral type as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Face value	\$ 25,815	\$ 26,696
Unamortized premium (discount)	—	—
Carrying value	<u>\$ 25,815</u>	<u>\$ 26,696</u>

On March 31, 2019, the Company's HTM securities had contractual maturities of less than one year.

At March 31, 2019 and December 31, 2018, the Company pledged HTM securities with a carrying value of \$25.8 million and \$26.7 million, respectively, as collateral for repurchase agreements. See Note 10 - *Repurchase Agreements*.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Evaluating HTM Securities for Other-Than-Temporary Impairments

In evaluating HTM securities for OTTI, the Company determines whether there has been a significant adverse quarterly change in the cash flow expectations for a security. The Company compares the amortized cost of each security against the present value of expected future cash flows of the security. The Company also considers whether there has been a significant adverse change in the regulatory and/or economic environment as part of this analysis. If the amortized cost of the security is greater than the present value of expected future cash flows using the original yield as the discount rate, an other-than-temporary credit impairment has occurred and the credit loss is recognized in earnings. The Company did not record any other-than-temporary credit impairments during the three months ended March 31, 2019 and 2018, as expected cash flows were greater than amortized cost for all HTM securities held.

Note 7. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash held in bank accounts and cash held in money market funds on an overnight basis.

The Company is required to maintain certain cash balances in restricted accounts as collateral for the Company's repurchase agreements and with counterparties to support activities related to securities. As of March 31, 2019 and December 31, 2018, the Company had \$8.0 million and \$5.6 million, respectively, as collateral for repurchase agreements and by counterparties to support activities related to securities. In addition, as of March 31, 2019 and December 31, 2018, the Company held \$47.1 million and \$26.1 million, respectively, in restricted cash representing proceeds from principal paydowns of loans held in the CLOs.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the Company's condensed consolidated balance sheets as of March 31, 2019 and December 31, 2018 that sum to the total of the same such amounts shown in the statements of cash flows:

(in thousands)	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 65,384	\$ 91,700
Restricted cash	55,051	31,723
Total cash, cash equivalents and restricted cash	<u>\$ 120,435</u>	<u>\$ 123,423</u>

Note 8. Accrued Interest Receivable

The following table presents the Company's accrued interest receivable by collateral type as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Loans held-for-investment	\$ 10,419	\$ 10,089
Available-for-sale securities	57	57
Held-to-maturity securities	119	122
Total	<u>\$ 10,595</u>	<u>\$ 10,268</u>

Note 9. Fair Value

Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices available in active markets (*i.e.*, observable inputs) and the lowest priority to data lacking transparency (*i.e.*, unobservable inputs). Additionally, ASC 820 requires an entity to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring fair value of a liability.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

ASC 820 establishes a three-level hierarchy to be used when measuring and disclosing fair value. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Following is a description of the three levels:

- Level 1** Inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date under current market conditions. Additionally, the entity must have the ability to access the active market and the quoted prices cannot be adjusted by the entity.
- Level 2** Inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full-term of the assets or liabilities.
- Level 3** Unobservable inputs are supported by little or no market activity. The unobservable inputs represent the assumptions that market participants would use to price the assets and liabilities, including risk. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models and significant assumptions utilized.

Available-for-sale securities. The Company holds AFS securities that are carried at fair value on the condensed consolidated balance sheet and are comprised of CMBS. In determining the fair value of the Company's CMBS AFS, management judgment may be used to arrive at fair value that considers prices obtained from third-party pricing providers or broker quotes received using the bid price, which are both deemed indicative of market activity, and other applicable market data. The third-party pricing providers and brokers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset period, issuer, prepayment speeds, credit enhancements and expected life of the security. If observable market prices are not available or insufficient to determine fair value due principally to illiquidity in the marketplace, then fair value is based upon internally developed models that are primarily based on observable market-based inputs but also include unobservable market data inputs (including prepayment speeds, delinquency levels, and credit losses). The Company classified its CMBS AFS as Level 2 fair value assets at March 31, 2019 and December 31, 2018.

Recurring Fair Value

The following tables display the Company's assets measured at fair value on a recurring basis. The Company does not hold any liabilities measured at fair value on its condensed consolidated balance sheets.

		Recurring Fair Value Measurements			
		March 31, 2019			
(in thousands)		Level 1	Level 2	Level 3	Total
Assets					
Available-for-sale securities	\$	—	\$ 12,798	\$ —	\$ 12,798
Total assets	\$	—	\$ 12,798	\$ —	\$ 12,798

		Recurring Fair Value Measurements			
		December 31, 2018			
(in thousands)		Level 1	Level 2	Level 3	Total
Assets					
Available-for-sale securities	\$	—	\$ 12,606	\$ —	\$ 12,606
Total assets	\$	—	\$ 12,606	\$ —	\$ 12,606

The Company may be required to measure certain assets or liabilities at fair value from time to time. These periodic fair value measures typically result from application of certain impairment measures under U.S. GAAP. These items would constitute nonrecurring fair value measures under ASC 820. As of March 31, 2019 and December 31, 2018, the Company did not have any assets or liabilities measured at fair value on a nonrecurring basis in the periods presented.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. The Company did not incur transfers between Levels for the three months ended March 31, 2019 and 2018.

Fair Value of Financial Instruments

In accordance with ASC 820, the Company is required to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the condensed consolidated balance sheets, for which fair value can be estimated.

The following describes the Company's methods for estimating the fair value for financial instruments.

- Loans held-for-investment are carried at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable. The Company estimates the fair value of its loans held-for-investment by assessing any changes in market interest rates, shifts in credit profiles and actual operating results for mezzanine loans and senior loans, taking into consideration such factors as underlying property type, property competitive position within its market, market and submarket fundamentals, tenant mix, nature of business plan, sponsorship, extent of leverage and other loan terms. The Company categorizes the fair value measurement of these assets as Level 3.
- AFS securities are recurring fair value measurements; carrying value equals fair value. See discussion of valuation methods and assumptions within the *Fair Value Measurements* section of this footnote.
- HTM securities, which are comprised of CMBS, are carried at cost, net of any unamortized acquisition premiums or discounts. In determining the fair value of the Company's CMBS HTM, management judgment may be used to arrive at fair value that considers prices obtained from third-party pricing providers or broker quotes received using the bid price, which are both deemed indicative of market activity, and other applicable market data. The third-party pricing providers and brokers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset period, issuer, prepayment speeds, credit enhancements and expected life of the security. The Company categorizes the fair value measurement of these assets as Level 2.
- Cash and cash equivalents and restricted cash have a carrying value which approximates fair value because of the short maturities of these instruments. The Company categorizes the fair value measurement of these assets as Level 1.
- The carrying value of repurchase agreements that mature in less than one year generally approximates fair value due to the short maturities. As of March 31, 2019, the Company held \$0.6 billion of repurchase agreements that are considered long-term. The Company's long-term repurchase agreements have floating rates based on an index plus a spread and the credit spread is typically consistent with those demanded in the market. Accordingly, the interest rates on these borrowings are at market and thus carrying value approximates fair value. The Company categorizes the fair value measurement of these liabilities as Level 2.
- Securitized debt obligations are recorded at outstanding principal, net of any unamortized deferred debt issuance costs. In determining the fair value of its securitized debt obligations, management judgment may be used to arrive at fair value that considers prices obtained from third-party pricing providers, broker quotes received and other applicable market data. If observable market prices are not available or insufficient to determine fair value due principally to illiquidity in the marketplace, then fair value is based upon internally developed models that are primarily based on observable market-based inputs but also include unobservable market data inputs (including prepayment speeds, delinquency levels, and credit losses). The Company categorizes the fair value measurement of these liabilities as Level 2.
- Convertible senior notes are carried at their unpaid principal balance, net of any unamortized deferred issuance costs. The Company estimates the fair value of its convertible senior notes using the market transaction price nearest to March 31, 2019. The Company categorizes the fair value measurement of these assets as Level 2.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The following table presents the carrying values and estimated fair values of assets and liabilities that are required to be recorded or disclosed at fair value as of March 31, 2019 and December 31, 2018.

(in thousands)	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Loans held-for-investment	\$ 3,292,989	\$ 3,326,644	\$ 3,167,913	\$ 3,200,980
Available-for-sale securities	\$ 12,798	\$ 12,798	\$ 12,606	\$ 12,606
Held-to-maturity securities	\$ 25,815	\$ 25,995	\$ 26,696	\$ 26,611
Cash and cash equivalents	\$ 65,384	\$ 65,384	\$ 91,700	\$ 91,700
Restricted cash	\$ 55,051	\$ 55,051	\$ 31,723	\$ 31,723
Liabilities				
Repurchase agreements	\$ 993,634	\$ 993,634	\$ 1,500,543	\$ 1,500,543
Securitized debt obligations	\$ 1,197,814	\$ 1,206,683	\$ 654,263	\$ 654,330
Revolving credit facilities	\$ —	\$ —	\$ 75,000	\$ 75,000
Convertible senior notes	\$ 268,484	\$ 277,025	\$ 268,138	\$ 270,731

Note 10. Repurchase Agreements

As of March 31, 2019 and December 31, 2018, the Company had outstanding \$1.0 billion and \$1.5 billion of repurchase agreements with a weighted average borrowing rate of 4.70% and 4.61% and weighted average remaining maturities of 0.8 and 0.9 years, respectively.

At March 31, 2019 and December 31, 2018, the repurchase agreement balances were as follows:

(in thousands)	March 31, 2019	December 31, 2018
Short-term	\$ 432,917	\$ 842,078
Long-term	560,717	658,465
Total	\$ 993,634	\$ 1,500,543

At March 31, 2019 and December 31, 2018, the repurchase agreements had the following characteristics and remaining maturities:

(dollars in thousands)	March 31, 2019			December 31, 2018		
	Collateral Type		Total Amount Outstanding	Collateral Type		Total Amount Outstanding
	Loans	CMBS ⁽¹⁾		Loans	CMBS ⁽¹⁾	
Within 30 days	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
30 to 59 days	133,600	24,391	157,991	—	25,854	25,854
60 to 89 days	274,926	—	274,926	—	—	—
90 to 119 days	—	—	—	—	—	—
120 to 364 days	—	—	—	816,224	—	816,224
One year and over	560,717	—	560,717	658,465	—	658,465
Total	\$ 969,243	\$ 24,391	\$ 993,634	\$ 1,474,689	\$ 25,854	\$ 1,500,543
Weighted average borrowing rate	4.70%	4.53%	4.70%	4.61%	4.78%	4.61%

(1) Includes both AFS securities and HTM securities sold under agreements to repurchase.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The following table summarizes assets at carrying values that are pledged or restricted as collateral for the future payment obligations of repurchase agreements:

(in thousands)	March 31, 2019	December 31, 2018
Loans held-for-investment	\$ 1,511,353	\$ 2,012,550
Available-for-sale securities, at fair value	12,798	12,606
Held-to-maturity securities	25,815	26,696
Restricted cash	2,922	2,922
Total	\$ 1,552,888	\$ 2,054,774

Although the transactions under repurchase agreements represent committed borrowings until maturity, the respective lender retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets due to credit or market events, depending on the agreement, would require the Company to fund margin calls or repurchase the underlying collateral.

The following table summarizes certain characteristics of the Company's repurchase agreements and counterparty concentration at March 31, 2019 and December 31, 2018:

(dollars in thousands)	March 31, 2019				December 31, 2018			
	Amount Outstanding	Net Counterparty Exposure ⁽¹⁾	Percent of Equity	Weighted Average Years to Maturity	Amount Outstanding	Net Counterparty Exposure ⁽¹⁾	Percent of Equity	Weighted Average Years to Maturity
Morgan Stanley Bank	\$ 518,819	\$ 224,712	23%	1.25	\$ 475,474	\$ 203,274	25%	1.49
JPMorgan Chase Bank	203,185	171,960	18%	0.23	481,754	168,234	20%	0.47
Goldman Sachs Bank	133,600	55,933	6%	0.09	251,785	93,651	11%	0.33
All other counterparties ⁽²⁾	138,030	109,682	11%	0.55	291,531	92,614	11%	1.12
Total	\$ 993,634	\$ 562,287			\$ 1,500,544	\$ 557,773		

(1) Represents the net carrying value of the loans held-for-investment, AFS securities and HTM securities sold under agreements to repurchase, including accrued interest plus any cash on deposit to secure the repurchase obligation, less the amount of the repurchase liability, including accrued interest.

(2) Represents amounts outstanding with two other counterparties as of March 31, 2019 and December 31, 2018.

The Company does not anticipate any defaults by its repurchase agreement counterparties. There can be no assurance, however, that any such default or defaults will not occur.

Note 11 . Offsetting Assets and Liabilities

Certain of the Company's repurchase agreements are governed by underlying agreements that provide for a right of setoff in the event of default of either party to the agreement. Under certain of these agreements, the Company and the counterparty may be required to post cash collateral based upon the net underlying market value of the Company's open positions with the counterparty.

Under U.S. GAAP, if the Company has a valid right of setoff, it may offset the related asset and liability and report the net amount. The Company presents repurchase agreements subject to master netting arrangements or similar agreements on a gross basis. Regardless of whether or not the Company pledges or receives any cash collateral in accordance with its repurchase agreements, the Company does not offset financial assets and liabilities with the associated cash collateral on its condensed consolidated balance sheets.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The following table presents information about the Company's repurchase agreements that are subject to master netting arrangements or similar agreements and can potentially be offset on the Company's condensed consolidated balance sheets as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Gross amounts of repurchase agreements	\$ 993,634	\$ 1,500,543
Gross amounts offset in the consolidated balance sheets	—	—
Net amounts of repurchase agreements presented in the consolidated balance sheets	993,634	1,500,543
Gross amounts not offset against repurchase agreements in the consolidated balance sheets ⁽¹⁾ :		
Financial instruments	(993,634)	(1,500,543)
Cash collateral received (pledged)	—	—
Net amount	\$ —	\$ —

(1) Amounts presented are limited in total to the net amount of liabilities presented in the condensed consolidated balance sheets by instrument. Excess cash collateral or financial assets that are pledged to counterparties may exceed the financial liabilities subject to a master netting arrangement or similar agreement. These excess amounts are excluded from the table above, although separately reported within restricted cash or due from counterparties in the Company's condensed consolidated balance sheets.

Note 12. Revolving Credit Facilities

To finance loans held-for-investment, the Company has entered into revolving credit facilities collateralized by the value of the loans pledged. As of December 31, 2018, the Company had outstanding long-term borrowings under revolving credit facilities of \$75.0 million with a weighted average borrowing rate of 5.2% and weighted average remaining maturities of 1.3 years. There were no amounts outstanding under revolving credit facilities as of March 31, 2019.

At March 31, 2019 and December 31, 2018, borrowings under revolving credit facilities had the following remaining maturities:

(in thousands)	March 31, 2019	December 31, 2018
Within 30 days	\$ —	\$ —
30 to 59 days	—	—
60 to 89 days	—	—
90 to 119 days	—	—
120 to 364 days	—	—
One year and over	—	75,000
Total	\$ —	\$ 75,000

Although the transactions under revolving credit facilities represent committed borrowings from the time of funding until maturity, the respective lender retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets below a designated threshold would require the Company to provide additional collateral or pay down the facility. As of December 31, 2018, loans held-for-investment with a carrying value of \$127.9 million were pledged as collateral for the Company's future payment obligations under its revolving credit facilities. No loans held-for-investment were pledged to revolving credit facilities as of March 31, 2019. The Company does not anticipate any defaults by its revolving credit facility counterparties, although there can be no assurance that any such default or defaults will not occur.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Note 13. Securitized Debt Obligations

The Company finances pools of its commercial real estate loans through CLOs, which are consolidated on the Company's condensed consolidated financial statements. See Note 3 - *Variable Interest Entities* for additional information regarding consolidation of the CLOs. The securitized debt obligations issued by the CLOs are recorded at outstanding principal, net of any unamortized deferred debt issuance costs, on the Company's condensed consolidated balance sheets. As of March 31, 2019 and December 31, 2018, the outstanding amount due on securitized debt obligations was \$1.2 billion and \$654.3 million, net of deferred issuance costs, with a weighted average interest rate of 4.00% and 3.58%.

Note 14. Convertible Senior Notes

In December 2017, the Company closed a private placement of \$125.0 million aggregate principal amount of convertible senior notes due 2022. In January 2018, an additional \$18.8 million in notes were issued by the Company in connection with the exercise of the initial purchaser's option. The net proceeds from the offering were approximately \$139.5 million after deducting underwriting discounts and expenses. The notes are unsecured, pay interest semiannually at a rate of 5.625% per annum and are convertible at the option of the holder into shares of the Company's common stock. The notes will mature in December 2022, unless earlier converted or repurchased in accordance with their terms. The Company does not have the right to redeem the notes prior to maturity, but may be required to repurchase the notes from holders under certain circumstances. As of March 31, 2019, the notes had a conversion rate of 50.2717 shares of common stock per \$1,000 principal amount of the notes.

In October 2018, the Company closed an underwritten public offering of \$131.6 million aggregate principal amount of convertible senior notes due 2023. The net proceeds from the offering were approximately \$127.7 million after deducting underwriting discounts and expenses. The notes are unsecured, pay interest semiannually at a rate of 6.375% per annum and are convertible at the option of the holder into shares of the Company's common stock. The notes will mature in October 2023, unless earlier converted or repurchased in accordance with their terms. The Company does not have the right to redeem the notes prior to maturity, but may be required to repurchase the notes from holders under certain circumstances. As of March 31, 2019, the notes had a conversion rate of 48.8496 shares of common stock per \$1,000 principal amount of the notes.

The outstanding amount due on convertible senior notes as of March 31, 2019 and December 31, 2018 was \$268.5 million and \$268.1 million, respectively, net of deferred issuance costs.

Note 15. Commitments and Contingencies

The following represent the material commitments and contingencies of the Company as of March 31, 2019:

Management agreement. Upon closing the IPO on June 28, 2017, the Company entered into a management agreement with the Manager. The Company pays the Manager a base management fee equal to 1.5% of the Company's equity on an annualized basis, as defined in the management agreement. For purposes of calculating the management fee, equity means the sum of the net proceeds received by the Company from all issuances of its equity securities, plus its cumulative "core earnings" at the end of the most recently completed calendar quarter, less any distributions to stockholders, any amount that the Company has paid to repurchase its stock, and any incentive fees earned by the Manager, but excluding the incentive fee earned in the current quarter. As a result, equity for purposes of calculating the management fee may differ from the amount of stockholders' equity shown in the Company's financial statements.

Beginning in the fourth quarter of 2018, incentive fees, if earned, are payable to the Manager, as defined in the management agreement. The incentive fee is the excess of (1) the product of (a) 20% and (b) the result of (i) the Company's "core earnings" for the previous 12-month period, minus (ii) the product of (A) the Company's equity in the previous 12-month period, and (B) 8% per annum, less (2) the sum of any incentive fees paid to the Manager with respect to the first three calendar quarters of such previous 12-month period; provided, however, that no incentive fees are payable with respect to any calendar quarter unless "core earnings" for the 12 most recently completed calendar quarters in the aggregate is greater than zero.

In addition, under the terms of an amendment to the management agreement entered into in the fourth quarter of 2018, the Manager agreed to reimburse the Company an amount related to the compensation payable to the sales agents under the Company's equity distribution agreement by netting such amount from the base management fee payable to the Manager for the applicable quarterly period.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For purposes of calculating base management and incentive fees, “core earnings” means net income (loss) attributable to common stockholders, excluding non-cash equity compensation expense, incentive fees earned by the Manager, depreciation and amortization, any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable period (regardless of whether such items are included in other comprehensive income or loss or in net income), and one-time events pursuant to changes in U.S. GAAP and certain material non-cash income or expense items, in each case after discussions between the Manager and the Company’s independent directors and approved by a majority of the Company’s independent directors.

The initial term of the management agreement expires on June 28, 2020, and thereafter will automatically renew for successive one-year terms annually until terminated in accordance with the terms of the agreement. Upon termination of the management agreement by the Company without cause or by the Manager due to the Company’s material breach of the management agreement, the Company is required to pay a termination fee equal to three times the sum of the average annual base management fee and average annual incentive compensation, in each case earned by the Manager during the 24-month period immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination.

Employment contracts. The Company does not directly employ any personnel. Instead, the Company relies on the resources of the Manager and its affiliates to conduct the Company’s operations.

Legal and regulatory. From time to time, the Company may be subject to liability under laws and government regulations and various claims and legal actions arising in the ordinary course of business. Liabilities are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts established for those claims. Based on information currently available, management is not aware of any legal or regulatory claims that would have a material effect on the Company’s consolidated financial statements and therefore no accrual is required as of March 31, 2019.

Unfunded commitments on loans held-for-investment. Certain of the Company’s commercial real estate loan agreements contain provisions for future fundings to borrowers, generally to finance lease-related or capital expenditures. As of March 31, 2019 and December 31, 2018, the Company had unfunded commitments of \$624.2 million and \$626.2 million on loans held-for-investment with expirations dates within the next three years.

Note 16. Preferred Stock

In connection with the Formation Transaction, the Company issued 1,000 shares of its 10% cumulative redeemable preferred stock to Two Harbors, which immediately sold such preferred stock to an unaffiliated third-party investor. The preferred stock ranks senior to the rights of holders of the Company’s common stock, but junior to all other classes or series of preferred stock that may be issued. The holders of the preferred stock are entitled to receive, when, as and if authorized and declared by the Company, cumulative cash dividends at the rate of 10% per annum of the \$1,000 liquidation preference per share of the preferred stock. Such dividends accrue on a daily basis and are cumulative from and including the initial issue date of the preferred stock.

The Company has the option at any time after five years from the initial issue date to redeem the preferred stock at a redemption price of \$1,000 per share, plus any accrued and unpaid dividends. At any time after six years from the initial issue date, the Company will, at the request of any preferred stockholder, repurchase the holder’s preferred stock at a price of \$1,000 per share, plus any accrued and unpaid dividends. During the three months ended March 31, 2019 and 2018, the Company declared dividends to the preferred stockholder of \$25,000 and \$25,000, respectively.

Note 17. Stockholders’ Equity

Common Stock

On June 28, 2017, the Company completed the IPO of 10,000,000 shares of its common stock at a price of \$19.50 per share, for gross proceeds of \$195.0 million. Net proceeds to the Company were approximately \$181.9 million, after accounting for issuance costs of approximately \$13.1 million. Concurrently with the closing of the IPO, the Company issued 33,071,000 shares of its common stock to Two Harbors in exchange for the equity interests in the Predecessor, which became the Company’s wholly owned indirect subsidiary as a result of the transaction. On November 1, 2017, Two Harbors distributed to its common stockholders the 33,071,000 shares of the Company’s common stock it had acquired in connection with the Formation Transaction, allowing the Company’s market capitalization to be fully floating.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

On February 5, 2019, the Company closed an underwritten public offering of 6,850,000 shares of its common stock. The Company received total proceeds from the offering of approximately \$130.2 million. In addition, the Company granted the underwriters a thirty-day option to purchase up to an additional 1,027,500 shares of its common stock, which was exercised in full on March 6, 2019 resulting in proceeds of \$19.5 million from exercise of the underwriters option. In connection with this offering, the Manager agreed to pay approximately \$1.6 million of the underwriting fees and discounts.

As of March 31, 2019, the Company had 52,171,921 shares of common stock outstanding. The following table presents a reconciliation of the common shares outstanding for the three months ended March 31, 2019 and 2018:

	<u>Number of common shares</u>
Common shares outstanding, December 31, 2017	43,235,103
Issuance of common stock	—
Issuance of restricted stock ⁽¹⁾	201,956
Common shares outstanding, March 31, 2018	43,437,059
Common shares outstanding, December 31, 2018	43,621,174
Issuance of common stock	8,291,829
Issuance of restricted stock ⁽¹⁾	258,918
Common shares outstanding, March 31, 2019	<u>52,171,921</u>

(1) Represents shares of restricted stock granted under the 2017 Equity Incentive Plan, of which 512,358 restricted shares remained subject to vesting requirements at March 31, 2019.

Distributions to Stockholders

The following table presents cash dividends declared by the Company on its common stock from December 31, 2017 through March 31, 2019:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Cash Dividend Per Share</u>
March 20, 2019	April 1, 2019	April 18, 2019	\$ 0.42
December 19, 2018	December 31, 2018	January 18, 2019	\$ 0.42
September 20, 2018	October 2, 2018	October 18, 2018	\$ 0.42
June 20, 2018	July 2, 2018	July 18, 2018	\$ 0.40
March 15, 2018	March 29, 2018	April 18, 2018	\$ 0.38

Share Repurchase Program

On November 21, 2018, the Company's Board of Directors authorized a Share Repurchase Program, which allows the Company to repurchase up to 2,000,000 shares of its common stock. The shares are expected to be repurchased from time to time through privately negotiated transactions or open market transactions, including pursuant to a trading plan in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended, or by any combination of such methods. The manner, price, number and timing of share repurchases will be subject to a variety of factors, including market conditions and applicable Securities and Exchange Commission rules. The Company has not repurchased any of its common stock since the program was authorized.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

At-the-Market Offering

On November 21, 2018, the Company entered into an equity distribution agreement under which the Company may sell up to an aggregate of 8,000,000 shares of its common stock from time to time in any method permitted by law deemed to be an “at the market” offering as defined in Rule 415 under the Securities Act. As of March 31, 2019, 579,269 shares of common stock had been sold under the equity distribution agreement for total accumulated net proceeds of approximately \$10.9 million, of which 414,329 shares were sold for total proceeds of \$7.8 million during the three months ended March 31, 2019. Additionally, the Company received a base management fee reimbursement from the Manager of \$0.1 million for stock sold under the equity distribution agreement during the three months ended March 31, 2019.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss at March 31, 2019 and December 31, 2018 was as follows:

(in thousands)	March 31, 2019	December 31, 2018
Available-for-sale securities		
Unrealized gains	\$ —	\$ —
Unrealized losses	—	(192)
Accumulated other comprehensive loss	\$ —	\$ (192)

Reclassifications out of Accumulated Other Comprehensive Loss

The Company did not record any reclassifications out of accumulated other comprehensive loss during the three months ended March 31, 2019 and 2018.

Note 18. Equity Incentive Plan

The Company’s Plan provides incentive compensation to attract and retain qualified directors, officers, advisors, consultants and other personnel, including certain personnel of the Manager and its affiliates. The Plan is administered by the compensation committee of the Company’s board of directors. The compensation committee has the full authority to administer and interpret the Plan, to authorize the granting of awards, to determine the eligibility of directors, officers, advisors, consultants and other personnel, including personnel of the Manager and its affiliates, to receive an award, to determine the number of shares of common stock to be covered by each award (subject to the individual participant limitations provided in the Plan), to determine the terms, provisions and conditions of each award (which may not be inconsistent with the terms of the Plan), to prescribe the form of instruments evidencing awards and to take any other actions and make all other determinations that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof. In connection with this authority, the compensation committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse.

The Plan provides for grants of restricted common stock, phantom shares, dividend equivalent rights and other equity-based awards, subject to a ceiling of 2,242,306 shares available for issuance under the Plan. The Plan allows for the Company’s board of directors to expand the types of awards available under the Plan to include long-term incentive plan units in the future. If an award granted under the Plan expires or terminates, the shares subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Unless earlier terminated by the Company’s board of directors, no new award may be granted under the Plan after the tenth anniversary of the date that such Plan was initially approved by the Company’s board of directors. No award may be granted under the Plan to any person who, assuming payment of all awards held by such person, would own or be deemed to own more than 9.8% of the outstanding shares of the Company’s common stock.

During the three months ended March 31, 2019 and 2018, the Company granted 258,918 and 201,956 shares of restricted common stock, respectively, to key employees of the Manager and its affiliates pursuant to the terms of the Plan and the associated award agreements. The estimated fair value of these awards was \$19.31 and \$17.33 per share on grant date, based on the closing market price of the Company’s common stock on the NYSE on such date. The shares underlying the grants vest in three equal annual installments commencing on the first anniversary of the grant date, as long as the grantee complies with the terms and conditions of his or her applicable restricted stock award agreement.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The following table summarizes the activity related to restricted common stock for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,			
	2019		2018	
	Shares	Weighted Average Grant Date Fair Market Value	Shares	Weighted Average Grant Date Fair Market Value
Outstanding at Beginning of Period	321,134	\$ 18.04	150,000	\$ 19.50
Granted	258,918	19.31	201,956	17.33
Vested	(67,694)	(17.33)	—	—
Forfeited	—	—	—	—
Outstanding at End of Period	<u>512,358</u>	<u>\$ 18.78</u>	<u>351,956</u>	<u>\$ 18.25</u>

For the three months ended March 31, 2019 and 2018, the Company recognized compensation related to restricted common stock of \$1.1 million and \$0.7 million, respectively.

Note 19. Income Taxes

The Company has elected to be taxed as a REIT under the Code for U.S. federal income tax purposes. As long as the Company qualifies as a REIT, the Company generally will not be subject to U.S. federal income taxes on its taxable income to the extent it annually distributes its net taxable income to stockholders, and does not engage in prohibited transactions. The Company intends to distribute 100% of its REIT taxable income and comply with all requirements to continue to qualify as a REIT. The majority of states also recognize the Company's REIT status. The Company's TRS files a separate tax return and is fully taxed as a standalone U.S. C-corporation. It is assumed that the Company will retain its REIT status and will incur no REIT level taxation as it intends to comply with the REIT regulations and annual distribution requirements.

The following table summarizes the tax provision recorded at the taxable subsidiary level for the three months ended March 31, 2019 and 2018:

(in thousands)	Three Months Ended March 31,	
	2019	2018
Current tax (benefit) provision:		
Federal	\$ —	\$ (1)
State	—	2
Total current tax provision	—	1
Deferred tax (benefit)	(1)	—
Total (benefit from) provision for income taxes	<u>\$ (1)</u>	<u>\$ 1</u>

Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's condensed consolidated financial statements of a contingent tax liability for uncertain tax positions. Additionally, there were no amounts accrued for penalties or interest as of or during the periods presented in these condensed consolidated financial statements.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Note 20. Earnings Per Share

The following table presents a reconciliation of the earnings and shares used in calculating basic and diluted earnings per share for the three months ended March 31, 2019 and 2018:

(in thousands, except share data)	Three Months Ended	
	March 31,	
	2019	2018
Numerator:		
Net income attributable to common stockholders - basic	\$ 16,944	\$ 14,561
Interest expense attributable to convertible notes ⁽¹⁾	4,449	2,171
Net income attributable to common stockholders - diluted	\$ 21,393	\$ 16,732
Denominator:		
Weighted average common shares outstanding	48,145,555	43,085,103
Weighted average restricted stock shares	455,876	289,125
Basic weighted average shares outstanding	48,601,431	43,374,228
Effect of dilutive shares issued in an assumed conversion of the convertible senior notes	13,655,164	7,093,750
Diluted weighted average shares outstanding	62,256,595	50,467,978
Earnings Per Share		
Basic	\$ 0.35	\$ 0.34
Diluted	\$ 0.34	\$ 0.33

(1) Includes a nondiscretionary adjustment for the assumed change in the management fee calculation.

Note 21. Related Party Transactions

The following summary provides disclosure of the material transactions with affiliates of the Company.

The Company does not have any employees and is externally managed by the Manager under the terms of a management agreement entered into in connection with closing of the IPO and Formation Transaction on June 28, 2017. Under the management agreement, the Manager and its affiliates provide the Company with the personnel and resources necessary to operate the Company's business. In exchange, the Company pays the Manager a base management fee that is equal to 1.5% of the Company's equity on an annualized basis as well as an incentive fee, which is payable, if earned, beginning in the fourth quarter of 2018, in accordance with the terms of the management agreement. For purposes of calculating the management fee, equity is adjusted to exclude any common stock repurchases as well as any unrealized gains, losses or other items that do not affect realized net income (loss), among other adjustments, in accordance with the management agreement. In addition, under the terms of an amendment to the management agreement entered into in the fourth quarter of 2018, the Manager agreed to reimburse the Company an amount related to the compensation payable to the sales agents under the Company's equity distribution agreement by netting such amount from the base management fee payable to the Manager for the applicable quarterly period. The Company incurred \$3.4 million and \$3.2 million as a management fee to the Manager for the three months ended March 31, 2019 and 2018, respectively. The Company also incurred \$0.2 million as an incentive fee to the Manager for the three months ended March 31, 2019. No incentive fees were incurred for the three months ended March 31, 2018. See further discussion of the base management fee and incentive fee calculations in Note 15 - *Commitments and Contingencies*.

During the three months ended March 31, 2019 and 2018, the Company reimbursed the Manager for certain direct and allocated costs incurred by the Manager on behalf of the Company. These direct and allocated costs totaled approximately \$6.6 million and \$3.7 million, respectively.

In addition, during the three months ended March 31, 2019, the Manager paid the underwriters an amount equal to \$0.20 per share for each share issued in connection with the Company's underwritten public offering of its common stock and the related option exercised by the underwriters to purchase additional shares of the Company's common stock.

GRANITE POINT MORTGAGE TRUST INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The Company has contractual relationships with the majority of its third-party vendors and pays those vendors directly. The Company will continue to have certain costs allocated to it by the Manager under the management agreement for compensation, data services, technology and certain office lease payments.

The Company recognized \$1.1 million and \$0.7 million of compensation during the three months ended March 31, 2019 and 2018 related to restricted common stock issued to employees of the Manager and the Company's independent directors pursuant to the Plan. See Note 18 - *Equity Incentive Plan* for additional information.

The terms of these transactions may have been different had they been transacted with an unrelated third-party.

Note 22. Subsequent Events

Events subsequent to March 31, 2019, were evaluated through the date these financial statements were issued and no other additional events were identified requiring further disclosure in these condensed consolidated financial statements.

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 consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the year ended December 31, 2018.

Our Company

We are a Maryland corporation that focuses primarily on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. We were formed to continue and expand the commercial real estate lending business established by Two Harbors Investment Corp., or Two Harbors, a publicly traded hybrid mortgage real estate investment trust. In the first quarter of 2015, Two Harbors established its commercial real estate lending business, TH Commercial Holdings LLC, collectively with its subsidiaries, our Predecessor. Concurrently with the closing of our initial public offering, or the IPO, on June 28, 2017, we completed a formation transaction, or the Formation Transaction, pursuant to which we acquired from Two Harbors the equity interests in our Predecessor, including its portfolio of commercial real estate debt investments and related financing. In exchange, we issued 33,071,000 shares of our common stock and 1,000 shares of our 10% cumulative redeemable preferred stock to Two Harbors. Upon the completion of the Formation Transaction, our Predecessor became our wholly owned indirect subsidiary. On November 1, 2017, Two Harbors distributed to its common stockholders the 33,071,000 shares of our common stock it had acquired in connection with the Formation Transaction, allowing our market capitalization to be fully floating. We are externally managed by Pine River Capital Management L.P., or our Manager.

We are a long-term, fundamental value-oriented investor. We construct our investment portfolio on a loan-by-loan basis, emphasizing rigorous credit underwriting, selectivity and diversification, and assess each investment from a fundamental value perspective relative to other opportunities available in the market. Our primary target investments are directly originated floating-rate performing senior commercial mortgage loans, typically with terms of three to five years, usually ranging in size from \$25 million to \$150 million. We typically provide intermediate-term bridge or transitional financing for a variety of purposes, including acquisitions, recapitalizations, refinancings and a range of business plans including lease-up, renovation, repositioning and repurposing of the property. We generally target the top 25, and up to the top 50, metropolitan statistical areas in the United States, or MSAs. We believe that those markets provide ample supply of high credit quality properties to lend against, sufficient numbers of owners and sponsors with institutional attributes, and adequate market liquidity. We believe this approach enables us to deliver attractive risk-adjusted returns to our stockholders while preserving our capital base through diverse business cycles.

Our origination strategy relies on our extensive and longstanding direct relationships with a wide array of national, regional and local private owner/operators, private equity firms, funds, REITs, brokers and co-lenders. Our team's reach across the United States and active dialogue with market participants has produced a significant volume of investment opportunities since our Predecessor's formation, and our reputation as a reliable counterparty has led to multiple investment opportunities with repeat clients. We have deep experience in the commercial real estate finance markets, with each of the senior members of our team of commercial real estate professionals having over 20 years of experience in commercial real estate debt markets.

We believe that the U.S. commercial real estate debt markets offer enduring investment opportunities. A significant amount of commercial real estate debt is scheduled to mature over the next several years, and there is a sustained need for acquisition, repositioning and recapitalization loans. We expect that traditional lenders, including banks which have historically accounted for approximately half of the market, will not be able to meet borrower demand due to structural and regulatory constraints. As a result, we believe that there are significant opportunities to originate floating-rate senior commercial real estate loans on transitional properties at attractive risk-adjusted return.

We have elected to be treated as a REIT for U.S. federal income tax purposes. To qualify as a REIT, we are required to meet certain investment and operating tests and annual distribution requirements. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders, do not participate in prohibited transactions and maintain our intended qualification as a REIT. However, certain activities that we may perform may cause us to earn income which will not be qualifying income for REIT purposes. We have designated one of our subsidiaries as a taxable REIT subsidiary, or TRS, as defined in the Code, to engage in such activities, and we may form additional TRSs in the future. We also operate our business in a manner that will permit us to maintain our exclusion from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act.

Our Portfolio

As of March 31, 2019, our investment portfolio consisted of 98 commercial real estate loans and two commercial mortgage-backed securities, or CMBS, having an aggregate principal balance of \$3.3 billion and \$38.6 million, respectively, with an additional \$624.2 million of potential future funding obligations, diversified across geographies, property types, structures and credits.

We focus on originating senior commercial mortgage loans backed by different types of commercial real estate properties located in various markets across the United States. We may, from time to time, invest in other debt and debt-like commercial real estate investments. Together, we refer to these investments as our target investments. Our target investments include:

Primary Target Investments

- **Senior Mortgage Loans.** Commercial mortgage loans that are secured by real estate and evidenced by a first priority mortgage. These loans may vary in term, may bear interest at a fixed or floating rate (although our focus is floating-rate loans), and may amortize and typically require a balloon payment of principal at maturity. These investments may encompass a whole loan or may include *pari passu* participations within such a mortgage loan. These loans may finance stabilized properties or properties that are subject to a business plan that is expected to enhance the value of the property through lease-up, refurbishment, updating or repositioning.

Secondary Target Investments

As part of our financing strategy, we may from time-to-time syndicate senior participations in our originated senior commercial mortgage loans to other investors and retain a subordinated debt position for our portfolio in the form of a mezzanine loan or subordinated mortgage interest, as described below. Alternatively, we may opportunistically co-originate the investments described below with senior lenders, or acquire them in the secondary market.

- **Mezzanine Loans.** Mezzanine loans are secured by a pledge of equity interests in the property. These loans are subordinate to a senior mortgage loan, but senior to the property owner's equity.
- **Preferred Equity.** Investments that are subordinate to any mortgage and mezzanine loans, but senior to the property owner's common equity.
- **Subordinated Mortgage Interests.** Sometimes referred to as a B-note, a subordinated mortgage interest is an investment in a junior portion of a mortgage loan. B-notes have the same borrower and benefit from the same underlying secured obligation and collateral as the senior mortgage loan, but are subordinated in priority payments in the event of default.
- **Other Real Estate Securities.** Investments in real estate that take the form of CMBS or collateralized loan obligations, or CLOs, that are collateralized by pools of real estate debt instruments, which are often senior mortgage loans, or other securities. These may be classified as available-for-sale, or AFS, securities or held-to-maturity, or HTM, securities.

Based on current market conditions, we expect that the majority of our investments will continue to consist of senior commercial mortgage loans directly originated by us and secured by cash-flowing properties located in the United States. These investments typically pay interest at rates that are determined periodically on the basis of a floating base lending rate, primarily LIBOR plus a premium, and have an expected term between three and five years.

We may opportunistically adjust our capital allocation to our target investments, with the proportion and types of investments changing over time depending on our views on, among other things, the current economic and credit environment. In addition, we may invest in assets other than our target investments, in each case subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exclusion from regulation under the Investment Company Act.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains, or incorporates by reference, not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, and that are subject to the safe harbors created by such sections. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "target," "believe," "intend," "seek," "plan," "goals," "future," "likely," "may" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2018, under the caption "Risk Factors." Other risks, uncertainties and factors that could cause actual results to differ materially from those projected are described below and may be described from time to time in reports we file with the SEC, including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events, or otherwise.

Important factors, among others, that may affect our actual results include:

- the general political, economic, and competitive conditions in the markets in which we invest;
- defaults by borrowers in paying debt service on outstanding indebtedness and borrowers' abilities to manage and stabilize properties;
- our ability to obtain financing arrangements on terms favorable to us or at all;

- the level and volatility of prevailing interest rates and credit spreads;
- reductions in the yield on our investments and increases in the cost of our financing;
- general volatility of the securities markets in which we participate;
- the return or impact of current or future investments;
- allocation of investment opportunities to us by our Manager;
- increased competition from entities investing in our target assets;
- effects of hedging instruments on our target investments;
- changes in governmental regulations, tax law and rates, and similar matters;
- our ability to maintain our qualification as a REIT for U.S. federal income tax purposes and our exclusion from registration under the Investment Company Act;
- availability of desirable investment opportunities;
- availability of qualified personnel and our relationship with our Manager;
- estimates relating to our ability to make distributions to our stockholders in the future;
- hurricanes, earthquakes, 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;
- deterioration in the performance of the properties securing our investments that may cause deterioration in the performance of our investments and, potentially, principal losses to us; and
- difficulty or delays in redeploying the proceeds from repayments of our existing investments.

This Quarterly Report on Form 10-Q may contain statistics and other data that, in some cases, have been obtained or compiled from information made available by mortgage loan servicers and other third-party service providers.

Factors Affecting our Operating Results

The results of our operations are affected by a number of factors and primarily depend on, among other things, the level of our net interest income, the market value of our assets, credit performance of our assets and the supply of, and demand for, commercial real estate loans, other commercial real estate debt instruments and other financial assets available for investment in the market. Our net interest income, which reflects the amortization of origination fees and direct costs, is recognized based on the contractual rate and the outstanding principal balance of the loans we originate. The objective of the interest method is to arrive at periodic interest income that yields a level rate of return over the loan term. Interest rates vary according to the type of loan or security, conditions in the financial markets, credit worthiness of our borrowers, competition and other factors, none of which can be predicted with any certainty. Our operating results may also be impacted by credit losses in excess of initial anticipations or unanticipated credit events experienced by our borrowers.

Loan Originations

Our business model is mainly focused on directly originating, investing in and managing senior floating-rate commercial mortgage loans and other debt and debt-like commercial real estate investments. As a result of this strategy, our operating performance is subject to overall market demand for commercial real estate loan products and other debt and debt-like commercial real estate investments. We manage originations and acquisitions of our target investments by diversifying our investment portfolio across geographical regions and local markets, property types, borrower types, loan structures and types. We do not limit our investments to any number of geographical areas or property types for our originations and will continue to develop a well-diversified investment portfolio. Additionally, our CRE team has extensive experience originating and acquiring commercial real estate loans and other debt and debt-like commercial real estate investments, through a network of long-standing relationships with borrowers, sponsors and industry brokers.

Financing Availability

We are subject to availability and cost of financing to successfully execute on our business strategy and generate attractive risk-adjusted returns to our stockholders. Much of our financing is in the form of repurchase agreements or other types of credit facilities provided to us by our lender counterparties. We mitigate this counterparty risk by seeking to diversify our lending partners, focusing on establishing borrowing relationships with strong counterparties and continuously monitoring them through a thoughtful approach to counterparty risk oversight. Additionally, as part of our broader risk management strategy, and to the extent available in the market, we finance our business through other means which may include, but not be limited to, securitizations, note sales and issuance of unsecured debt and equity instruments. We will continue to actively explore additional types of funding facilities in order to further diversify our financing sources.

We finance pools of our commercial real estate loans through collateralized loan obligations, or CLOs, retaining the subordinate securities in our investment portfolio. The securitizations are accounted for as a financing with the non-retained securitized debt obligations recognized on our balance sheet. The net proceeds from the securitized debt obligations are typically used to repay a portion of the outstanding balances of our repurchase facilities, to re-invest in our target assets and for other general corporate purposes.

In October 2018, we closed an underwritten public offering of \$131.6 million aggregate principal amount of convertible senior notes due 2023. The net proceeds from the offering were approximately \$127.7 million after deducting underwriting discounts and expenses. The notes are unsecured, pay interest semiannually at a rate of 6.375% per annum and are convertible at the option of the holder into shares of our common stock. The notes will mature in October 2023, unless earlier converted or repurchased in accordance with their terms. We do not have the right to redeem the notes prior to maturity, but may be required to repurchase the notes from holders under certain circumstances. As of March 31, 2019, the notes had a conversion rate of 48.8496 shares of common stock per \$1,000 principal amount of the notes. We used these proceeds to originate and acquire our target assets and for general corporate purposes.

In December 2017, we closed a private placement of \$125.0 million aggregate principal amount of convertible senior notes due 2022. In January 2018, an additional \$18.8 million in notes were issued in connection with the exercise of the initial purchaser's option. The notes are unsecured, pay interest semiannually at a rate of 6.625% per annum and are convertible at the option of the holder into shares of our common stock. The notes will mature in December 2022, unless earlier converted or repurchased in accordance with their terms. We do not have the right to redeem the notes prior to maturity, but may be required to repurchase the notes from holders under certain circumstances. As of March 31, 2019, the notes had a conversion rate of 50.2717 shares of common stock per \$1,000 principal amount of the notes. The net proceeds from the offering were approximately \$139.5 million after deducting underwriting discounts and estimated offering expenses. We used these proceeds to originate and acquire our target assets and for general corporate purposes.

Credit Risk

We are subject to varying degrees of credit risk in connection with our target investments. We seek to mitigate this risk by seeking to originate or acquire assets of higher quality at appropriate rates of return given anticipated and unanticipated losses, by employing a comprehensive review and selection process and by proactively monitoring originated or acquired investments. Nevertheless, unanticipated credit losses could occur that could adversely impact our operating results.

Operating Expenses - Investment Management and Corporate Overhead

We incur significant general and administrative costs, including certain costs related to being a public company and costs incurred on our behalf by our Manager. We expect these costs to decline as a percentage of revenue as our company and portfolio continue to grow. We rely on our Manager to provide or obtain on our behalf the personnel and services necessary for us to conduct our business because we have no employees of our own. Our Manager performs these services for us and provides us with a comprehensive suite of investment and portfolio management services.

Under our management agreement with our Manager, we pay all costs and expenses of our Manager incurred on our behalf in order to operate our business, as well as all compensation costs for certain personnel providing services to us under the management agreement, other than personnel directly involved in supporting the investment function. We also pay our Manager a quarterly base management fee equal to 0.375% (a 1.50% annual rate) of our equity and an incentive fee, which is payable, if earned, beginning in the fourth quarter of 2018, as defined in the management agreement. See further discussion of the base management fee and incentive fee calculations in Note 15 - *Commitments and Contingencies* of the notes to the condensed consolidated financial statements.

Market Conditions

We believe that the commercial real estate debt markets offer compelling investment opportunities especially when approached fundamentally with a focus on strong credit and cash flow characteristics, and high quality borrowers and sponsors. These investment opportunities are supported by active real estate transaction volumes, continuous need for refinancing of legacy loans, and borrower and sponsor demand for debt capital to renovate, reposition or redevelop their properties. Additionally, the stricter regulatory environment after the financial crisis of 2007 to 2009 for traditional providers of financing in this market, such as banks and insurance companies, limits the capacity of available funding for certain types of commercial real estate loans which comprise a large part of our target investments. We believe that this reduced funding capacity in the market combined with strong demand from borrowers provides us with the opportunities consistent with our investment strategy to invest our capital and generate attractive risk-adjusted returns for our stockholders.

Changes in the Fair Value of Our Investments

We intend to hold our target investments for the long-term, and as such they are carried at amortized cost on our condensed consolidated balance sheets. We evaluate our investments for impairment on a quarterly basis and impairments are recognized when it is probable that we will not be able to collect all amounts estimated to be collected at the time of origination of the investment. We evaluate impairment (both interest and principal) based on the present value of expected future cash flows discounted at the investment's effective interest rate or the fair value of the collateral less estimated costs to sell.

Although we intend to hold our target investments for the long-term, we may occasionally classify some of our investments as available-for-sale. Investments classified as available-for-sale, or AFS, are carried at their fair value, with changes in fair value recorded through accumulated other comprehensive income, a component of stockholders' equity, rather than through earnings. We do not intend to hold any of our investments for trading purposes.

Changes in Market Interest Rates

Although our strategy is to primarily originate, invest in and manage senior floating-rate commercial mortgage loans, from time-to-time we may acquire fixed-rate investments, which exposes our operating results to the risks posed by fluctuation in interest rates. To the extent that this applies to us, we may choose to actively manage this risk through the use of our Manager's sophisticated hedging strategies.

Summary of Results of Operations and Financial Condition

Our U.S. GAAP net income attributable to common stockholders was \$16.9 million and \$14.6 million (\$0.34 and \$0.33 per diluted weighted average share) for the three months ended March 31, 2019 and 2018. With our accounting treatment for AFS securities, unrealized fluctuations in the market values of AFS securities do not impact our U.S. GAAP net income or taxable income but are recognized on our condensed consolidated balance sheets as a change in stockholders' equity under "accumulated other comprehensive income." For the three months ended March 31, 2019 and 2018, net unrealized gains on AFS securities recognized as other comprehensive income, net of tax, were \$191,975 and \$15,998, respectively. This, combined with U.S. GAAP net income attributable to common stockholders of \$16.9 million and \$14.6 million, resulted in comprehensive income attributable to common stockholders of \$17.1 million and \$14.6 million for the three months ended March 31, 2019 and 2018, respectively.

The following tables present the components of our comprehensive income for the three months ended March 31, 2019 and 2018:

(in thousands, except share data)

Income Statement Data:	Three Months Ended March 31,	
	2019	2018
	(unaudited)	
Interest income:		
Loans held-for-investment	\$ 56,665	\$ 38,793
Available-for-sale securities	308	272
Held-to-maturity securities	661	885
Cash and cash equivalents	511	27
Total interest income	58,145	39,977
Interest expense:		
Repurchase agreements	16,989	16,194
Securitized debt obligations	9,859	—
Convertible senior notes	4,465	2,179
Revolving credit facilities	695	—
Total interest expense	32,008	18,373
Net interest income	26,137	21,604
Other income:		
Fee income	913	882
Total other income	913	882
Expenses:		
Management fees	3,449	3,209
Incentive fees	244	—
Servicing expense	773	458
Other operating expenses	5,616	4,232
Total expenses	10,082	7,899
Income before income taxes	16,968	14,587
(Benefit from) provision for income taxes	(1)	1
Net income	16,969	14,586
Dividends on preferred stock	25	25
Net income attributable to common stockholders	\$ 16,944	\$ 14,561
Basic earnings per weighted average common share	\$ 0.35	\$ 0.34
Diluted earnings per weighted average common share	\$ 0.34	\$ 0.33
Dividends declared per common share	\$ 0.42	\$ 0.38
Weighted average number of shares of common stock outstanding:		
Basic	48,601,431	43,374,228
Diluted	62,256,595	50,467,978
Comprehensive income:		
Net income attributable to common stockholders	\$ 16,944	\$ 14,561
Other comprehensive income, net of tax:		
Unrealized gain on available-for-sale securities	192	16
Other comprehensive income	192	16
Comprehensive income attributable to common stockholders	\$ 17,136	\$ 14,577

(in thousands)	March 31,	December 31,
Balance Sheet Data:	2019	2018
	(unaudited)	
Loans held-for-investment	\$ 3,292,989	\$ 3,167,913
Total assets	\$ 3,487,388	\$ 3,361,881
Repurchase agreements	\$ 993,634	\$ 1,500,543
Securitized debt obligations	\$ 1,197,814	\$ 654,263
Revolving credit facilities	\$ —	\$ 75,000
Convertible senior notes	\$ 268,484	\$ 268,138
Total stockholders' equity	\$ 981,131	\$ 827,531

Results of Operations

The following analysis focuses on financial results during the three months ended March 31, 2019 and 2018.

Interest Income

Interest income increased from \$40.0 million for the three months ended March 31, 2018 to \$58.1 million for the same period in 2019, due to the origination of 48 commercial real estate debt and related investments with a principal balance of \$1,304.7 million, additional fundings of \$146.5 million provided on existing loan commitments and upsizings of \$10.5 million, offset by repayments of \$539.2 million, as well as increases in LIBOR during the period from March 31, 2018 to March 31, 2019.

Interest Expense

Interest expense increased from \$18.4 million for the three months ended March 31, 2018 to \$32.0 million for the same period in 2019, due to increased financing on the originations and acquisitions described above as well as increases in borrowing rates due to increases in LIBOR and the issuance of additional convertible senior notes.

Net Interest Income

The following table presents the components of interest income and average annualized net asset yield earned by asset type, the components of interest expense and average annualized cost of funds on borrowings incurred by collateral type, and net interest income and average annualized net interest rate spread for the three months ended March 31, 2019 and 2018:

(dollars in thousands)	Three Months Ended March 31, 2019			Three Months Ended March 31, 2018		
	Average Balance	Interest Income/Expense	Net Yield/Cost of Funds	Average Balance	Interest Income/Expense	Net Yield/Cost of Funds
Interest-earning assets ⁽¹⁾						
Loans held-for-investment						
Senior loans ⁽²⁾	\$ 3,163,419	\$ 55,743	7.0%	\$ 2,268,381	\$ 36,717	6.5%
Subordinated loans	35,735	922	10.3%	80,743	2,076	10.3%
Available-for-sale securities	12,798	308	9.6%	12,798	272	8.5%
Held-to-maturity securities	26,530	661	10.0%	40,047	885	8.8%
Other		511			27	
Total interest income/net asset yield	\$ 3,238,482	\$ 58,145	7.2%	\$ 2,401,969	\$ 39,977	6.7%
Interest-bearing liabilities						
Repurchase agreements and securitized debt obligations collateralized by:						
Loans held-for-investment						
Senior loans ⁽²⁾	\$ 2,141,379	\$ 27,115	5.1%	\$ 1,440,059	\$ 15,646	4.3%
Subordinated loans	9,519	131	5.5%	20,778	208	4.0%
Available-for-sale securities	8,378	92	4.4%	8,439	76	3.6%
Held-to-maturity securities	16,631	205	4.9%	25,589	264	4.1%
Other unsecured:						
Convertible senior notes	268,369	4,465	6.7%	139,677	2,179	6.2%
Total interest expense/cost of funds	\$ 2,444,276	\$ 32,008	5.2%	\$ 1,634,542	\$ 18,373	4.5%
Net interest income/spread		\$ 26,137	2.0%		\$ 21,604	2.2%

(1) Average balance represents average amortized cost on loans held-for-investment, AFS securities and HTM securities.

(2) Loans primarily secured by a first priority lien on commercial real property and related personal property and also includes, when applicable, any companion subordinate loans.

The increase in yields on both senior loans and subordinated loans for the three months ended March 31, 2019, as compared to the same period in 2018, was driven by increases in LIBOR, as the majority are floating-rate loans. The increase in cost of funds on both senior loans and subordinated loans for the three months ended March 31, 2019, as compared to the same period in 2018, was primarily the result of an increase in borrowing rates due to increases in LIBOR. The cost of funds associated with our repurchase agreements, securitized debt obligations and revolving credit facilities also includes amortization of deferred debt issuance costs.

The increase in yields on AFS and HTM securities for the three months ended March 31, 2019, as compared to the same period in 2018, was driven by increases in LIBOR, as these CMBS are floating-rate assets. The increase in cost of funds associated with the financing of AFS and HTM securities for the three months ended March 31, 2019, as compared to the same period in 2018, was the result of increases in borrowing rates due to increases in LIBOR.

Our convertible senior notes were issued in December 2017 and October 2018, are unsecured and pay interest semiannually at a rate of 5.625% and 6.375%, respectively, per annum. The cost of funds associated with our convertible senior notes also includes amortization of deferred debt issuance costs.

Fee Income

During the three months ended March 31, 2019 and 2018, we recognized \$0.9 million and \$0.9 million, respectively, in fee income related to fees charged for early prepayments of loans held-for-investment.

Management Fees

We do not have any employees and are externally managed by our Manager under the terms of a management agreement entered into in connection with closing of the IPO and Formation Transaction on June 28, 2017. Under the management agreement, our Manager and its affiliates provide us with the personnel and resources necessary to operate our business. In accordance with the management agreement, we incurred \$3.4 million and \$3.2 million as a management fee to our Manager for the three months ended March 31, 2019 and 2018, respectively. The management fee is calculated based on our equity with certain adjustments outlined in the management agreement. See further discussion of the base management fee calculation in Note 15 - *Commitments and Contingencies* of the notes to the condensed consolidated financial statements.

Incentive Fees

In accordance with the management agreement, we incurred \$0.2 million of incentive fee payable to our Manager for the three months ended March 31, 2019. We did not incur any incentive fees for the three months ended March 31, 2018. The incentive fee is calculated based on historical “core earnings” as well as our equity with certain adjustments outlined in the management agreement. See further discussion of the incentive fee calculation in Note 15 - *Commitments and Contingencies* of the notes to the condensed consolidated financial statements.

Servicing Expenses

For the three months ended March 31, 2019, we recognized \$0.8 million in servicing expenses related to the subservicing of commercial mortgage loans, compared to \$0.5 million for the same period in 2018. The increase in servicing expenses during the three months ended March 31, 2019, as compared to the same period in 2018, was driven by the growth of our investment portfolio, as described above.

Other Operating Expenses

For the three months ended March 31, 2019 and 2018, we recognized \$5.6 million and \$4.2 million of other operating expenses, which represents an annualized expense ratio of 2.5% and 2.0% of average equity, respectively. The increase in our operating expense ratio during the three months ended March 31, 2019, as compared to the same period in 2018, resulted primarily from an increase in expenses related to the personnel and infrastructure to support the operation and growth of our business.

Included in other operating expenses for the three months ended March 31, 2019 and 2018 are direct and allocated costs incurred by our Manager on our behalf and reimbursed by us. For the three months ended March 31, 2019 and 2018, these direct and allocated costs totaled approximately \$6.6 million and \$3.7 million, respectively. Included in these reimbursed costs was compensation paid to employees of our Manager serving as our principal financial officer, chief operating officer and general counsel of \$1.4 million and \$0.8 million for the three months ended March 31, 2019 and 2018, respectively. The allocation of compensation paid to employees of our Manager serving as our chief operating officer, principal financial officer and general counsel is based on time spent overseeing our company’s activities in accordance with the management agreement; we do not reimburse our Manager for any expenses related to the compensation of our chief executive officer or chief investment officer. Equity based compensation expense for the three months ended March 31, 2019 and 2018 also includes the amortization of the restricted stock awarded to our executive officers in conjunction with the Company’s 2017 Equity Incentive Plan, or the Plan (see discussion in Note 18 - *Equity Incentive Plan*), including our chief executive officer, chief investment officer, chief operating officer, principal financial officer and general counsel of \$0.7 million and \$0.5 million, respectively.

Financial Condition

We originate and acquire commercial real estate debt and related instruments generally to be held as long-term investments. These assets are classified as loans held-for-investment on the condensed consolidated balance sheets. Loans held-for-investment are reported at cost, net of any unamortized acquisition premiums or discounts, loan fees and origination costs as applicable. We also hold CMBS, representing interests in pools of commercial mortgage loans issued by trusts.

The following tables provide a summary of our portfolio as of March 31, 2019:

(dollars in thousands)

Type	Maximum Loan Commitment	Principal Balance	Carrying Value	Cash Coupon ⁽²⁾	All-in Yield at Origination ⁽³⁾	Original Term (Years)	Initial LTV ⁽⁴⁾	Stabilized LTV ⁽⁵⁾
Senior loans ⁽¹⁾	\$ 3,913,279	\$ 3,289,035	\$ 3,264,008	L+3.92%	L+4.66%	3.2	66.6%	63.4%
Subordinated loans	28,981	28,981	28,981	L+9.50%	L+9.84%	8.3	56.5%	50.1%
CMBS	38,613	38,613	38,613	L+7.14%	L+7.69%	2.8	73.7%	73.6%
Total/Wtd. Avg.	\$ 3,980,873	\$ 3,356,629	\$ 3,331,602	L+3.97%	L+4.71%	3.3	66.6%	63.4%

[Table of Contents](#)

(dollars in millions)

Type ⁽¹⁾	Origination/ Acquisition Date	Maximum Loan Commitment	Principal Balance	Carrying Value	Cash Coupon ⁽²⁾	All-in Yield at Origination ⁽³⁾	Original Term (Years)	State	Property Type	Initial LTV ⁽⁴⁾	Stabilized LTV ⁽⁵⁾
Senior	07/18	\$144.3	\$113.7	\$112.6	L+3.34%	L+4.27%	2.0	CA	Retail	50.7%	55.9%
Senior	09/17	125.0	108.1	107.4	L+4.45%	L+5.03%	3.0	CT	Office	62.9%	58.9%
Senior	07/16	120.4	109.1	108.6	L+4.45%	L+4.99%	4.0	Various	Office	62.8%	61.5%
Senior	12/15	120.0	120.0	119.9	L+3.65%	L+4.43%	4.0	LA	Mixed-Use	65.5%	60.0%
Senior	12/18	92.0	30.7	29.7	L+3.75%	L+5.21%	3.0	NY	Mixed-Use	26.2%	47.6%
Senior	05/17	86.8	79.1	78.5	L+3.50%	L+4.82%	4.0	MA	Office	71.3%	71.5%
Senior	11/16	82.3	60.6	60.4	L+3.25%	L+5.78%	3.0	OR	Office	66.5%	51.1%
Senior	10/17	74.8	44.7	44.3	L+4.07%	L+4.47%	4.0	DC	Office	67.0%	66.0%
Senior	11/17	73.3	68.8	68.3	L+4.45%	L+5.20%	3.0	TX	Hotel	68.2%	61.6%
Senior	12/16	71.7	68.0	67.0	L+3.75%	L+4.87%	4.0	FL	Office	73.3%	63.2%
Senior	06/16	68.3	60.6	60.4	L+3.87%	L+4.93%	4.0	HI	Retail	76.2%	57.4%
Senior	11/17	68.3	61.2	60.8	L+4.10%	L+4.73%	3.0	CA	Office	66.8%	67.0%
Senior	08/16	65.0	63.7	63.3	L+3.95%	L+5.54%	4.0	NJ	Office	60.8%	63.0%
Senior	01/19	64.5	64.5	63.8	L+3.85%	L+4.38%	3.0	MN	Hotel	67.2%	64.5%
Senior	04/18	64.0	64.0	63.5	L+3.78%	L+4.23%	3.0	GA	Hotel	68.8%	59.8%
Senior	12/18	60.0	42.8	42.3	L+2.90%	L+3.44%	3.0	TX	Office	68.5%	66.7%
Senior	01/17	58.6	44.6	44.4	L+4.50%	L+5.16%	3.0	CA	Industrial	51.0%	60.4%
Senior	01/17	56.2	56.2	56.0	L+4.75%	L+5.24%	4.0	SC	Office	67.6%	67.1%
Senior	09/17	54.0	53.1	52.8	L+4.38%	L+4.91%	3.0	NY	Industrial	68.7%	72.0%
Senior	10/18	52.2	48.2	47.9	L+2.70%	L+3.10%	3.0	NJ	Industrial	73.9%	68.8%
Senior	05/17	52.0	40.6	40.3	L+4.70%	L+5.50%	3.0	HI	Hotel	60.8%	59.4%
Senior	12/15	51.5	51.5	51.3	L+4.65%	L+4.87%	4.0	PA	Office	74.5%	67.5%
Senior	11/15	51.4	51.4	51.3	L+4.75%	L+4.67%	3.0	NY	Office	66.4%	68.7%
Senior	12/18	51.0	51.0	50.6	L+2.99%	L+3.40%	3.0	IL	Multifamily	78.6%	74.9%
Senior	09/18	50.1	19.2	18.8	L+3.25%	L+4.13%	3.0	IL	Office	47.9%	56.1%
Senior	05/18	50.0	50.0	49.6	L+3.60%	L+3.85%	3.0	TX	Multifamily	71.1%	71.4%
Senior	10/18	49.0	15.0	14.6	L+4.15%	L+5.24%	3.0	IL	Multifamily	60.7%	62.4%
Senior	12/18	49.0	40.8	40.4	L+2.93%	L+3.39%	3.0	NY	Industrial	56.5%	56.3%
Senior	02/16	47.6	46.3	46.1	L+3.78%	L+4.72%	3.0	TX	Office	72.9%	70.4%
Senior	12/17	47.0	31.9	31.5	L+4.38%	L+5.26%	3.0	MA	Mixed-Use	72.9%	62.0%
Senior	08/17	47.0	43.0	42.7	L+3.65%	L+4.88%	3.0	LA	Multifamily	64.6%	60.9%
Senior	05/18	46.5	30.4	30.1	L+4.07%	L+4.63%	3.0	NY	Mixed-Use	57.0%	51.1%
Senior	06/18	46.0	41.0	40.6	L+3.60%	L+4.06%	3.0	WY	Hotel	67.4%	62.3%
Senior	06/17	45.0	45.0	44.7	L+4.50%	L+5.24%	3.0	CA	Hotel	54.7%	48.6%
Senior	08/18	44.8	40.4	40.1	L+2.93%	L+3.32%	3.0	TX	Multifamily	68.9%	63.6%
Senior	08/17	40.0	40.0	39.8	L+4.24%	L+4.40%	3.0	KY	Multifamily	79.8%	73.1%
Senior	03/19	39.6	29.5	29.0	L+2.90%	L+3.54%	3.0	NY	Office	63.2%	63.9%
Senior	05/18	38.8	32.3	32.1	L+3.55%	L+3.95%	3.0	MA	Office	47.0%	41.1%
Senior	06/18	38.1	35.2	34.9	L+7.76%	L+10.13%	1.0	PA	Office	55.6%	63.4%
Senior	12/17	37.2	32.0	31.8	L+3.90%	L+4.55%	3.0	CA	Office	69.8%	66.4%
Senior	11/18	37.1	14.7	14.4	L+3.60%	L+5.50%	3.0	CA	Mixed-Use	69.9%	67.9%
Senior	11/16	37.0	34.4	34.2	L+4.27%	L+5.03%	3.0	NY	Multifamily	61.3%	56.9%
Senior	10/18	36.8	29.4	29.0	L+2.85%	L+3.45%	3.0	NY	Industrial	71.2%	70.8%
Senior	05/17	35.2	28.7	28.5	L+5.00%	L+5.97%	3.0	TX	Office	68.7%	65.1%
Senior	06/18	34.9	19.3	19.1	L+4.07%	L+4.75%	3.0	OH	Hotel	70.6%	57.4%
Senior	12/18	34.2	26.9	26.6	L+2.92%	L+3.27%	4.0	IL	Multifamily	70.8%	62.1%
Senior	10/17	34.1	22.3	22.1	L+4.05%	L+4.69%	3.0	AZ	Office	62.6%	59.5%
Senior	05/17	33.8	28.3	28.2	L+4.40%	L+5.36%	3.0	AZ	Office	69.5%	59.0%
Senior	03/16	33.8	33.8	33.7	5.11%	5.26%	10.0	NJ	Office	74.9%	74.9%
Senior	10/16	32.2	29.1	29.0	L+4.55%	L+5.16%	3.0	CA	Office	68.6%	48.6%
Senior	03/19	32.0	26.9	26.6	L+2.97%	L+3.42%	3.0	NY	Office	53.8%	48.5%
Senior	05/17	30.9	28.7	28.5	L+3.50%	L+5.19%	4.0	FL	Office	69.3%	68.5%
Senior	07/17	30.0	30.0	29.9	L+4.10%	L+4.58%	3.0	NY	Multifamily	76.5%	76.5%
Senior	06/18	29.3	19.5	19.2	L+3.40%	L+4.18%	3.0	CA	Office	69.1%	64.3%
Senior	06/18	29.0	29.0	28.8	L+3.55%	L+3.96%	3.0	TX	Multifamily	74.3%	68.2%

[Table of Contents](#)

(dollars in millions)

Type ⁽¹⁾	Origination/ Acquisition Date	Maximum Loan Commitment	Principal Balance	Carrying Value	Cash Coupon ⁽²⁾	All-in Yield at Origination ⁽³⁾	Original Term (Years)	State	Property Type	Initial LTV ⁽⁴⁾	Stabilized LTV ⁽⁵⁾
Senior	11/18	28.6	23.8	23.5	L+3.50%	L+4.12%	3.0	TN	Office	61.8%	63.6%
Senior	01/19	27.5	24.3	24.1	L+2.97%	L+3.38%	3.0	TX	Multifamily	64.9%	64.9%
Senior	12/18	27.5	20.5	20.3	L+3.90%	L+4.42%	3.0	MN	Hotel	64.7%	57.7%
Senior	01/19	27.0	22.0	21.7	L+2.90%	L+3.44%	3.0	MA	Office	71.2%	70.1%
Senior	09/17	26.9	23.5	23.4	L+4.90%	L+5.52%	3.0	MA	Hotel	67.3%	63.9%
Senior	07/17	26.0	23.5	23.4	L+4.20%	L+4.86%	3.0	CA	Office	62.3%	64.2%
Senior	01/18	26.0	26.0	25.9	L+5.13%	L+5.58%	3.0	AZ	Hotel	65.8%	61.3%
Senior	12/18	26.0	20.7	20.5	L+2.95%	L+3.43%	3.0	FL	Office	61.9%	65.5%
Senior	06/18	25.9	25.9	25.6	L+3.50%	L+4.37%	3.0	PA	Industrial	72.1%	66.1%
CMBS	11/15	25.8	25.8	25.8	L+7.25%	L+8.06%	2.8	Various	Office	77.6%	77.5%
Senior	09/18	25.5	21.1	20.8	L+3.87%	L+4.42%	3.0	NY	Mixed-Use	60.2%	59.3%
Senior	10/15	25.0	25.0	24.8	L+4.07%	L+5.76%	3.0	MO	Hotel	73.2%	57.8%
Senior	10/18	23.7	10.3	10.1	L+4.21%	L+5.16%	3.0	CT	Hotel	75.4%	66.9%
Senior	08/17	23.6	23.6	23.5	L+4.20%	L+4.50%	3.0	NY	Office	72.7%	66.7%
Senior	08/16	23.4	23.4	23.3	L+5.15%	L+5.42%	4.0	NY	Industrial	70.0%	67.6%
Senior	01/18	23.4	20.1	19.9	L+4.77%	L+5.50%	3.0	PA	Mixed-Use	66.8%	67.3%
Senior	03/19	23.3	18.7	18.5	L+3.27%	L+3.79%	3.0	WI	Multifamily	72.4%	75.2%
Senior	03/18	23.0	23.0	22.9	L+4.05%	L+4.65%	2.0	FL	Office	60.8%	60.8%
Senior	06/18	22.8	16.5	16.4	L+4.21%	L+4.73%	3.0	FL	Retail	74.0%	69.4%
Senior	01/19	22.7	19.1	19.0	L+2.99%	L+3.40%	3.0	WI	Multifamily	69.3%	73.5%
Senior	04/18	22.2	20.8	20.6	L+4.05%	L+4.46%	3.0	KS	Multifamily	72.1%	67.4%
Senior	08/17	21.9	16.9	16.8	L+4.77%	L+5.49%	3.0	PA	Office	66.7%	67.3%
Senior	12/18	21.8	7.5	7.3	L+4.44%	L+5.56%	3.0	PA	Multifamily	61.5%	67.0%
Senior	07/17	21.5	20.7	20.7	L+2.98%	L+4.42%	3.0	GA	Multifamily	75.6%	75.2%
Senior	10/18	21.5	18.2	18.0	L+3.24%	L+3.69%	3.0	TX	Office	73.0%	69.9%
Senior	12/18	21.3	19.6	19.6	L+3.42%	L+3.88%	2.0	MN	Multifamily	73.6%	73.7%
Senior	02/18	21.2	18.5	18.4	L+4.05%	L+4.54%	3.0	CA	Office	71.9%	62.0%
Senior	03/19	21.0	17.2	17.1	L+2.93%	L+3.40%	3.0	KY	Multifamily	69.8%	69.9%
Senior	08/17	20.8	15.0	14.9	L+5.25%	L+6.12%	3.0	FL	Multifamily	74.1%	60.9%
Senior	10/16	20.0	17.7	17.6	L+4.85%	L+5.90%	3.0	NY	Multifamily	73.8%	62.5%
Senior	03/18	19.8	19.8	19.6	L+5.15%	L+5.71%	3.0	CA	Hotel	67.2%	60.0%
Senior	01/17	19.0	19.0	18.8	L+4.80%	L+5.27%	4.0	TX	Retail	70.4%	69.5%
Senior	11/18	19.0	13.1	13.0	L+3.20%	L+3.83%	3.0	CA	Office	73.1%	64.5%
Senior	04/18	18.7	18.7	18.6	L+4.29%	L+4.65%	3.0	NV	Multifamily	78.7%	65.8%
Senior	04/18	18.5	18.5	18.4	L+3.25%	L+3.53%	3.0	CA	Multifamily	77.1%	70.6%
Senior	04/18	18.5	18.5	18.4	L+3.25%	L+3.53%	3.0	CA	Multifamily	76.8%	64.0%
Senior	01/19	18.3	13.5	13.3	L+3.40%	L+4.14%	3.0	TX	Multifamily	72.2%	68.2%
Senior	12/16	17.5	12.6	12.6	L+3.50%	L+6.97%	3.0	CA	Office	70.4%	72.0%
Senior	07/18	16.6	10.5	10.4	L+3.75%	L+4.35%	3.0	CA	Office	77.1%	63.5%
Senior	09/18	16.6	16.5	16.5	L+2.85%	L+3.06%	3.0	SC	Multifamily	79.4%	72.2%
Senior	11/18	16.2	16.0	15.8	L+3.15%	L+3.65%	3.0	TX	Multifamily	68.8%	68.7%
Mezzanine	01/17	14.6	14.6	14.6	8.00%	8.11%	10.0	HI	Hotel	41.4%	36.2%
CMBS	12/15	12.8	12.8	12.8	L+6.91%	L+6.95%	2.8	Various	Office	65.8%	65.8%
Mezzanine	08/15	9.9	9.9	9.9	L+9.50%	L+9.84%	5.0	GA	Office	73.3%	67.1%
Mezzanine	11/15	4.5	4.5	4.5	13.00%	12.50%	10.0	NY	Hotel	68.3%	58.0%
Total/Weighted Average		\$3,980.9	\$3,356.6	\$3,331.6	L+3.97%	L+4.71%	3.3			66.6%	63.4%

(1) "Senior" means a loan primarily secured by a first priority lien on commercial real property and related personal property and also includes, when applicable, any companion subordinate loans.

(2) Cash coupon does not include origination or exit fees. Weighted average cash coupon excludes fixed rate loans.

(3) Yield includes net origination fees and exit fees, but does not include future fundings, and is expressed as a monthly equivalent. Weighted average yield excludes fixed rate loans.

(4) Initial LTV is calculated as the initial loan amount (plus any financing that is pari passu with or senior to such loan) divided by the as is appraised value (as determined in conformance with the Uniform Standards of Professional Appraisal Practice, or USPAP) as of the date of the loan was originated set forth in the original appraisal.

(5) Stabilized LTV is calculated as the fully funded loan amount (plus any financing that is pari passu with or senior to such loan), including all contractually provided for future fundings, divided by the as stabilized value (as determined in conformance with USPAP) set forth in the original appraisal. As stabilized value may be based on certain assumptions, such as future construction completion, projected re-tenanting, payment of tenant improvement or leasing commissions allowances or free or abated rent periods, or increased tenant occupancies.

As of March 31, 2019, our borrowings consisted of repurchase agreements and revolving credit facilities collateralized by our pledge of loans held-for-investment, AFS and HTM securities (CMBS) and certain cash balances, securitized debt obligations issued by CLOs and collateralized by pools of loans held-for-investment and long-term unsecured convertible senior notes.

As of March 31, 2019, we had outstanding \$1.0 billion of repurchase agreements, and the term to maturity ranged from 32 days to approximately 1.2 years. Repurchase agreements had a weighted average borrowing rate of 4.70% and weighted average remaining maturities of 0.8 years as of March 31, 2019.

As of March 31, 2019, we had outstanding \$1.2 billion of securitized debt obligations with a weighted average borrowing rate of 4.00% and weighted average remaining maturities of 1.9 years.

In December 2017, we closed a private placement of \$125.0 million aggregate principal amount of convertible senior notes due 2022. In January 2018, an additional \$18.8 million in notes were issued in connection with the exercise of the initial purchaser's option. The net proceeds from the offering were approximately \$139.5 million after deducting underwriting discounts and estimated offering expenses, which were used to originate and acquire our target assets and for general corporate purposes. The notes are unsecured, pay interest semiannually at a rate of 5.625% per annum and are convertible at the option of the holder into shares of our common stock. The notes will mature in December 2022, unless earlier converted or repurchased in accordance with their terms. We do not have the right to redeem the notes prior to maturity, but may be required to repurchase the notes from holders under certain circumstances. As of March 31, 2019, the notes had a conversion rate of 50.2717 shares of common stock per \$1,000 principal amount of the notes.

In October 2018, we closed an underwritten public offering of \$131.6 million aggregate principal amount of convertible senior notes due 2023. The net proceeds from the offering were approximately \$127.7 million after deducting underwriting discounts and expenses. The notes are unsecured, pay interest semiannually at a rate of 6.375% per annum and are convertible at the option of the holder into shares of our common stock. The notes will mature in October 2023, unless earlier converted or repurchased in accordance with their terms. We do not have the right to redeem the notes prior to maturity, but may be required to repurchase the notes from holders under certain circumstances. As of March 31, 2019, the notes had a conversion rate of 48.8496 shares of common stock per \$1,000 principal amount of the notes.

As of March 31, 2019, the total outstanding amount due on convertible senior notes was \$268.5 million, net of deferred issuance costs.

As of March 31, 2019, the debt-to-equity ratio with respect to our loans held-for-investment, AFS securities and HTM securities, which includes unsecured borrowings under convertible senior notes, was 2.5:1.0. We believe our debt-to-equity ratio provides unused borrowing capacity and, thus, improves our liquidity and the strength of our balance sheet.

The following table provides the quarterly average balances, the quarter-end balances, and the maximum balances at any month-end within that quarterly period, of borrowings under repurchase agreements, revolving credit facilities, securitized debt obligations and convertible senior notes for the three months ended March 31, 2019, and the four immediately preceding quarters:

(in thousands)	Quarterly Average	End of Period Balance	Maximum Balance of Any Month-End
For the Three Months Ended March 31, 2019	\$ 2,444,276	\$ 2,459,932	\$ 2,586,880
For the Three Months Ended December 31, 2018	\$ 2,272,209	\$ 2,497,944	\$ 2,497,944
For the Three Months Ended September 30, 2018	\$ 1,953,052	\$ 2,074,563	\$ 2,074,563
For the Three Months Ended June 30, 2018	\$ 1,762,115	\$ 1,811,046	\$ 1,900,561
For the Three Months Ended March 31, 2018	\$ 1,634,541	\$ 1,664,201	\$ 1,685,529

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our target investments and operations, make distributions to our stockholders and other general business needs. We use cash to acquire our target investments, repay principal and interest on our borrowings, make distributions to our stockholders and fund our operations. Our primary sources of cash consist of unused borrowing capacity under our financing sources, securitizations, the net proceeds of future equity and debt offerings, payments of principal and interest we receive on our portfolio of assets and cash generated from our operating results. We finance pools of our commercial real estate loans through CLO securitization transactions. The net proceeds from the CLO issuances are typically used to repay a portion of the outstanding balances of our repurchase facilities, to re-invest in our target assets and for other general corporate purposes. We expect that our primary sources of financing will be, to the extent available to us, through (a) repurchase agreements and other types of credit facilities, (b) securitizations, (c) other sources of private financing, and (d) offerings of our equity or debt securities.

In the future, we may use other additional sources of financing to fund the origination or acquisition of our target investments, including other credit facilities, warehouse facilities, repurchase facilities and other secured and unsecured forms of borrowing. These financings may be collateralized or non-collateralized and may involve one or more lenders. We expect that these facilities will typically have maturities ranging from two to five years and may accrue interest at either fixed or floating rates. We may also finance our business through the non-recourse sale of senior loan interests.

We may also seek to raise further equity capital and issue additional debt securities in order to fund our future investments. We may also seek to enhance the returns on our commercial real estate loan portfolio through additional securitizations, if available.

On November 21, 2018, we entered into an equity distribution agreement under which we may sell up to an aggregate of 8,000,000 shares of our common stock from time to time in any method permitted by law deemed to be an “at the market” offering as defined in Rule 415 under the Securities Act. As of March 31, 2019, 579,269 shares of common stock had been sold under the equity distribution agreement for total accumulated net proceeds of approximately \$10.9 million, of which 414,329 shares were sold for total proceeds of \$7.8 million during the three months ended March 31, 2019. Additionally, we received a base management fee reimbursement from our Manager of \$0.1 million for stock sold under the equity distribution agreement during the three months ended March 31, 2019.

On February 5, 2019, we closed an underwritten public offering of 6,850,000 shares of our common stock. We received total proceeds from the offering of approximately \$130.0 million. In addition, we granted the underwriters a thirty-day option to purchase up to an additional 1,027,500 shares of our common stock, which was exercised in full on March 6, 2019 resulting in proceeds of \$19.5 million from exercise of the underwriters option. In connection with this offering, the Manager agreed to pay approximately \$1.6 million of the underwriting fees and discounts.

As of March 31, 2019, we held \$65.4 million in cash and cash equivalents available to support our operations; \$3.3 billion of loans held-for-investment, AFS securities and HTM securities; and \$2.5 billion of outstanding debt in the form of repurchase agreements, revolving credit facilities, securitized debt obligations and long-term unsecured convertible senior notes. During the three months ended March 31, 2019, our debt-to-equity ratio decreased from 3.0:1.0 to 2.5:1.0, predominantly driven by the increase in equity as a result of common stock issuances. We intend to use prudent amounts of leverage to increase potential returns to our stockholders. To that end, subject to maintaining our qualification as a REIT and our exclusion from registration under the Investment Company Act, we intend to use borrowings to fund the origination or acquisition of our target investments. Given current market conditions and our focus on senior floating-rate mortgage loans, we currently expect that such leverage will not exceed, on a debt-to-equity basis, a 3.5-to-1 ratio on a company basis. The amount of leverage we deploy for our target investments depends upon our assessment of a variety of factors, which may include the anticipated liquidity and price volatility of the investments in our portfolio, the potential for losses in our portfolio, the gap between the duration of our assets and liabilities, including hedges, the availability and cost of financing the investments, our opinion of the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial real estate financing markets, our outlook for the level and volatility of interest rates, the slope of the yield curve, the credit quality of our investments, the collateral underlying our investments, and our outlook for investment spreads relative to LIBOR.

Our primary sources of liquidity include cash and cash equivalents. As of March 31, 2019, we held approximately \$65.4 million in cash and cash equivalents. Potential additional sources of liquidity may be unused borrowing capacity on our unpledged commercial real estate loans held-for-investment. Obtaining such liquidity is at the discretion of our lending counterparties and may not be available to us when desired. Generally, unused borrowing capacity may be the result of our election not to utilize certain financing, as well as delays in the timing in which funding is provided for a specific investment. We monitor and forecast our available, or excess, liquidity on a daily basis. If borrowing rates and/or collateral requirements change in the near term, we believe we are subject to less earnings volatility than a more leveraged organization.

During the three months ended March 31, 2019, we did not experience any restrictions to our funding sources, although balance sheet capacity of counterparties has tightened due to compliance with the Basel III regulatory capital reform rules as well as management of perceived risk in the volatile interest rate environment. We expect ongoing sources of financing to be primarily repurchase agreements, revolving credit facilities, securitizations, convertible notes, issuance of common stock, potential additional securitizations and similar financing arrangements. We will continue to explore other types of funding facilities to further diversify our financing sources. We plan to finance our assets with a moderate amount of leverage, the level of which may vary based upon the particular characteristics of our portfolio and market conditions.

As of March 31, 2019, we had repurchase agreements in place with five counterparties (lenders) and a revolving credit facility in place with one counterparty to finance loans held for investment, and two other asset-specific facilities to finance our CMBS, and we continue to evaluate additional counterparties to manage and reduce counterparty risk. Under our repurchase agreements and revolving credit facilities, we are required to pledge additional cash as collateral to our lenders when the estimated fair value of the existing pledged collateral under such agreements declines and such lenders, through a margin call, demand additional collateral. Such counterparties may make margin calls because of a perceived decline in the value of our assets collateralizing the repurchase agreements due to credit or market events, depending on the repurchase agreement or revolving credit facility. To cover a margin call, we may pledge additional cash. At maturity, any cash on deposit as collateral is generally applied against the repurchase agreement balance, thereby reducing the amount borrowed. Should the value of our assets suddenly decrease, significant margin calls on our repurchase agreements could result, causing an adverse change in our liquidity position.

An overview of our repurchase and revolving credit facilities that provide short- and long-term financing for our loans held-for-investment is presented in the table below:

(in thousands)	March 31, 2019				
	Expiration Date ⁽¹⁾	Committed	Amount Outstanding	Unused Capacity	Total Capacity
Repurchase facilities:					
Morgan Stanley Bank	June 28, 2020	No	\$ 518,819	\$ 81,181	\$ 600,000
JPMorgan Chase Bank	June 28, 2019	No	\$ 178,794	\$ 321,206	\$ 500,000
Goldman Sachs Bank	May 2, 2019	No	\$ 133,600	\$ 366,400	\$ 500,000
Citibank	June 28, 2020	No	\$ 41,898	\$ 208,102	\$ 250,000
Wells Fargo Bank ⁽²⁾	June 28, 2019	No	\$ 96,132	\$ 103,868	\$ 200,000
Revolving credit facilities:					
Citibank	April 13, 2020	No	\$ —	\$ 75,000	\$ 75,000

(1) The facilities are set to mature on the stated expiration date, unless extended pursuant to their terms.

(2) We retain an option to increase the maximum facility capacity amount up to \$475 million, subject to customary terms and conditions.

We are subject to a variety of financial covenants under our lending agreements. The following represent the most restrictive financial covenants across the agreements as of March 31, 2019:

- Unrestricted cash cannot be less than the greater of \$30.0 million and 5.0% of recourse indebtedness. As of March 31, 2019, our unrestricted cash, as defined, was \$65.4 million, while 5.0% of our recourse indebtedness, as defined, was \$27.8 million.
- Tangible net worth must be greater than the sum of 75.0% of tangible net worth as of June 28, 2017 and 75.0% of net cash proceeds of additional equity issuances, which calculates to \$742.3 million. As of March 31, 2019, our tangible net worth, as defined, was \$981.1 million.
- Target asset leverage ratio cannot exceed 75.0% and our total leverage ratio cannot exceed 80.0%. As of March 31, 2019, our target asset leverage ratio, as defined, was 65.8% and our total leverage ratio, as defined, was 71.9%.
- Minimum interest coverage must be greater than 1.5:1.0. As of March 31, 2019, our minimum interest coverage, as defined, was 2.1:1.0.

We may also be subject to additional financial covenants in connection with various other agreements we enter into in the normal course of our business. We intend to continue to operate in a manner which complies with all of our financial covenants.

The following table summarizes assets at carrying values that were pledged or restricted as collateral for the future payment obligations of repurchase agreements, revolving credit facilities and securitized debt obligations as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Loans held-for-investment	\$ 3,000,244	\$ 2,935,757
Available-for-sale securities, at fair value	12,798	12,606
Held-to-maturity securities	25,815	26,696
Restricted cash	2,922	2,922
Total	\$ 3,041,779	\$ 2,977,981

Although we generally intend to hold our target assets as long-term investments, we may sell certain of our assets in order to manage our liquidity needs, to meet other operating objectives and to adapt to market conditions. Commercial real estate loans are subject to longer trade timelines than securities and, as a result, market conditions could significantly and adversely affect the liquidity of our assets. Any illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises. Our ability to quickly sell certain assets may be limited by delays due to the time period needed for negotiating transaction documents and conducting diligence. Consequently, even if we identify a buyer for our commercial real estate loans, there is no assurance that we would be able to quickly sell such assets if the need or desire arises.

In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we previously recorded our assets. Assets that are illiquid are more difficult to finance, and to the extent that we use leverage to finance assets that become illiquid, we may lose that leverage or have it reduced. Assets tend to become less liquid during times of financial stress, which is often the time that liquidity is most needed. As a result, our ability to sell assets or vary our portfolio in response to changes in economic and other conditions may be limited by liquidity constraints, which could adversely affect our results of operations and financial condition.

We cannot predict the timing and impact of future sales of our assets, if any. Because many of our assets are financed with repurchase agreements and revolving credit facilities, a significant portion of the proceeds from sales of our assets (if any), prepayments and scheduled amortization would be used to repay balances under these financing sources.

The following table provides the maturities of our repurchase agreements, revolving credit facilities, securitized debt obligations and convertible senior notes as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
Within 30 days	\$ —	\$ —
30 to 59 days	157,991	25,854
60 to 89 days	274,926	—
90 to 119 days	—	36,371
120 to 364 days	69,916	874,317
One to three years	1,669,413	1,293,264
Three to five years	289,686	268,138
Five to ten years	—	—
Ten years and over	—	—
Total	\$ 2,461,932	\$ 2,497,944

For the three months ended March 31, 2019, our restricted and unrestricted cash and cash equivalents balance decreased approximately \$3.0 million to \$120.4 million at March 31, 2019. The cash movements can be summarized by the following:

- *Cash flows from operating activities.* For the three months ended March 31, 2019, operating activities increased our cash balances by approximately \$17.0 million, primarily driven by our financial results for the quarter.
- *Cash flows from investing activities.* For the three months ended March 31, 2019, investing activities decreased our cash balances by approximately \$120.4 million, primarily driven by originations of loans held-for-investment, offset by repayments of loans held-for-investment and held-to-maturity securities.
- *Cash flows from financing activities.* For the three months ended March 31, 2019, financing activities increased our cash balance by approximately \$100.4 million, primarily driven by net proceeds from securitized debt obligations and the issuance of common stock, offset by the repayment of repurchase agreements, securitized debt obligations and revolving credit facilities.

Off-Balance Sheet Arrangements

We have not participated in transactions that create relationships with unconsolidated entities or financial partnerships which would have been established for the purpose of facilitating off-balance sheet arrangements. Further, we have not guaranteed any obligations of unconsolidated entities or entered into any commitment or intent to provide funding to any such entities. However, as of March 31, 2019, we had unfunded commitments on commercial real estate loans held-for-investment of \$624.2 million to be used for future fundings to borrowers, generally to finance lease-related or capital expenditures.

Dividends

We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT annually distribute at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income, including capital gains. We intend to pay regular quarterly dividends to our stockholders in an amount equal to our REIT taxable income, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our secured funding facilities, other lending facilities, repurchase agreements and other debt payable. If our cash available for distribution is less than our net taxable income, we could be required to sell investments or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

Inflation

Virtually all of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors influence our performance far more so than does inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. Our financial statements are prepared in accordance with U.S. GAAP and our distributions will be determined by our board of directors consistent with our obligation to distribute to our stockholders at least 90% of our REIT taxable income on an annual basis in order to maintain our REIT qualification; in each case, our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We seek to manage our risks related to the credit quality of our investments, interest rates, liquidity and market value while, at the same time, seeking to generate attractive risk-adjusted returns to our stockholders. While we are exposed to certain types of market risk in our business, we seek to actively manage them and rely on our Manager's sophisticated risk management infrastructure and philosophy centered around quantifying and measuring various market risks on a continuous basis. We seek to be fairly compensated through the returns we earn on our investments for taking those risks and focus on maintaining liquidity and capital levels consistent with the risks to which we are exposed.

Credit Risk

We are subject to varying degrees of credit risk in connection with holding a portfolio of our target investments. The performance and value of our 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. We seek to manage credit risk by performing deep fundamental credit analysis of our potential investments. Credit risk is also addressed through our on-going review, and our investment portfolio is monitored for variance from expected defaults, severities, losses and cash flow on a monthly basis, with more intense analysis and oversight done on a quarterly basis.

Interest Rate Risk

Generally, the composition of our investments is such that rising interest rates increase our net income, while declining interest rates decrease net income. As of March 31, 2019, approximately 98.4% of our portfolio by carrying value earned a floating rate of interest. The remaining approximately 1.6% of our portfolio earns a fixed rate of interest. If interest rates were to decline, the value of these fixed-rate investments may increase and if interest rates were to increase, the value of these fixed-rate investments may fall; however, the interest income generated by these investments would not be affected by market interest rate fluctuations. The interest rates we pay under our repurchase agreements and securitized debt obligations are primarily floating rate. Accordingly, our interest expense generally increases as interest rates increase and decreases as interest rates decrease.

Our analysis of risks is based on our experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or our implementation of decisions may produce results that differ significantly from the estimates and assumptions used in our models.

The information presented in the following interest rate sensitivity table projects the potential impact of sudden parallel changes in interest rates on our financial results and financial condition over the next 12 months, based on our interest sensitive financial instruments at March 31, 2019. All changes in value are measured as the change from our March 31, 2019 financial position. All projected changes in annualized net interest income are measured as the change from our projected annualized net interest income based off current performance returns.

(in thousands)	Changes in Interest Rates			
	-100 bps	-50 bps	+50 bps	+100 bps
Change in value of financial position:				
Loans held-for-investment	\$ 1,181	\$ 667	\$ (675)	\$ (1,350)
Available-for-sale securities	5	3	(3)	(5)
Held-to-maturity securities	11	5	(5)	(11)
Repurchase agreements	(434)	(217)	217	434
Securitized debt obligations	(504)	(252)	252	504
Convertible senior notes	(9,220)	(4,559)	4,461	8,825
Total net assets	<u>\$ (8,961)</u>	<u>\$ (4,353)</u>	<u>\$ 4,247</u>	<u>\$ 8,397</u>
	-100 bps	-50 bps	+50 bps	+100 bps
Change in annualized net interest income:	\$ (6,624)	\$ (5,103)	\$ 5,286	\$ 10,572

The interest rate sensitivity table quantifies the potential changes in annualized net interest income and portfolio value, should interest rates immediately change. The interest rate sensitivity table presents the estimated impact of interest rates instantaneously rising 50 and 100 basis points, and falling 50 and 100 basis points. The cash flows associated with the portfolio for each rate change are calculated based on assumptions, including yield on future originations and acquisitions, slope of the yield curve, and size of the portfolio. Assumptions made on the interest rate sensitive liabilities include anticipated interest rates, collateral requirements as a percentage of borrowings and amount and term of borrowing.

Certain assumptions have been made in connection with the calculation of the information set forth in the foregoing interest rate sensitivity table and, as such, there can be no assurance that assumed events will occur or that other events will not occur that would affect the outcomes. The base interest rate scenario assumes interest rates at March 31, 2019. The analysis utilizes assumptions and estimates based on management's judgment and experience. Furthermore, while we generally expect to retain such assets and the associated interest rate risk to maturity, future originations, acquisitions and sales of assets could materially change our interest rate risk profile.

The information set forth in the interest rate sensitivity table above and all related disclosures constitutes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Actual results could differ significantly from those estimated in the foregoing interest rate sensitivity table.

Borrower Performance

In addition to the risks related to fluctuations in cash flows and investment values associated with movements in interest rates, there is also the risk of borrower non-performance on our floating-rate investments. If interest rates were to significantly rise, it is possible that the increased debt service costs may negatively impact operating cash flows on properties securing our commercial real estate loan investments, resulting in potential non-performance of our borrowers. This risk is partially mitigated by various facts we consider during our rigorous underwriting process, which in certain cases include a requirement for our borrower to purchase an interest rate cap contract. As of March 31, 2019, none of the commercial real estate loans in our portfolio were non-performing.

Capital Markets Risk

As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate significant operating cash flow and therefore requires us to utilize capital markets, both debt and equity, to finance our business. As a result, we are exposed to risks related to the capital markets and our related ability to raise capital through the issuance of our common 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 credit facilities or other debt instruments, such as securitizations or unsecured debt. 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.

Real Estate Risk

Our business strategy focuses on commercial real estate related debt investments. As a result, we will be exposed to the risks generally associated with the commercial real estate market, including occupancy rates, capitalization rates, absorption rates, and other macroeconomic factors beyond our control.

Additionally, commercial real estate debt investments may be affected by a number of factors, including, national, regional and local economic and real estate conditions, changes in business trends of specific industry segments, property construction characteristics, demographic factors, and changes to building codes. Any combination of these factors may affect the value of real estate collateral for investments within our investment portfolio and the potential proceeds available to a borrower to repay the underlying loans, which could cause us to suffer losses. We seek to manage these risks through our rigorous and fundamentally driven underwriting and investment management processes.

Liquidity Risk

Our liquidity risk is principally associated with our financing of longer-maturity investments with shorter-term borrowings in the form of repurchase agreements and revolving credit facilities. Should the value of our investments pledged as collateral on our repurchase agreements significantly decrease, our lenders may exercise their margin call rights, causing an adverse change in our liquidity position. Additionally, if one or more of our repurchase agreement and revolving credit facility counterparties chose not to provide ongoing funding, our ability to finance our investments would decline or exist at possibly less advantageous terms. As such, we cannot assure you that we will always be able to roll over our repurchase agreements or other sources of financing which require us to renew them on a periodic basis.

Risk Management

To the extent consistent with maintaining our REIT qualification, we seek to manage risk exposure by closely monitoring our portfolio and actively managing the financing, interest rate, credit, and other risks associated with holding a portfolio of our target investments. Generally, with the guidance and experience of our Manager:

- we manage our portfolio with focus on diligent, investment-specific market review, enforcement of loan and security rights, and timely execution of disposition strategies;
- we actively employ portfolio-wide and investment-specific risk measurement and management processes in our daily operations, including utilizing our Manager's risk management tools; and
- we seek to manage credit risk through our rigorous underwriting due diligence process prior to origination or acquisition of our target investments and through the use of non-recourse financing, when and where available and appropriate.

Item 4. Controls and Procedures

A review and evaluation was performed by our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, of the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that review and evaluation, the CEO and CFO have concluded that our current disclosure controls and procedures, as designed and implemented, were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. Although our CEO and CFO have determined our disclosure controls and procedures were effective at the end of the period covered by this Quarterly Report on Form 10-Q, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the reports we submit under the Exchange Act.

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2019 that has materially affected, or is 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 legal claims and/or administrative proceedings that arise in the ordinary course of our business. As of the date of this filing, we are not party to any litigation or legal proceedings or, to the best of our knowledge, any threatened litigation or legal proceedings, which, in our opinion, individually or in the aggregate, would have a material adverse effect on our results of operations or financial condition.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth under the heading “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2018, or the Form 10-K. The materialization of any risks and uncertainties identified in our Forward-Looking Statements contained in this Quarterly Report on Form 10-Q, together with those previously disclosed in the Form 10-K, or those that are presently unforeseen could result in significant adverse effects on our financial condition, results of operations, and cash flows. See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements” in this Quarterly Report on Form 10-Q.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibits - The exhibits listed on the accompanying Index of Exhibits are filed or incorporated by reference as a part of this report. Such Index is incorporated herein by reference.

Exhibit Number	Exhibit Index
3.1	Articles of Amendment and Restatement of Granite Point Mortgage Trust Inc.'s Charter (incorporated by reference to Exhibit 3.1 of Amendment No. 3 to the Company's Registration Statement on Form S-11 (File No. 333-218197) filed with the SEC on June 20, 2017).
3.2	Amended and Restated Bylaws of Granite Point Mortgage Trust Inc. (incorporated by reference to Exhibit 3.2 of Amendment No. 1 to the Company's Registration Statement on Form S-11 (File No. 333-218197) filed with the SEC on June 15, 2017).
3.3	Articles Supplementary for Cumulative Redeemable Preferred Stock of Granite Point Mortgage Trust Inc. (incorporated by reference to Exhibit 3.3 of Amendment No. 3 to the Company's Registration Statement on Form S-11 (File No. 333-218197) filed with the SEC on June 20, 2017).
4.1	Indenture, dated as of December 12, 2017, between Granite Point Mortgage Trust Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K file with the SEC on December 12, 2017).
4.2	Supplemental Indenture, dated as of December 12, 2017, between Granite Point Mortgage Trust Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K file with the SEC on December 12, 2017).
4.3	Indenture, dated as of October 12, 2018, between the Company and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on October 12, 2018).
4.4	Supplemental Indenture, dated as of October 12, 2018, between the Company and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on October 12, 2018).
10.1	Indenture, dated as of February 28, 2019, by and among GPMT 2019-FL2, Ltd., GPMT 2019-FL2 LLC, GPMT Seller LLC, Wilmington Trust, National Association and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on March 5, 2019).
10.2	Preferred Share Paying Agency Agreement, dated as of February 28, 2019, among GPMT 2019-FL2, Ltd., Wells Fargo Bank, National Association and MaplesFS Limited (filed herewith).
10.3	Collateral Interest Purchase Agreement, dated as of February 28, 2019, among GPMT Seller LLC, GPMT 2019-FL2, Ltd. and Granite Point Mortgage Trust Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on March 5, 2019).
10.4	Collateral Management Agreement, dated as of February 28, 2019, between GPMT 2019-FL2, Ltd. and GPMT Collateral Manager LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on March 5, 2019).
10.5	Servicing Agreement, dated as of February 28, 2019, by and among GPMT 2019-FL2, Ltd., GPMT Collateral Manager LLC, Wilmington Trust, National Association, Wells Fargo Bank, National Association, GPMT Seller LLC and Trimont Real Estate Advisors, LLC (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on March 5, 2019).
10.6	First Amendment to Master Repurchase Agreement and Other Transaction Documents, dated as of February 28, 2019, by and among GP Commercial CB LLC, Citibank, N.A. and the Company (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K (File No. 001-38124) filed with the SEC on March 5, 2019).
31.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (filed herewith)
31.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (filed herewith)
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (filed herewith)
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (filed herewith)
101	Financial statements from the Quarterly Report on Form 10-Q of Granite Point Mortgage Trust Inc. for the three months ended March 31, 2019, filed with the SEC on May 7, 2019, formatted in Inline XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) the Notes to the Condensed Consolidated Financial Statements. (filed herewith)

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.

Dated: May 7, 2019

GRANITE POINT MORTGAGE TRUST INC.

By: /s/ John A. Taylor

John A. Taylor
President, Chief Executive Officer and Director
(Principal Executive Officer)

Dated: May 7, 2019

By: /s/ Marcin Urbaszek

Marcin Urbaszek
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT 10.2
EXECUTION VERSION

GPMT 2019-FL2, LTD.,
as Issuer,

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Preferred Share Paying Agent,

and

MAPLESFS LIMITED,
as Preferred Share Registrar and Administrator

PREFERRED SHARE PAYING AGENCY AGREEMENT

Dated as of February 28, 2019

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. DEFINITIONS	1
Section 1.1. Definitions.....	1
Section 1.2. Rules of Construction.	6
ARTICLE II. THE PREFERRED SHARES.....	6
Section 2.1. Form of Preferred Shares.....	6
Section 2.2. Execution; Delivery; Dating and Cancellation.	6
Section 2.3. Registration.....	8
Section 2.4. Registration of Transfer and Exchange of Preferred Shares.....	9
Section 2.5. Transfer and Exchange of Preferred Shares.....	10
Section 2.6. [Reserved]	14
Section 2.7. Non-Permitted Holders.	14
Section 2.8. Certain Tax Matters.	15
Section 2.9. Provisions of the Indenture and Servicing Agreement.	15
ARTICLE III. DISTRIBUTIONS TO THE HOLDERS.....	16
Section 3.1. Disbursement of Funds.	16
Section 3.2. Condition to Payments.	17
Section 3.3. The Preferred Share Distribution Account.	19
Section 3.4. Redemption.....	19
Section 3.5. Fees or Commissions in Connection with Disbursements.....	19
Section 3.6. Liability of the Preferred Share Paying Agent in Connection with Disbursements.....	19
ARTICLE IV. ACCOUNTING AND REPORTS.....	20
Section 4.1. Reports and Notices.	20
Section 4.2. Notice of Plan Assets.	20
Section 4.3. Requests by Independent Accountants.	20
Section 4.4. Rule 144A Information.....	20
Section 4.5. Tax Information.	20
ARTICLE V. THE PREFERRED SHARE PAYING AGENT.....	21
Section 5.1. Appointment of Preferred Share Paying Agent.	21
Section 5.2. Resignation and Removal.	21
Section 5.3. Fees; Expenses; Indemnification; Liability.	22



ARTICLE VI. [RESERVED]	23
ARTICLE VII. MISCELLANEOUS PROVISIONS	23
Section 7.1.	Amendment.....	23
Section 7.2.	Notices; Rule 17g-5 Procedures.....	24
Section 7.3.	Governing Law.	24
Section 7.4.	Non-Petition; Limited Recourse.	24
Section 7.5.	No Partnership or Joint Venture.	25
Section 7.6.	Counterparts.....	25
Exhibit A	Form of Preferred Share	
Exhibit B-1	Form of Transferee Certificate for Transfers of EHRI	
Exhibit B-2	Form of Transferor Certificate for Transfers of EHRI	

This PREFERRED SHARE PAYING AGENCY AGREEMENT (this “Agreement”) is dated as of February 28, 2019, by and among GPMT 2019-FL2, LTD., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “Issuer”), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as paying agent for the Preferred Shares (in such capacity, the “Preferred Share Paying Agent”), and MAPLESFS LIMITED, a licensed trust company incorporated in the Cayman Islands, as administrator (in such capacity, the “Administrator”) and share registrar for the Preferred Shares (in such capacity, the “Preferred Share Registrar”).

PRELIMINARY STATEMENT

As authorized by the Issuer and permitted under the terms of the Issuer’s Amended and Restated Memorandum and Articles of Association (the “Memorandum and Articles”) as may be hereafter amended and in effect from time to time, the Issuer has a duly authorized share capital consisting of 250 ordinary voting shares, par value U.S.\$1.00 per share, all of which will have been issued by the Issuer and are outstanding on the Closing Date, and 105,192.857 Preferred Shares, consisting of (i) 105,190.857 shares of Class P Preferred Shares (the “Class P Preferred Shares”), having a par value U.S.\$0.001 per share and with an aggregate liquidation preference and notional amount equal to U.S.\$1,000 per share; (ii) one share of Class X Preferred Shares (the “Class X Preferred Shares”), having a par value U.S.\$0.001 per share and with an aggregate notional amount equal to the Class X Preferred Share Notional Amount (as defined herein) and a liquidation preference equal to U.S.\$1,000 per share and (iii) one share of Class R Preferred Shares (the “Class R Preferred Shares”), having a par value U.S.\$0.001 per share and with an aggregate liquidation preference and notional amount equal to U.S.\$1,000 per share (the Class P Preferred Shares, the Class X Preferred Shares and the Class R Preferred Shares are collectively referred to herein as the “Preferred Shares”), all of which have been issued on the date hereof on the terms and provisions set forth herein. The distributions on each of the Preferred Shares will be payable in accordance with the Memorandum and Articles, the Indenture (as defined below), and this Agreement. The Issuer has entered into this Agreement to provide for the payment of such distributions.

All representations, covenants and agreements made herein by the Issuer and the Preferred Share Paying Agent are for the benefit of the Holders. The Issuer is entering into this Agreement, and the Preferred Share Paying Agent, the Administrator and the Preferred Share Registrar are accepting their obligations hereunder, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

ARTICLE I.

DEFINITIONS

Section 1.1. Definitions.

Capitalized terms used but not defined herein have the respective meanings given to such terms in the Indenture and, if not defined therein, in the Memorandum and Articles, and are incorporated by reference herein. As used herein, the following terms have the following

respective meanings and the definitions of such terms are equally applicable both in the singular and the plural forms of such terms and in the masculine, feminine and neuter genders of such terms:

“Administrator”: The meaning set forth in the preamble of this Agreement.

“Affiliate” or “Affiliated”: With respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, Officer or employee (a) of such Person, (b) of any subsidiary or parent company of such Person or (c) of any Person described in clause (i) above. For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; provided that neither the Administrator nor any other company, corporation or person to which the Administrator provides directors and/or administrative services and/or acts as share trustee shall be an Affiliate of the Issuer or Co-Issuer.

“Agreement”: The meaning set forth in the Preliminary Statement to this Agreement.

“AML Compliance”: Compliance with the Cayman AML Regulations.

“Authorized Denomination”: Any integral number of Preferred Shares equal to or greater than 250 shares and integral multiples of one share in excess thereof.

“Available Funds”: With respect to each Payment Date, the amount (if any) of distributions received by the Preferred Share Paying Agent from the Issuer or the Trustee under the Priority of Payments under the Indenture for payments on the Preferred Shares.

“Bank”: Wells Fargo Bank, National Association, a national banking association.

“Benefit Plan Investor”: (A) An “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (B) a “plan” within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code, or (C) any entity whose underlying assets include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity or otherwise.

“Business Day”: Each Business Day under the Indenture.

“Cayman AML Regulations”: The Anti-Money Laundering Regulations (2018 Revision) and The Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands, each as amended and revised from time to time.

“Class P Preferred Share”: The Class P Preferred Shares issued by the Issuer pursuant to the Memorandum and Articles.

“Class P Preferred Share Notional Amount”: \$105,190,857.00, less the amount of any Principal Proceeds distributed to the holders of the Class P Preferred Shares in accordance with Section 3.1(g) hereof on any Payment Date.

“Class P Preferred Shares Stated Redemption Price”: The meaning set forth in Section 3.1(a) hereof.

“Class R Preferred Share”: The Class R Preferred Shares issued by the Issuer pursuant to the Memorandum and Articles.

“Class X Preferred Share”: The Class X Preferred Shares issued by the Issuer pursuant to the Memorandum and Articles.

“Class X Preferred Rate”: With respect to any Payment Date, a per annum rate (greater than or equal to zero) equal to: (a)(i) the total amount of Interest Proceeds available for actual payment to the holders of the Notes and the Preferred Shares on such Payment Date less (ii) the total amount of Interest Proceeds distributed on such Payment Date to the holders of the Notes and the Class P Preferred Shares, divided by (b) the outstanding Class X Preferred Share Notional Amount, expressed as a percentage and as an annualized rate on an actual/360 basis in order to produce the aggregate amount of interest described in clause (a) to accrue on the outstanding Class X Preferred Share Notional Amount during the related Interest Accrual Period.

“Class X Preferred Share Notional Amount”: The meaning set forth in Section 3.1(b) hereof.

“Closing Date”: February 28, 2019.

“Co-Issuer”: GPMT 2019-FL2 LLC, a Delaware limited liability company.

“Code”: The United States Internal Revenue Code of 1986, as amended.

“Credit Risk Retention Rules”: Regulation RR (17 C.F.R. Part 244), as such rule may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Department of Treasury, the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Securities and Exchange Commission and the Department of Housing and Urban Development in the adopting release (79 F.R. 77601 et seq.) or by the staff of any such agency, or as may be provided by any such agency or its staff from time to time, in each case, as effective from time to time.

“EHRI”: The Preferred Shares, which are retained by the Retention Holder on the Closing Date.

“EHRI Transfer Restriction Period”: The period from the Closing Date to the latest of (i) the date on which the total unpaid Principal Balance of the Mortgage Loans has been reduced to 33% of the Aggregate Collateral Interest Cut-off Date Balance; (ii) the date on which the total outstanding principal amount or notional amount, as applicable, of the Securities has been reduced to 33% of the total outstanding principal amount or notional amount, as applicable, of the Securities as of the Closing Date; or (iii) two years after the Closing Date. However, if the

Credit Risk Retention Rules are modified or repealed, the Securitization Sponsor may choose to comply with such Credit Risk Retention Rules as are then in effect.

"FATCA": The meaning set forth in the Indenture.

"Holder": With respect to any Preferred Shares, the Person in whose name such Preferred Shares are registered in the Preferred Share Register.

"Holder AML Obligations": The obligations of each Holder of Preferred Shares to (i) provide the Issuer or its agents with such information and documentation that may be required for the Issuer to achieve AML Compliance and (ii) update or replace such information or documentation as may be necessary.

"Indenture": The indenture dated as of February 28, 2019 among the Issuer, the Co-Issuer, the Bank, as note administrator, GPMT Seller LLC, as advancing agent and Wilmington Trust, National Association, as trustee (in such capacity, the "Trustee"), as amended from time to time in accordance with the terms thereof.

"Institutional Accredited Investor": An institution that is an "accredited investor" as described in clause (1), (2), (3) or (7) of Rule 501(a) of Regulation D under the Securities Act or an entity in which all of the equity owners are such "accredited investors."

"Investment Company Act": Investment Company Act of 1940, as amended.

"Issuer Order": A written order or request dated and signed in the name of the Issuer by an Authorized Officer of the Issuer.

"Majority": The Holders of more than 50% of the aggregate outstanding Preferred Shares.

"Memorandum and Articles": The meaning set forth in the Preliminary Statement to this Agreement.

"Non-Permitted AML Holder": A holder of Preferred Shares that fails to comply with the Holder AML Obligations.

"Non-Permitted Holder": (a) Any U.S. person (as defined in Regulation S) that becomes the beneficial owner of any Preferred Shares or interest in Preferred Shares and is not a Qualified Institutional Buyer and a Qualified Purchaser, (b) any Person for which the representations made, or deemed to be made, by such Person for purposes of ERISA, Section 4975 of the Code or applicable Similar Law in any representation letter or Purchaser Certificate, or by virtue of deemed representations are or become untrue, (c) any Benefit Plan Investor or (d) a Non-Permitted AML Holder.

"Notes": The Class A Notes, the Class A-S Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, collectively, authorized by, and authenticated and delivered under, the Indenture.



“Ordinary Shares”: The 250 ordinary shares, U.S.\$1.00 par value per share, of the Issuer which have been issued by the Issuer and are outstanding from time to time.

“Payment Date”: Each Payment Date under the Indenture (including the Stated Maturity Date and any Redemption Date).

“Plan Asset Regulation”: U.S. Department of Labor regulations 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

“Preferred Share Certificate”: Any Preferred Share represented by a physical certificate in definitive, fully registered, certificated form set forth in Exhibit A.

“Preferred Share Distribution Account”: The meaning set forth in Section 3.3.

“Preferred Share Paying Agent”: The Bank, solely in its capacity as Preferred Share Paying Agent under this Agreement, unless a successor Person shall have become the Preferred Share Paying Agent pursuant to the applicable provisions of this Agreement, and thereafter “Preferred Share Paying Agent” shall mean such successor Person.

“Preferred Share Register”: The register of members maintained by the Preferred Share Registrar.

“Preferred Shares”: The meaning set forth in the Preliminary Statement to this Agreement.

“Purchaser”: Each purchaser of an interest in Preferred Shares, including any account for which it is acting.

“Purchaser Certificate”: A certificate substantially in the form attached as an exhibit to the Subscription Agreement, duly completed as appropriate.

“QEF”: The meaning assigned in Section 4.5(ii).

“Qualified Institutional Buyer”: Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Preferred Shares, is a qualified institutional buyer within the meaning of Rule 144A.

“Qualified Purchaser”: Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Preferred Shares, is a qualified purchaser within the meaning of the Investment Company Act.

“Record Date”: Each Record Date under the Indenture.

“Redemption Date”: The earlier of (i) the Stated Maturity Date and (ii) the Payment Date on which a redemption of the Preferred Shares occurs.

“Redemption Price”: The Redemption Price for the Preferred Shares calculated in accordance with the procedures set forth in the Indenture.



"Retention Holder": GPMT CLO Holdings LLC, a Delaware limited liability company.

"Rule 144A Information": The meaning set forth in Section 4.4.

"Securities Act": The Securities Act of 1933, as amended.

"Securitization Sponsor": Granite Point Mortgage Trust Inc., a Maryland corporation.

"Similar Law": Any local, state, federal, non-U.S. or other law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code.

"Specified Person": The meaning set forth in Section 2.2(g).

"Subscription Agreement": The Junior Note and Preferred Share Subscription Agreement, dated as of the date hereof, between the Issuer and the Retention Holder, as amended from time to time in accordance with the terms thereof.

"U.S. Person": As defined in Regulation S under the Securities Act.

Section 1.2. Rules of Construction.

(a) The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

(b) References to Preferred Shares and Certificates shall, when the context requires, be construed to mean the Preferred Share Certificate representing the same.

ARTICLE II.

THE PREFERRED SHARES

Section 2.1. Form of Preferred Shares.

The Preferred Shares shall be represented by a physical certificate and issued in the form of definitive, fully registered securities. The Preferred Share Certificates shall be duly executed by the Issuer or the Administrator on its behalf (and, with respect to any Preferred Share Certificate issued after the Closing Date, shall additionally be executed by the Preferred Share Paying Agent) and delivered by the Preferred Share Paying Agent as hereinafter provided.

Section 2.2. Execution; Delivery; Dating and Cancellation.

(a) Any Preferred Share Certificates shall be executed on behalf of the Issuer by one or more Authorized Officers of the Issuer (or by the Administrator on the Issuer's behalf). The signature of such Authorized Officer on a Preferred Share Certificate shall be manual and

may not be a facsimile or other electronic transmission (including a Portable Document Format (PDF) copy sent by email).

(b) Preferred Share Certificates bearing the signatures of individuals who were at any time the Authorized Officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them have ceased to hold such offices prior to the delivery of such Preferred Share Certificates or did not hold such offices at the date of issuance of such Preferred Shares.

(c) At any time and from time to time after the execution of this Agreement, the Issuer may deliver Preferred Share Certificates executed by the Issuer to the Preferred Share Paying Agent for authentication, and the Preferred Share Paying Agent, upon Issuer Order, shall authenticate and deliver such Preferred Share Certificates as directed by the Issuer.

(d) All Preferred Share Certificates authenticated and delivered by the Preferred Share Paying Agent upon Issuer Order on the Closing Date shall be dated on the Closing Date. All other Preferred Share Certificates that are authenticated after the Closing Date for any other purpose under this Agreement shall be dated on the date of their execution.

(e) No Preferred Share Certificate (other than the Preferred Share Certificate issued on the Closing Date) shall be entitled to any benefit under this Preferred Share Paying Agency Agreement or be valid or obligatory for any purpose, unless there appears on such Preferred Share Certificate a Preferred Share Certificate of Authentication, substantially in the form provided for herein, executed by the Preferred Share Paying Agent by the manual signature of one of their Authorized Officers and executed by the Issuer, and such certificate upon any Preferred Share Certificate shall be conclusive evidence, and the only evidence, that such Preferred Share Certificate has been duly authenticated and delivered hereunder.

(f) All Preferred Share Certificates surrendered for registration of transfer or exchange, or deemed lost or stolen, shall, if surrendered to any Person other than the Preferred Share Paying Agent, be delivered to the Preferred Share Paying Agent, and shall promptly be canceled. No Preferred Share Certificates shall be issued in lieu of or in exchange for any Preferred Share Certificates canceled as provided in this Section 2.2(f), except as expressly permitted by this Agreement. All canceled Preferred Share Certificates held by the Preferred Share Paying Agent shall be destroyed or held by the Preferred Share Paying Agent in accordance with its standard retention policy.

(g) If (i) any mutilated or defaced Preferred Share Certificate is surrendered to the Preferred Share Paying Agent, or if there shall be delivered to the Issuer or the Preferred Share Paying Agent (each, a "Specified Person") evidence to their reasonable satisfaction of the destruction, loss or theft of any Preferred Share Certificate, and (ii) there is delivered to each Specified Person such security or indemnity as may be required by each Specified Person to save each of them and any agent of any of them harmless, then, in the absence of notice to the Specified Persons that such Preferred Share Certificate has been acquired by a bona fide purchaser, the Issuer shall execute in lieu of any such mutilated, defaced, destroyed, lost or stolen Preferred Share Certificate, a new Preferred Share Certificate, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, dated the date

of its authentication, bearing interest from the date to which interest has been paid on the mutilated, defaced, destroyed, lost or stolen Preferred Share Certificate and bearing a number not contemporaneously outstanding.

If, after delivery of such new Preferred Share Certificate, a bona fide purchaser of the predecessor Preferred Share Certificate presents for payment, transfer or exchange such predecessor Preferred Share Certificate, any Specified Person shall be entitled to recover such new Preferred Share Certificate from the Person to whom it was delivered or any Person taking therefrom, and each Specified Person shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by such Specified Person in connection therewith.

In case any such mutilated, defaced, destroyed, lost or stolen Preferred Share Certificate has become due and payable, the Issuer, in its discretion may, instead of issuing a new Preferred Share Certificate, pay such Preferred Share Certificate without requiring surrender thereof except that any mutilated or defaced Preferred Share Certificate shall be surrendered.

Upon the issuance of any new Preferred Share Certificate under this Section 2.2(g), the Issuer may require the payment by the registered Holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Preferred Share Paying Agent) connected therewith.

Every new Preferred Share Certificate issued pursuant to this Section 2.2(g) in lieu of any mutilated, defaced, destroyed, lost or stolen Preferred Share Certificate shall constitute an original additional contractual obligation of the Issuer, and such new Preferred Share Certificate shall be entitled, subject to this Section 2.2(g), to all the benefits of this Agreement equally and proportionately with any and all other Preferred Share Certificates duly issued hereunder.

The provisions of this Section 2.2(g) are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Preferred Share Certificates.

Section 2.3. Registration.

(a) The Issuer shall keep or cause to be kept the Preferred Share Register in which, subject to such reasonable regulations as it may prescribe, the Preferred Share Registrar shall provide for the registration of holders of, and the registration of transfers and exchanges of, Preferred Shares and Ordinary Shares. The Administrator is hereby initially appointed as agent of the Issuer to act as the "Preferred Share Registrar" for the purpose of maintaining the Preferred Share Register and registering and recording in the Preferred Share Register the Preferred Shares and transfers of such Preferred Shares as herein provided. Upon any resignation or removal of the Preferred Share Registrar, the Issuer shall promptly appoint a successor. The Preferred Share Paying Agent shall promptly provide the Preferred Share Registrar with all information necessary to prepare and maintain the Preferred Share Register



(upon receipt by the Preferred Share Paying Agent thereof). The Preferred Share Registrar shall be entitled to rely on such information provided to it pursuant to the preceding sentence without any liability on its part.

(b) The Preferred Share Paying Agent shall maintain a duplicate share register and shall be entitled to conclusively rely on such duplicate share register for the purpose of payment on the Preferred Shares. The Preferred Share Paying Agent shall have the right to inspect the Preferred Share Register at all reasonable times and to obtain copies thereof and the Preferred Share Paying Agent shall have the right to rely upon a certificate executed on behalf of such Preferred Share Registrar by an Authorized Officer thereof as to the names and addresses of the Holders and the numbers of such Preferred Shares. If either party becomes aware of any discrepancies between the Preferred Share Register and the duplicate share register, it shall promptly inform the other of the same and the Preferred Share Registrar and the Preferred Share Paying Agent shall cooperatively ensure that the Preferred Share Register and the duplicate share register are reconciled in a timely manner and in any case prior to the next Record Date. Notwithstanding anything to the contrary herein, the Preferred Share Paying Agent shall have no duty to monitor or determine whether any discrepancies exist between the two registers.

Section 2.4. Registration of Transfer and Exchange of Preferred Shares.

(a) Subject to this Section 2.4 and Section 2.5, upon surrender for registration of transfer of any Preferred Share Certificates at the offices of the Preferred Share Paying Agent in compliance with the restrictions set forth in any legend appearing on any such Preferred Share Certificate, the Preferred Share Paying Agent shall, upon receipt of all related transfer exhibits, authenticate such Preferred Share Certificate and deliver such Preferred Share Certificate (together with any related transfer exhibits) to the Issuer (or to the Administrator on its behalf) for execution. Upon execution of the Preferred Share Certificate by the Issuer (or the Administrator on its behalf), the Issuer shall deliver the Preferred Share Certificate to the Preferred Share Paying Agent, and the Preferred Share Paying Agent shall deliver, in the name of the designated transferee or transferees, one or more new Preferred Share Certificates, each in an Authorized Denomination, of like terms and of a like number.

(b) Subject to this Section 2.4 and Section 2.5, at the option of the Holder, Preferred Shares may be exchanged for Preferred Shares, each in an Authorized Denomination, of like terms and of like number upon surrender of the related Preferred Share Certificate at such office as the Preferred Share Paying Agent may designate for such purposes. Whenever any Preferred Share Certificate is surrendered for exchange, the Preferred Share Paying Agent shall authenticate such Preferred Share Certificate and thereafter deliver such Preferred Share Certificate to the Issuer for execution (together with any related transfer exhibits). Upon execution of the Preferred Share Certificate by the Issuer (or the Administrator on its behalf), the Issuer shall deliver the Preferred Share Certificate to the Preferred Share Paying Agent, and the Preferred Share Paying Agent shall deliver such Preferred Share Certificate to the Holder making the exchange.

(c) Preferred Share Certificates representing Preferred Shares issued upon any registration of transfer or exchange of Preferred Shares shall represent equity interests of the Issuer entitled to the same benefits under this Agreement and the Memorandum and Articles as



the Preferred Shares represented by the Preferred Share Certificate surrendered upon such registration of transfer or exchange.

(d) All Preferred Share Certificates presented or surrendered for registration of transfer or exchange shall be accompanied by an assignment form and a written instrument of transfer each in a form satisfactory to the Issuer and the Preferred Share Paying Agent, duly executed by the Holder thereof or its attorney duly authorized in writing.

(e) No service charge shall be made to a Holder for any registration of transfer or exchange of Preferred Shares, but the Preferred Share Paying Agent may require payment of a sum sufficient to cover the expenses of delivery (if any) not made by regular mail or any tax or other governmental charge payable in connection therewith.

(f) The Issuer, the Preferred Share Paying Agent, the Preferred Share Registrar, and any agent of the Issuer, the Preferred Share Paying Agent or the Preferred Share Registrar shall treat the Person in whose name any Preferred Shares are registered on the Preferred Share Register as the owner of such Preferred Shares on the applicable Record Date for the purpose of receiving payments in respect of such Preferred Shares and on any other date for all other purposes whatsoever, and none of the Issuer, the Preferred Share Paying Agent, the Preferred Share Registrar or any agent of the Issuer, the Preferred Share Paying Agent or the Preferred Share Registrar shall be affected by notice to the contrary.

Section 2.5. Transfer and Exchange of Preferred Shares.

(a) Restrictions on Transfer.

(i) As long as any Note is outstanding, the Retention Holder must at all times own (for U.S. federal income tax purposes) 100% of both the Preferred Shares and the Ordinary Shares, and will not transfer (whether by means of actual transfer or a transfer of beneficial ownership for U.S. federal income tax purposes), pledge or hypothecate any of the Preferred Shares or the Ordinary Shares to any other person, entity or entities, as long as the Issuer receives an opinion of Dechert LLP, Sidley Austin LLP or another nationally recognized tax counsel experienced in such matters that such transfer, pledge or hypothecation will not cause the Issuer to be treated as a foreign corporation engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise to become subject to U.S. federal income tax on a net income basis (or has previously received an opinion of Dechert LLP, Sidley Austin LLP or another nationally recognized tax counsel experienced in such matters that the Issuer will be treated as a foreign corporation that is not engaged in a trade or business within the United States for U.S. federal income tax purposes, which opinion may be conditioned, in each case, on compliance with certain restrictions on the investment or other activities of the Issuer and the Collateral Manager or the Servicer on behalf of the Issuer).

(ii) No Preferred Shares may be sold or transferred (including, without limitation, by pledge or hypothecation) unless such sale or transfer is exempt from the registration requirements of the Securities Act and is exempt under applicable securities laws of any state or other jurisdiction of the United States.

(iii) At all times, if a sale or transfer (including without limitation, by pledge or hypothecation) of all or a portion of the EHRI is to be made, then the Preferred Share Registrar and the Preferred Share Paying Agent shall refuse to register such sale or transfer unless:

(A) such sale or transfer is to a “majority-owned affiliate,” as such term is defined in the Credit Risk Retention Rules, of the Securitization Sponsor;

(B) such sale or transfer will occur after the termination of the EHRI Transfer Restriction Period; or

(C) the Issuer, the Preferred Share Paying Agent and the Preferred Share Registrar receives an opinion of Dechert LLP or another nationally recognized securities law counsel experienced in such matters that such sale or transfer will not result in a violation of the Credit Risk Retention Rules or that the Credit Risk Retention Rules no longer apply to such sale or transfer.

In connection with any sale or transfer pursuant to clause (A) or (B) above, the Preferred Share Paying Agent shall refuse to register such Transfer unless, in addition to a Purchaser Certificate, it receives (and, upon receipt, may conclusively rely upon) (x) a certification from the prospective transferee substantially in the form attached hereto as Exhibit B-1, which certification must be countersigned by the Securitization Sponsor and (y) a certification from the Holder desiring to effect such sale or transfer, substantially in the form attached hereto as Exhibit B-2, which certification must be countersigned by the Securitization Sponsor. Upon receipt of the foregoing certifications or opinion, as applicable, the Preferred Share Registrar and the Preferred Share Paying Agent shall, subject to Section 2.4 and the other provisions of this Section 2.5, reflect all or any such portion of the EHRI in the name of the prospective transferee.

Any purported transfer or exchange in violation of the foregoing requirements shall be null and void ab initio.

(b) No Preferred Shares may be offered, sold, delivered or transferred (including, without limitation, by pledge or hypothecation) except to (i) (A) a non-U.S. person (as defined under Regulation S) in accordance with the requirements of Regulation S or (B) both (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser and (ii) in accordance with any other applicable law.

(c) No Preferred Shares may be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S) except in accordance with Rule 144A or an exemption from the registration requirements of the Securities Act, to Persons purchasing for their own account or for the accounts of one or more Qualified Institutional Buyers for which the purchaser is acting as a fiduciary or agent. Preferred Shares may be sold or resold, as the case may be, in offshore transactions to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. None of the Issuer, the Preferred Share Paying Agent, the Preferred Share Registrar or any other Person may register the Preferred

Shares under the Securities Act or any state securities laws or the applicable laws of any other jurisdiction.

(d) No transfer of Preferred Shares to a proposed transferee that is or will be, or is acting on behalf of or using any assets of any Person that is or will become, a Benefit Plan Investor will be effective, and the Preferred Share Paying Agent will not process or recognize any such transfer.

Beneficial interests in Preferred Shares may not at any time be acquired or held by or on behalf of a Benefit Plan Investor.

No transfer of Preferred Shares will be effective, and the Issuer and the Preferred Share Paying Agent will not recognize any such transfer, if the transferee's acquisition, holding or disposition of such interest constitutes or will constitute or otherwise result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a plan subject to Similar Law, a violation of Similar Law) unless an exemption is available (all of the conditions of which have been satisfied) or any other violation of an applicable requirement of ERISA, the Code or other applicable law.

Notwithstanding anything contained herein to the contrary, the Preferred Share Paying Agent and the Preferred Share Registrar shall not be responsible for ascertaining whether any transfer complies with the registration provisions of or any exemptions from the Securities Act, applicable state securities laws or the applicable laws of any other jurisdiction, ERISA, the Code or the Investment Company Act; provided, that if a Purchaser Certificate is specifically required by the express terms of this Section 2.5 to be delivered to the Preferred Share Paying Agent, the Preferred Share Paying Agent shall be under a duty to receive and examine the same to determine whether or not the certificate conforms on its face to the terms of this Agreement and shall promptly notify the party delivering the same if such Purchaser Certificate does not comply with such terms.

(e) Transfers and exchanges of Certificates, in whole or in part, shall only be made in accordance with this Section 2.5(e). Any purported transfer or exchange in violation of the following requirements shall be null and void ab initio, the Issuer shall not execute and the Preferred Share Paying Agent shall not deliver Preferred Share Certificates with respect to the transfer or exchange and the Preferred Share Registrar shall not register any such purported transfer.

(i) Transfer—Preferred Share Certificate to Preferred Share Certificate. If a Holder of a Preferred Share Certificate wishes at any time to transfer such Preferred Share Certificate to a Person that will take delivery in the form of Certificates, such Holder may transfer or cause the transfer of such interest for an equivalent interest in one or more Certificates (in Authorized Denominations), but only upon delivery of the documents set forth in the following sentence. Upon receipt by the Preferred Share Paying Agent of:

(A) the Preferred Share Certificates properly endorsed for assignment to the transferee; and

(B) a Purchaser Certificate;

the Preferred Share Paying Agent shall cancel such Preferred Share Certificates, authenticate such new Preferred Share Certificate and arrange for new Preferred Share Certificates to be executed by the Issuer and, upon the Preferred Share Paying Agent's receipt of such executed Preferred Share Certificates, the Preferred Share Paying Agent shall deliver one or more Preferred Share Certificates registered in the name and number specified in the Purchaser Certificate (the aggregate number of such Preferred Shares being equal to the interest delivered to the Preferred Share Paying Agent) and in Authorized Denominations. The Preferred Share Paying Agent shall record the exchange on the duplicate share register and instruct the Preferred Share Registrar to, and the Preferred Share Registrar shall upon such instruction, record the exchange in the Preferred Share Register.

(ii) Exchange—Preferred Share Certificate to Preferred Share Certificate. If a Holder of a Preferred Share Certificate wishes at any time to exchange such Preferred Share Certificate for one or more Certificates, such Holder may exchange or cause such exchange for an equivalent interest in one or more Certificates (in Authorized Denominations), but only upon delivery of the documents set forth in the following sentence. Upon receipt by the Preferred Share Paying Agent of:

(A) the Preferred Share Certificates properly endorsed for exchange;
and

(B) a Purchaser Certificate;

the Preferred Share Paying Agent shall cancel such Preferred Share Certificates, authenticate such new Preferred Share Certificate and arrange for new Preferred Share Certificates to be executed by the Issuer and, upon the Preferred Share Paying Agent's receipt of such executed Preferred Share Certificates, the Preferred Share Paying Agent shall deliver one or more Preferred Share Certificates, registered in the names and numbers specified in the Purchaser Certificate (the aggregate number of Preferred Shares being equal to the number of Preferred Shares delivered to the Preferred Share Paying Agent) and in Authorized Denominations. The Preferred Share Paying Agent shall record the exchange on the duplicate share register and instruct the Preferred Share Registrar to, and the Preferred Share Registrar shall upon such instruction, record the transfer in the Preferred Share Register.

(f) Preferred Share Certificates shall bear a legend substantially in the form set forth in Exhibit A unless there is delivered to the Issuer such satisfactory evidence, which may include an Opinion of Counsel, as may be reasonably required by the Issuer to the effect that neither such applicable legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A under, Section 4(a)(2) of, or Regulation S under, the Securities Act, as applicable, and to ensure that neither the Issuer nor the pool of Collateral becomes an investment company required to be registered under the Investment Company Act. Preferred Share Certificates that are delivered to the Preferred Share Paying Agent by or on behalf of the Issuer without such legend shall be conclusive evidence that

the Issuer has satisfied any conditions precedent, and the Preferred Share Paying Agent shall have no obligation to determine whether such legend is required. The Preferred Share Paying Agent shall make no representation or warranty to the validity of any Preferred Share, except to the extent of its own signature thereon.

(g) The Preferred Share Registrar may rely conclusively on any directions given by the Issuer or the Preferred Share Paying Agent in accordance with this Agreement without further review, to effect the transfer of Preferred Shares by making all necessary entries in the Preferred Share Register and shall have no liability for acting in reliance on any such directions.

(h) Notwithstanding anything contained herein to the contrary, at all times, if a transfer of all or any portion of the EHRI after the Closing Date is to be made, then the Preferred Share Registrar shall refuse to register such transfer unless it receives (and, upon receipt, may conclusively rely upon) (i) a certification from such Holder's prospective transferee and (ii) a certification from the Holder of the EHRI desiring to effect such transfer, each, in form and substance, acceptable to the Securitization Sponsor. Upon receipt of the foregoing certifications, the Preferred Share Registrar shall, subject to this Section 2.5, reflect such EHRI in the name of the prospective transferee.

Section 2.6. [Reserved]

Section 2.7. Non-Permitted Holders.

(a) Notwithstanding any other provision in this Agreement, any transfer of a beneficial interest in Preferred Shares to a Non-Permitted Holder shall be null and void ab initio and any such purported transfer of which the Issuer or the Preferred Share Paying Agent shall have notice may be disregarded by the Issuer and the Preferred Share Paying Agent for all purposes at any time after either of them learns that any Person is or has become a Non-Permitted Holder.

(b) If any Non-Permitted Holder becomes the beneficial owner of Preferred Shares, the Issuer shall, promptly after discovery of any such Non-Permitted Holder by the Issuer or the Preferred Share Paying Agent (and notice by the Preferred Share Paying Agent to the Issuer, if the Preferred Share Paying Agent makes the discovery), send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its Preferred Shares or interest to a Person that is not a Non-Permitted Holder within 30 days of the date of such notice. If such Non-Permitted Holder fails to so transfer such Preferred Shares or interest, the Issuer shall have the right, without further notice to the Non-Permitted Holder, to sell such Preferred Shares or interest in Preferred Shares to a purchaser selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The Issuer may retain an investment bank to act on the Issuer's behalf or request one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Preferred Shares, and the Issuer will sell such Preferred Shares or interest to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Holder of Preferred Shares, the Non-Permitted Holder and each other Person in the chain of title from the Holder to the Non-Permitted Holder, by its acceptance of an interest in

the applicable Preferred Shares, agrees to cooperate with the Issuer and the Preferred Share Paying Agent to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Holder. The terms and conditions of any sale under this subsection shall be determined in the sole discretion of the Issuer, and none of the Issuer, Preferred Share Registrar or the Preferred Share Paying Agent shall be liable to any Person having an interest in the Preferred Shares sold as a result of any such sale or the exercise of such discretion.

Section 2.8. Certain Tax Matters.

(a) The Issuer, and each Holder by acceptance of such Preferred Shares, each agree, where permitted by applicable law and unless the Issuer is a Qualified REIT Subsidiary, to treat such Preferred Shares as an equity interest in the Issuer for U.S. federal, State and local income and franchise tax purposes.

(b) The Issuer and the Preferred Share Paying Agent agree that they do not intend for this Agreement to represent an agreement to enter into a partnership, a joint venture or any other business entity for U.S. federal income tax purposes. The Issuer and the Preferred Share Paying Agent shall not represent or otherwise hold themselves out to the IRS or other third parties as partners in a partnership or members of a joint venture or other business entity for U.S. federal income tax purposes.

(c) The Issuer shall not elect to be treated as a partnership and neither the Issuer, nor the Preferred Share Paying Agent shall file or cause to be filed any U.S. federal, State or local partnership tax return with respect to this Agreement.

(d) The Issuer shall take all actions necessary or advisable to allow the Issuer to comply with FATCA, including, appointing any agent or representative to perform due diligence, withholding or reporting obligations of the Issuer pursuant to FATCA. The Issuer shall provide any certification or documentation (including the applicable IRS Form W-9 (or if required, the applicable IRS Form W-8) or any successor form) to any payor (as defined in FATCA) from time to time as provided by law to minimize U.S. withholding tax under FATCA.

Section 2.9. Provisions of the Indenture and Servicing Agreement.

Each Holder of the Preferred Shares, by its acceptance of the Preferred Shares issued hereunder, agrees to be bound by the provisions of the Indenture and Servicing Agreement relating to the Preferred Shares. Notwithstanding the foregoing, the Issuer may, without the consent of any party other than any Holder of Preferred Shares affected thereby, reorganize the Preferred Shares with different or additional classes or components so long as the aggregate liquidation preference of the Preferred Shares and their aggregate entitlement to dividends and distributions is not increased, and the Issuer may amend its organizational documents to effect such reorganization of Preferred Shares.

ARTICLE III.

DISTRIBUTIONS TO THE HOLDERS

Section 3.1. Disbursement of Funds.

(a) The Class P Preferred Shares outstanding will have an aggregate stated redemption price from time to time equal to the Aggregate Outstanding Portfolio Balance minus the Aggregate Outstanding Amount of all Classes of Notes (the "Class P Preferred Shares Stated Redemption Price"). The Class P Preferred Shares will have a stated dividend rate equal to the weighted average of the interest rates on the Mortgage Assets with respect to the related Interest Accrual Period, expressed on an actual/360 basis. Such dividend rate will be applied to the outstanding Class P Preferred Share Notional Amount.

(b) The Class X Preferred Shares outstanding will have a notional amount from time to time equal to the outstanding Class P Preferred Share Notional Amount (the "Class X Preferred Share Notional Amount"). The Class X Preferred Shares will have a stated dividend rate of the Class X Preferred Rate. Such dividend rate will be applied to the outstanding Class X Preferred Share Notional Amount.

(c) The Class R Preferred Shares will be entitled to any amount remaining after all distributions to the Class P Preferred Shares and the Class X Preferred Shares (including, without limitation, any accrued and unpaid dividends and Class P Preferred Shares Stated Redemption Price) have been made in accordance with the priority of distribution described herein.

(d) Subject to Section 3.2, on each Payment Date (including any Redemption Date and the Stated Maturity Date) the Preferred Share Paying Agent shall apply the Available Funds to make payment (i) of dividends and (ii) with respect to any Redemption Date or Stated Maturity Date, the Redemption Price, to each Holder on the relevant Record Date, on a pro rata basis in accordance with the priority of distribution described herein.

(e) Notwithstanding the foregoing, in accordance with the provisions of Section 12.2(b) of the Indenture and at any time when the Retention Holder holds 100% of the Preferred Shares, the Retention Holder may designate all or any portion of the Available Funds, which would otherwise be distributed to the Preferred Share Paying Agent for payment on the Preferred Shares, for deposit into the Preferred share Distribution Account as a contribution to the Issuer. Any such amounts paid to the Issuer as a contribution shall be deemed for all purposes as having been paid to the Preferred Share Paying Agent pursuant to the Priority of Payments in the Indenture.

(f) Payments will be made by wire transfer to a U.S. dollar account maintained by such Holder as notified to the Preferred Share Paying Agent or, in the absence of such notification, by U.S. dollar check delivered by first class mail to the Holder at its address of record. The Preferred Share Registrar shall, upon request, provide the Preferred Share Paying Agent with a certified list of the Holders and all relevant information regarding the Holders as the Preferred Share Paying Agent may require promptly and in each case no later than five

Business Days after receipt of such request (or each relevant Record Date, if sooner or if no such request is made); provided, that in no event shall the Preferred Share Registrar be expected to respond in less than two Business Days from receipt of such request.

(g) Subject to Section 3.1(d), the Preferred Share Paying Agent shall distribute all amounts to be paid in accordance with the Priority of Payments to the holders of the Preferred Shares as follows:

(i) Interest Proceeds. On each Payment Date, Available Funds that constitute Interest Proceeds under the Indenture shall be distributed in the following order of priority:

(A) to the Class P Preferred Shares, to the extent of accrued and unpaid dividends thereon;

(B) to the Class X Preferred Shares, to the extent of accrued and unpaid dividends thereon; and

(C) to the Class R Preferred Shares, the remaining Interest Proceeds (if any) in the Preferred Share Distribution Account.

(ii) Principal Proceeds. On each Payment Date, Available Funds that constitute Principal Proceeds under the Indenture shall be distributed in the following order of priority:

(A) to the Class P Preferred Shares, pro rata based on the aggregate Class P Preferred Shares Notional Amount, in partial redemption thereof, until the Class P Preferred Shares Notional Amount has been reduced to zero;

(B) to the Class X Preferred Shares, (1) any accrued and unpaid dividends thereon (to the extent not paid pursuant to clause (g)(i)(B) above), plus (2) \$1,000, until such amount has been reduced to zero; and

(C) to the Class R Preferred Shares, the remaining Principal Proceeds (if any) in the Preferred Share Distribution Account.

Section 3.2. Condition to Payments.

(a) As a condition to payment of any amount hereunder without the imposition of U.S. withholding tax, the Preferred Share Paying Agent, on behalf of the Issuer, shall require certification acceptable to it to enable the Issuer and the Preferred Share Paying Agent to determine their duties and liabilities with respect to any taxes or other charges that they may be required to deduct or withhold from payments in respect of the Preferred Shares under any present or future law or regulation of the United States or any present or future law or regulation of any political subdivision thereof or taxing authority therein or to comply with any reporting or other requirements under such law or regulation. Without limiting the foregoing, as a condition to any payment on the Preferred Shares without U.S. federal back-up withholding, the Issuer shall require the delivery of properly completed and signed applicable U.S. federal

income tax certifications (generally, an IRS Form W-9 (or applicable successor form) in the case of a Person that is a “United States person” as defined in the Code or an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or applicable successor form), in the case of a Person that is not a “United States person” within the meaning of the Code). In addition, the Issuer or any of its agents shall require (i) complete and accurate information and documentation that may be required to enable the Issuer or any of its agents to comply with FATCA and (ii) each Holder to agree that the Issuer and/or any of its agents may (1) provide such information and documentation and any other information concerning its investment in the Preferred Shares to the Cayman Islands Tax Information Authority (including, without limitation, the properly completed and executed “Entity Self-Certification Form” or “Individual Self-Certification Form” (in the forms published by the Cayman Islands Department for International Tax Cooperation, which forms can be obtained at http://www.tia.gov.ky/pdf/CRS_Legislation.pdf)), the U.S. Internal Revenue Service and any other relevant tax authority and (2) take any other actions necessary for the Issuer or the Co-Issuer to comply with FATCA or necessary to provide to the Cayman Islands Tax Information Authority pursuant to the Cayman Islands Tax Information Authority Law (2017 Revision) and the Organization for Economic Co-operation and Development’s Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (each as amended) (including any implementing legislation, rules, regulations and guidance notes with respect to such laws).

Amounts properly withheld under the Code or other applicable law by any Person from a payment of dividends to any Holder shall be considered as having been paid by the Issuer to such Holder for all purposes of this Agreement.

(b) [Reserved]

(c) Notwithstanding anything in this Agreement to the contrary, distributions of Available Funds on any Payment Date (including any Redemption Date or the Stated Maturity Date), shall be subject to the Issuer being solvent under Cayman Islands law (defined as the Issuer being able to pay its debts as they become due in the ordinary course of business) immediately prior to, and after giving effect to, such payment as determined by the Issuer.

(d) If the Issuer determines that the condition set forth in subsection (c) above is not satisfied with respect to any portion of the Available Funds on such Payment Date, the Issuer shall instruct the Preferred Share Paying Agent in writing on or before one Business Day prior to such Payment Date that such portion should not be paid, and the Preferred Share Paying Agent shall not pay the same until the first succeeding Payment Date or, in the case of any payments which would otherwise be payable on any Redemption Date or the Stated Maturity Date, until the first succeeding Business Day, upon which the Issuer notifies the Preferred Share Paying Agent in writing that each condition is satisfied. Any amounts so retained will be held in the Preferred Share Distribution Account until such amounts are paid, subject to the availability of such funds under Cayman Islands law to pay any liability of the Issuer. In the absence of such notification from the Issuer, the Preferred Share Paying Agent may conclusively assume that the condition set forth in subsection (c) has been satisfied and shall pay the amounts due under this Agreement.

Section 3.3. The Preferred Share Distribution Account.

The Preferred Share Paying Agent shall, prior to the Closing Date, establish a single, segregated, non-interest bearing trust account, which shall be designated as the "Preferred Share Distribution Account" for the benefit of the Issuer (the "Preferred Share Distribution Account"). The Preferred Share Paying Agent shall promptly credit all Available Funds to the Preferred Share Distribution Account. All sums payable by the Preferred Share Paying Agent hereunder shall be paid out of the Preferred Share Distribution Account. For the avoidance of doubt, the Preferred Share Distribution Account (and interest, if any, earned on amounts on deposit therein) shall be owned by the Issuer (or the related REIT so long as the Issuer is a Qualified REIT Subsidiary) for U.S. federal income tax purposes.

Section 3.4. Redemption.

The Preferred Shares shall be redeemed (in whole but not in part) by the Issuer at the Redemption Price on any Redemption Date or on the Stated Maturity Date (if not redeemed earlier). Notwithstanding any other provision herein, if no funds are available to pay Holders pursuant to the Indenture and this Agreement, the Issuer may redeem the Preferred Shares (in whole but not in part) for no consideration (i) on any Redemption Date, (ii) on the Stated Maturity Date or (iii) upon an acceleration of the Notes as a result of an Event of Default, as defined in the Indenture.

Section 3.5. Fees or Commissions in Connection with Disbursements.

All payments by the Preferred Share Paying Agent hereunder shall be made without charging any commission or fee to the Holders.

Section 3.6. Liability of the Preferred Share Paying Agent in Connection with Disbursements.

(a) Notwithstanding anything herein, the Preferred Share Paying Agent shall not incur any personal liability to pay amounts due to Holders and shall only be required to make payments, including the payment of dividends, if there are sufficient funds in the Preferred Share Distribution Account to make such payments.

(b) Except as otherwise required by applicable law, any funds deposited with the Preferred Share Paying Agent and held in the Preferred Share Distribution Account or otherwise held for payment on the Preferred Shares and remaining unclaimed for two years after such payment has become due and payable shall be paid to the Issuer; and the Holder of such Preferred Shares shall thereafter look only to the Issuer for payment of such amounts and all liability of the Preferred Share Paying Agent with respect to such funds (but only to the extent of the amounts so paid to the Issuer) shall thereupon cease. The Preferred Share Paying Agent, before being required to make any such release of payment, may, but shall not be required to, adopt and employ at the expense of the Issuer any reasonable means of notification of such release of payment, including, but not limited to, arranging with the Preferred Share Registrar for the Preferred Share Registrar to mail notice of such release to Holders whose right to or interest in amounts due and payable but not claimed is determinable from the records of the Issuer or Preferred Share Paying Agent, as applicable, at the last address of record of each such Holder.

Preferred Share Paying Agent, as applicable, at the last address of record of each such Holder.

ARTICLE IV.

ACCOUNTING AND REPORTS

Section 4.1. Reports and Notices.

(a) The Preferred Share Paying Agent shall cause to be made available to the Holders the reports required to be made available by the Note Administrator pursuant to Section 10.12 of the Indenture.

(b) The Preferred Share Paying Agent shall notify the Preferred Shareholders of the occurrence of an Event of Default under the Indenture of which it receives notice from the Trustee or the Issuer.

Section 4.2. Notice of Plan Assets.

The Preferred Share Paying Agent has no duty to investigate whether the assets of the Issuer are reasonably likely to be deemed “plan assets” (within the meaning of the Plan Asset Regulation); however, in the event that any officer within the corporate trust office of the Preferred Share Paying Agent (or any successor thereto) working on matters related to the Issuer has actual knowledge that the assets of the Issuer are “plan assets,” the Preferred Share Paying Agent will promptly provide notice to the Preferred Share Registrar for forwarding to the Issuer and the Holders.

Section 4.3. Requests by Independent Accountants.

Upon written request by Independent accountants appointed by the Issuer, the Preferred Share Registrar shall provide to them that information contained in the Preferred Share Register needed for them to provide tax information to the Holders.

Section 4.4. Rule 144A Information.

At any time when the Issuer is not subject to Section 13 or 15(d) of the Exchange Act and is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, upon the written request of a Holder, the Issuer shall promptly furnish or cause to be furnished Rule 144A Information, and deliver such Rule 144A Information to such Holder, to a prospective purchaser designated by such Holder or beneficial owner or to the Preferred Share Paying Agent for delivery to such Holder or a prospective purchaser designated by such Holder, in order to permit required or protective compliance by any such Holder with Rule 144A in connection with the resale of any such Preferred Shares. “Rule 144A Information” shall be information that is required by subsection (d)(4) of Rule 144A.

Section 4.5. Tax Information.

If the Issuer is no longer a Qualified REIT Subsidiary, the Issuer shall provide to each beneficial owner of Preferred Shares any information that the beneficial owner reasonably requests in order for the beneficial owner to (i) comply with its federal, state, or local tax and information returns and reporting obligations. (ii) make and maintain a “qualified electing fund”

election (as defined in the Code) with respect to the Issuer (including a "PFIC Annual Information Statement" as described in Treasury Regulation §1.1295-1(g) (or any successor Treasury Regulation or IRS release or notice), including all representations and statements required by such statement), or (iii) comply with filing requirements that arise as a result of the Issuer being classified as a "controlled foreign corporation" for U.S. federal income tax purposes (such information to be provided at such beneficial owner's expense); provided that the Issuer shall not file, or cause to be filed, any income or franchise tax return in the United States or any state of the United States unless it shall have obtained advice from Dechert LLP, Sidley Austin LLP or an opinion of other nationally recognized U.S. tax counsel experienced in such matters prior to such filing that, under the laws of such jurisdiction, the Issuer is required to file such income or franchise tax return.

If required to prevent the withholding or imposition of United States income tax, (i) the Issuer and each beneficial owner shall deliver or cause to be delivered an IRS Form W-9, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or successor applicable form, and (ii) the Issuer, with respect to (as applicable) an item included in the Collateral, shall deliver or cause to be delivered an IRS Form W-9 or IRS Form W-8BEN-E to each issuer, counterparty or Preferred Share Paying Agent at the time such item included in the Collateral is purchased or entered into (or if such item is held at the time that the Issuer ceases to be a Qualified REIT Subsidiary, at that time) and thereafter prior to the expiration or obsolescence of such form.

ARTICLE V.

THE PREFERRED SHARE PAYING AGENT

Section 5.1. Appointment of Preferred Share Paying Agent.

The Issuer hereby appoints the Bank to act as the Preferred Share Paying Agent, and the Bank hereby accepts such appointment. The Issuer hereby appoints the Administrator to act as the Preferred Share Registrar, and the Administrator hereby accepts such appointment. The Issuer hereby authorizes the Preferred Share Paying Agent and the Administrator to perform their respective obligations as provided in this Agreement.

Section 5.2. Resignation and Removal.

The Preferred Share Paying Agent may at any time resign as Preferred Share Paying Agent by giving written notice to the Issuer of its resignation, specifying the date on which its resignation shall become effective (which date shall not be less than 60 days after the date on which such notice is given unless the Issuer shall agree to a shorter period). The Issuer may remove the Preferred Share Paying Agent at any time by giving written notice of not less than 60 days to the Preferred Share Paying Agent specifying the date on which such removal shall become effective. Such resignation or removal shall only take effect upon the appointment by the Issuer of a successor Agent and upon the acceptance of such appointment by such successor Agent or, in the absence of such appointment, the assumption of the duties of the Preferred Share Paying Agent by the Issuer; provided, however, that in any event, such resignation or removal shall take effect not later than one year from the date of such notice of resignation or removal. The Issuer shall provide notice to the Rating Agencies of any successor

Preferred Share Paying Agent appointed pursuant to this section to the Rating Agencies pursuant to this Agreement, provided that no such notice shall be required in the event that the successor Preferred Share Paying Agent is a Person succeeding to all or substantially all of the institutional trust services business of the Preferred Share Paying Agent. If the same Person is acting as the Note Administrator under the Indenture and the Preferred Share Paying Agent hereunder, and the Note Administrator has resigned or has been terminated under the Indenture, then the Preferred Share Paying Agent shall also be deemed to have been resigned or terminated hereunder.

Section 5.3. Fees; Expenses; Indemnification; Liability.

(a) Pursuant to, and at the times and to the extent contemplated by the Indenture, the Issuer shall pay to the Preferred Share Paying Agent compensation at such amounts and/or rates as shall be agreed between the Issuer and the Preferred Share Paying Agent and from time to time shall reimburse the Preferred Share Paying Agent for its reasonable out-of-pocket expenses (including reasonable legal fees and expenses), disbursements, and advances incurred or made in accordance with any provisions of this Agreement, except any such expense, disbursement, or advance that may be attributable to its gross negligence, bad faith or willful misconduct. The obligations of the Issuer to the Preferred Share Paying Agent pursuant to the Indenture and this Section 5.3(a) shall survive the resignation or removal of the Preferred Share Paying Agent and the satisfaction or termination of this Agreement.

(b) The Issuer shall indemnify and hold harmless the Preferred Share Paying Agent, the Preferred Share Registrar and their respective directors, officers, employees, and agents from and against any and all liabilities, costs and expenses (including reasonable legal fees and expenses) relating to or arising out of or in connection with its or their performance under this Agreement, except to the extent that they are caused by the gross negligence, bad faith, or willful misconduct of the Preferred Share Paying Agent or the Preferred Share Registrar, as the case may be, or any of their respective directors, officers, employees and agents. The foregoing indemnity includes, but is not limited to, any action taken or omitted in good faith within the scope of this Agreement upon telephone, facsimile or other electronically transmitted instructions, if authorized herein, received from or reasonably believed by the Preferred Share Paying Agent or the Preferred Share Registrar, as the case may be, acting in good faith, to have been given by, an Authorized Officer of the Issuer. This indemnity shall be payable in accordance with the Priority of Payments set forth in the Indenture and shall survive the resignation or removal of the Preferred Share Paying Agent or the Preferred Share Registrar, as the case may be, and the satisfaction or termination of this Agreement.

(c) The Preferred Share Paying Agent shall carry out its duties hereunder in good faith and without gross negligence or willful misconduct. None of the Preferred Share Paying Agent, the Preferred Share Registrar or their respective directors, officers, employees or agents shall be liable for any act or omission hereunder except in the case of gross negligence, bad faith, or willful misconduct of the Preferred Share Paying Agent or the Preferred Share Registrar, as the case may be, in violation of its duties under this Agreement. The duties and obligations of the Preferred Share Paying Agent and the Preferred Share Registrar, as the case may be, and their respective employees or agents shall be determined solely by the express provisions of this Agreement, and they shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants shall be read

into this Agreement against them. The Preferred Share Paying Agent and the Preferred Share Registrar, as the case may be, may consult with counsel and shall be protected in any action reasonably taken in good faith in accordance with the advice of such counsel. Notwithstanding anything contained herein, in no event shall the Preferred Share Paying Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Preferred Share Paying Agent has been advised of such loss or damage and regardless of the form of action.

(d) Each of the Preferred Share Paying Agent and the Preferred Share Registrar may rely conclusively on any notice, certificate or other document furnished to it hereunder and reasonably believed by it in good faith to be genuine. Neither the Preferred Share Paying Agent nor the Preferred Share Registrar shall be liable for any action taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed hereunder, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action. The Preferred Share Paying Agent and the Preferred Share Registrar shall in no event be liable for the application or misapplication of funds by any other Person, or for the acts or omissions of any other Person. The Preferred Share Paying Agent and the Preferred Share Registrar shall not be bound to make any investigation into the facts or matters stated in any certificate, report or other document; provided that, if the form thereof is prescribed by this Agreement, the Preferred Share Paying Agent and the Preferred Share Registrar shall examine the same to determine whether it conforms on its face to the requirements hereof. The Preferred Share Paying Agent and the Preferred Share Registrar may exercise or carry out any of its duties under this Agreement either directly or indirectly through agents or attorneys, and shall not be responsible for any acts or omissions on the part of any such agent or attorney appointed with due care. To the extent permitted by applicable law, the Preferred Share Paying Agent and the Preferred Share Registrar shall not be required to give any bond or surety in the execution of its duties. The Preferred Share Paying Agent and the Preferred Share Registrar shall not be deemed to have knowledge or notice of any matter unless actually known to a Responsible Officer of the Preferred Share Paying Agent or unless the Preferred Share Paying Agent or the Preferred Share Registrar, as the case may be, has received written notice thereof from the Issuer, the Note Administrator, the Trustee or the Holder of a Preferred Share.

ARTICLE VI.

[RESERVED]

ARTICLE VII.

MISCELLANEOUS PROVISIONS

Section 7.1. Amendment.

This Agreement may not be amended by any party hereto except (i) in writing executed by each party hereto and (ii) with the prior written consent of Holders of a Majority of the Preferred Shares.

Section 7.2. Notices; Rule 17g-5 Procedures.

(a) Except as otherwise expressly provided herein, any notice or other document provided or permitted by this Agreement or the Indenture to be made upon, given or furnished to, or filed with any of the parties hereto shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing and mailed by certified mail, return receipt requested, hand delivered, sent by courier service guaranteeing delivery within two Business Days or transmitted by electronic mail or facsimile in legible form at the following addresses. Any such notice shall be deemed delivered upon receipt unless otherwise provided herein.

(i) to the Preferred Share Paying Agent at Wells Fargo Bank, National Association, 9062 Old Annapolis Road, Columbia, Maryland, 21045-1951 Attention: Corporate Trust Services (CMBS), GPMT 2019-FL2, or at any other address previously furnished in writing by the Preferred Share Paying Agent;

(ii) to the Issuer at c/o MaplesFS Limited, PO Box 1093, Boundary Hall, Cricket Square, KY1-1102, Cayman Islands, or at any other address previously furnished in writing by the Issuer; or

(iii) to the Preferred Share Registrar at MaplesFS Limited, PO Box 1093, Boundary Hall, Cricket Square, KY1-1102, Cayman Islands, or at any other address previously furnished in writing by the Preferred Share Registrar.

(b) Each of the parties hereto agrees that (i) it will not orally communicate information to the Rating Agencies for purposes of determining the initial credit rating of the Notes or undertaking surveillance of the Notes unless such oral communication is summarized in writing and the summary is promptly delivered to the 17g-5 Information Provider to be posted on the 17g-5 Website pursuant to the Indenture, and (ii) it shall cause any notice or other written communication provided by such Person to the Rating Agencies to be delivered to the 17g-5 Information Provider at 17g5informationprovider@wellsfargo.com for posting to the 17g-5 Website prior to its delivery to the Rating Agencies, and otherwise comply with the Rule 17g-5 Procedures set forth in Section 14.13 of the Indenture.

Section 7.3. Governing Law.

THIS AGREEMENT AND ALL DISPUTES ARISING HEREFROM OR RELATING HERETO SHALL BE GOVERNED IN ALL RESPECTS (WHETHER IN CONTRACT OR IN TORT) BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED THEREIN WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF NEW YORK.

Section 7.4. Non-Petition; Limited Recourse.

None of the Preferred Share Paying Agent, the Preferred Share Registrar or any Holder may, prior to the date which is one year (or if longer the applicable preference period

holder may, prior to the date which is one year (or if longer the applicable preference period

then in effect) plus one day after the payment in full of the Notes, institute against, or join any other Person in instituting against, the Issuer, the Co-Issuer or any Permitted Subsidiary any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, or other proceedings under Cayman Islands, U.S. federal or state bankruptcy or similar laws of any jurisdiction.

Notwithstanding any other provisions of this Agreement, recourse in respect of any obligations of the Issuer hereunder arising from time to time and at any time will be limited to the cash proceeds of the Collateral at such time as applied in accordance with the Priority of Payments and, on the exhaustion thereof, all obligations of, and any remaining claims against, the Issuer arising from this Agreement or any transactions contemplated hereby shall be extinguished and shall not thereafter revive.

The provisions of this Section 7.4 shall survive termination of this Agreement for any reason whatsoever.

Section 7.5. No Partnership or Joint Venture.

The Issuer, the Preferred Share Registrar and the Preferred Share Paying Agent are not partners or joint venturers with each other and nothing in this Agreement shall be construed to make them such partners or joint venturers or impose any liability as such on any of them.

Section 7.6. Counterparts.

This Agreement may be signed in two or more counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

[SIGNATURE PAGES FOLLOW]

above. IN WITNESS WHEREOF, we have set our hands as of the date first written

GPMT 2019-FL2, LTD.,
as Issuer

By: _____
Name:
Title:

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

GPMT 2019-FL2 – Preferred Share Paying Agency Agreement

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Preferred Share Paying
Agent

By: _____
Name:
Title:

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

GPMT 2019-FL2 – Preferred Share Paying Agency Agreement

MAPLESFSLIMITED, as Preferred Share
Registrar and Administrator

By: _____
Name:
Title:

GPMT 2019-FL2 – Preferred Share Paying Agency Agreement

EXHIBIT A

PREFERRED SHARE CERTIFICATE

GPMT 2019-FL2, LTD.

PREFERRED SHARES, PAR VALUE US \$0.001 PER SHARE AND WITH AN
AGGREGATE LIQUIDATION PREFERENCE AND NOTIONAL AMOUNT EQUAL TO
U.S.\$1,000 PER SHARE

[FOR EHRI ONLY: THE PREFERRED SHARES REPRESENTED HEREBY CONSTITUTE AN ELIGIBLE HORIZONTAL RESIDUAL INTEREST FOR PURPOSES OF THE CREDIT RISK RETENTION RULES AND THEREFORE ARE SUBJECT TO THE ADDITIONAL TRANSFER RESTRICTIONS AND REQUIREMENTS IMPOSED BY SECTION 2.5(a)(iii) OF THE PREFERRED SHARE PAYING AGENCY AGREEMENT AND THE CREDIT RISK RETENTION RULES, AND EACH HOLDER OF THE PREFERRED SHARES REPRESENTED HEREBY SHALL BE DEEMED TO HAVE AGREED TO COMPLY WITH SUCH ADDITIONAL RESTRICTIONS AND REQUIREMENTS. ANY PURPORTED TRANSFER OR EXCHANGE IN VIOLATION OF THE FOREGOING SHALL BE NULL AND VOID AB INITIO.]

THE PREFERRED SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION, AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) (1) ON THE CLOSING DATE TO GPMT CLO HOLDINGS LLC, A DELAWARE LIMITED LIABILITY COMPANY, IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT PURSUANT TO THE EXEMPTION PROVIDED BY SECTION 4(a)(2) THEREOF, (2) PERSONS THAT ARE BOTH (X) A "QUALIFIED INSTITUTIONAL BUYER" ("QUALIFIED INSTITUTIONAL BUYER") WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") AND (Y) A "QUALIFIED PURCHASER" AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") AND THE RULES THEREUNDER, PURCHASING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, AND NONE OF WHICH ARE (X) A DEALER OF THE TYPE DESCRIBED IN PARAGRAPH (a)(1)(ii) OF RULE 144A UNLESS IT OWNS AND INVESTS ON A DISCRETIONARY BASIS NOT LESS THAN \$25,000,000 IN SECURITIES OF CO-ISSUERS THAT ARE NOT AFFILIATED TO IT OR (Y) A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN, OR ANY OTHER TYPE OF PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A, OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, UNLESS INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF

SUCH PLAN, TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY RULE 144A, OR (3) TO AN INSTITUTION THAT IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), PURCHASING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS NEITHER A U.S. PERSON NOR A U.S. RESIDENT (WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT), IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 (AS APPLICABLE) OF REGULATION S, AND (B) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT. NO TRANSFER OF THE PREFERRED SHARES REPRESENTED HEREBY MAY BE MADE (AND NEITHER THE PREFERRED SHARE PAYING AGENT NOR THE PREFERRED SHARE REGISTRAR WILL RECOGNIZE ANY SUCH TRANSFER) IF (A) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE WHO IS EITHER A U.S. PERSON (AS DEFINED IN REGULATION S) OR A U.S. RESIDENT (WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT) WHO IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, (B) SUCH TRANSFER WOULD HAVE THE EFFECT OF REQUIRING EITHER OF THE ISSUER OR THE PLEDGED OBLIGATIONS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OR (C) SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS DEEMED TO BE MADE BY SUCH PERSON IN THE INDENTURE REFERRED TO HEREIN. ACCORDINGLY, AN INVESTOR IN THE PREFERRED SHARES REPRESENTED HEREBY MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. NO TRANSFER OF THE PREFERRED SHARES REPRESENTED HEREBY MAY BE MADE (AND NONE OF THE ISSUER, THE PREFERRED SHARE PAYING AGENT OR THE PREFERRED SHARE REGISTRAR WILL RECOGNIZE ANY SUCH TRANSFER) IF AFTER GIVING EFFECT TO SUCH TRANSFER, ANY PREFERRED SHARES WOULD BE HELD BY ANY "BENEFIT PLAN INVESTOR," AS DEFINED IN 29 C.F.R. §2510.3-101 (INCLUDING, WITHOUT LIMITATION, AN INSURANCE COMPANY GENERAL ACCOUNT, IF APPLICABLE) OR SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS REQUIRED BY THE APPLICABLE TRANSFER CERTIFICATE ATTACHED AS AN EXHIBIT TO THE JUNIOR NOTE AND PREFERRED SHARE SUBSCRIPTION AGREEMENT.

ASA CONDITION TO THE PAYMENT OF ANY AMOUNT HEREUNDER WITHOUT THE IMPOSITION OF WITHHOLDING TAX, THE PREFERRED SHARE PAYING AGENT SHALL REQUIRE CERTIFICATION ACCEPTABLE TO IT TO ENABLE THE ISSUER AND THE PREFERRED SHARE PAYING AGENT TO DETERMINE THEIR DUTIES AND LIABILITIES WITH RESPECT TO ANY TAXES OR OTHER CHARGES THAT THEY MAY BE REQUIRED TO PAY, DEDUCT OR WITHHOLD IN RESPECT OF THE PREFERRED SHARES REPRESENTED HEREBY OR THE HOLDER HEREOF UNDER ANY PRESENT OR FUTURE LAW OR REGULATION OF THE CAYMAN ISLANDS OR

THE UNITED STATES OR ANY PRESENT OR FUTURE LAW OR REGULATION OF ANY POLITICAL SUBDIVISION THEREOF OR TAXING AUTHORITY THEREIN OR TO COMPLY WITH ANY REPORTING OR OTHER REQUIREMENTS UNDER ANY SUCH LAW OR REGULATION.

SO LONG AS ANY NOTE ISSUED BY THE ISSUER OF THE PREFERRED SHARES REPRESENTED HEREBY IS OUTSTANDING, GRANITE POINT MORTGAGE TRUST INC. MUST AT ALL TIMES BENEFICIALLY OWN (FOR U.S. FEDERAL INCOME TAX PURPOSES) 100% OF THE PREFERRED SHARES REPRESENTED HEREBY AND THE ORDINARY SHARES, AND ANNALY SUB REIT, INC. WILL NOT TRANSFER (WHETHER BY MEANS OF ACTUAL TRANSFER OR A TRANSFER OF BENEFICIAL OWNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES), PLEDGE OR HYPOTHECATE ANY OF THE PREFERRED SHARES OR THE ORDINARY SHARES TO ANY OTHER PERSON, ENTITY OR ENTITIES EXCEPT IN COMPLIANCE WITH SECTION 2.5 OF THE PREFERRED SHARE PAYING AGENCY AGREEMENT. IF A SALE OR TRANSFER (INCLUDING WITHOUT LIMITATION, BY PLEDGE OR HYPOTHECATION) OF ALL OR A PORTION OF THE EHRI IS TO BE MADE, THEN THE PREFERRED SHARE REGISTRAR AND THE PREFERRED SHARE PAYING AGENT SHALL REFUSE TO REGISTER SUCH SALE OR TRANSFER UNLESS THE CONDITIONS IN SECTION 2.5(a)(iii) OF THE PREFERRED SHARE PAYING AGENCY AGREEMENT HAVE BEEN SATISFIED.

THE ISSUER MAY REQUIRE ANY HOLDER OF THE PREFERRED SHARES REPRESENTED HEREBY WHO IS A U.S. PERSON (AS DEFINED IN REGULATION S) OR A U.S. RESIDENT (WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT) WHO IS DETERMINED NOT TO HAVE BEEN A (1) QUALIFIED PURCHASER AND (2) A QUALIFIED INSTITUTIONAL BUYER (EXCEPT IN THE CASE OF GPMT CLO HOLDINGS LLC) AT THE TIME OF ACQUISITION OF THE PREFERRED SHARES REPRESENTED HEREBY TO SELL THE PREFERRED SHARES REPRESENTED HEREBY TO A TRANSFEREE THAT IS (A) BOTH (X) A QUALIFIED INSTITUTIONAL BUYER AND (Y) AN QUALIFIED PURCHASER OR (B) NOT A U.S. PERSON (AS DEFINED IN REGULATION S) NOR A U.S. RESIDENT (WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S.

GPMT CLO HOLDINGS LLC, AND EACH TRANSFEREE OF THE PREFERRED SHARES REPRESENTED HEREBY WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE IN THE FORM REQUIRED BY THE PREFERRED SHARES PAYING AGENCY AGREEMENT. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE, THE PREFERRED SHARE PAYING AGENT OR ANY INTERMEDIARY.

GPMT 2019-FL2, LTD.

Number P-1

CUSIP []

Incorporated under the laws of the Cayman Islands
105,192.857 Preferred Shares of a par value of U.S.\$0.001 per share and
with an aggregate liquidation preference and notional amount equal to U.S.\$1,000 per share

THIS IS TO CERTIFY THAT _____

is the registered holder of 105,190.857 Class P Preferred Shares, one Class X Preferred Share
and one Class R Preferred Share in the above named Company, subject to the Amended and
Restated Memorandum and Articles of Association thereof, as may be hereafter amended and in
effect from time to time.

THIS CERTIFICATE IS ISSUED BY the said Company on this ____ day of _____,
20__.

EXECUTED AS A DEED on behalf of the said Company by:

AUTHORIZED SIGNATORY _____

CERTIFICATE OF AUTHENTICATION

This Certificate evidences the Preferred Shares referred to in the within-mentioned Preferred Share Paying Agency Agreement.

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Preferred Share Paying Agent

By: _____

Name:

Title:

ASSIGNMENT FORM

For value received

_____ does hereby sell, assign and transfer unto

Please insert social security or other identifying number of assignee _____

Please print or type name and address, including zip code, of assignee:

_____ Preferred Shares in the share capital of GPMT 2019-FL2, Ltd. (the "Issuer") and does hereby irrevocably constitute and appoint _____ Attorney to transfer the Preferred Shares on the books of the Issuer with full power of substitution in the premises.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the Preferred Share Certificate)

SCHEDULE I

Capitalized terms used in this Schedule I that are defined in Regulation S are used as defined therein.

1. (A) The Holder is aware that the sale of such Preferred Shares to it is being made in reliance on the exemption from registration provided by Regulation S and understands that the Preferred Shares offered in reliance on Regulation S will bear the appropriate legend set forth herein. The Preferred Shares so represented may not at any time be held by or on behalf of U.S. Persons or U.S. Residents. The Holder is not, and will not be, a U.S. Person or a U.S. Resident. Before any Preferred Share issued in reliance on Regulation S may be offered, resold, pledged or otherwise transferred, the transferee will be required to provide the Trustee with a written certification substantially in the form attached to the Preferred Shares Paying Agency Agreement as to compliance with the transfer restrictions. The Holder understands that it must inform a prospective transferee of the transfer restrictions; or

(B) The Holder (1) is both (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser; (2) is aware that the sale of the Preferred Shares to it is being made in reliance on the exemption from registration provided by Rule 144A or Rule 501(a) of Regulation D and (3) is acquiring the Preferred Shares for its own account or for one or more accounts, each of which is a Qualified Institutional Buyer, and as to each of which the owner exercises sole investment discretion.

2. The Holder understands that the Preferred Shares are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, the Preferred Shares have not been and will not be registered under the Securities Act, and, if in the future the Holder decides to offer, resell, pledge or otherwise transfer the Preferred Shares, such Preferred Shares may only be offered, resold, pledged or otherwise transferred only in accordance with the Issuer Charter and the Preferred Shares Paying Agency Agreement and the applicable legend on such Preferred Shares set forth herein. The Holder acknowledges that no representation is made by the Issuer or the Placement Agents as to the availability of any exemption under the Securities Act or any State securities laws for resale of the Preferred Shares.

3. The Holder understands that the Preferred Shares have not been approved or disapproved by the United States Securities and Exchange Commission ("SEC") or any other governmental authority or agency or any jurisdiction and that neither the SEC nor any other governmental authority or agency has passed upon the accuracy of the final offering memorandum relating to the Preferred Shares. The Holder further understands that any representation to the contrary is a criminal offense.

4. The Holder is not purchasing the Preferred Shares with a view to the resale, distribution or other disposition thereof in violation of the Securities Act. The Holder understands that an investment in the Preferred Shares involves certain risks,

including the risk of loss of all or a substantial part of its investment under certain circumstances.

5. In connection with the purchase of the Preferred Shares (A) none of the Issuer, the Placement Agents or the Preferred Share Paying Agent is acting as a fiduciary or financial or investment adviser for the Holder; (B) the Holder is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Placement Agents or the Preferred Share Paying Agent other than in, if applicable, a current offering memorandum for such Preferred Shares; (C) none of the Issuer, the Placement Agents or the Preferred Share Paying Agent has given to the Holder (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of its purchase; (D) the Holder has consulted with its own legal, regulatory, tax, business, investment, financial, accounting and other advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of an investment in the Preferred Shares) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Placement Agents or the Preferred Share Paying Agent; and (E) the Holder is purchasing the Preferred Shares with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and is capable of assuming and willing to assume (financially and otherwise) these risks.

6. The Holder understands that the certificates representing the Preferred Shares will bear the applicable legend set forth herein. The Preferred Shares may not at any time be held by or on behalf of any U.S. Person that is not both (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser. The Holder understand that it must inform a prospective transferee of the transfer restrictions.

7. The Holder understands and agrees that a legend in substantially the following form will be placed on each certificate representing any Preferred Shares unless the Issuer determines otherwise in compliance with applicable law:

THE PREFERRED SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE ISSUER HAS NOT BEEN REGISTERED AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE PREFERRED SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A) (1) PERSONS THAT ARE BOTH (X) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE

144A UNDER THE SECURITIES ACT (A "QIB") AND (Y) A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT (A "QUALIFIED PURCHASER), AND IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER AND FOR EACH SUCH ACCOUNT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT SO LONG AS THE PREFERRED SHARES REPRESENTED HEREBY ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS SPECIFIED IN THE PREFERRED SHARES PAYING AGENCY AGREEMENT, OR (2) TO AN INSTITUTION THAT IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 (AS APPLICABLE) OF REGULATION S UNDER THE SECURITIES ACT, SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS SPECIFIED IN THE PREFERRED SHARES PAYING AGENCY AGREEMENT, AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION. EACH PURCHASER OF A PREFERRED SHARE WILL BE REQUIRED TO MAKE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN SCHEDULE I OF THE PREFERRED SHARES PAYING AGENCY AGREEMENT. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE PREFERRED SHARE REGISTRAR, THE PREFERRED SHARE PAYING AGENT OR ANY INTERMEDIARY. IF AT ANY TIME, THE ISSUER DETERMINES OR IS NOTIFIED THAT THE HOLDER OF SUCH PREFERRED SHARE WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE PREFERRED SHARES PAYING AGENCY AGREEMENT, THE ISSUER AND THE PREFERRED SHARE PAYING AGENT MAY CONSIDER THE ACQUISITION OF THE PREFERRED SHARES REPRESENTED HEREBY VOID AND REQUIRE THAT THE PREFERRED SHARES REPRESENTED HEREBY BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER. NO TRANSFER OF THE PREFERRED SHARES

Schedule I-3

REPRESENTED HEREBY MAY BE MADE (AND THE ISSUER AND THE PREFERRED SHARE PAYING AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER) IF (A) SUCH TRANSFER WOULD HAVE THE EFFECT OF REQUIRING THE ISSUER TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OR (B) SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS DEEMED TO BE MADE BY SUCH PERSON IN THE PREFERRED SHARES PAYING AGENCY AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, AN INVESTOR IN THE PREFERRED SHARES REPRESENTED HEREBY MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. EXCEPT AS OTHERWISE PERMITTED BY THE CO-ISSUERS, NO TRANSFER OF THE PREFERRED SHARES REPRESENTED HEREBY MAY BE MADE (AND NONE OF THE CO-ISSUERS, PREFERRED SHARE PAYING AGENT OR THE PREFERRED SHARE REGISTRAR WILL RECOGNIZE ANY SUCH TRANSFER) IF AFTER GIVING EFFECT TO SUCH TRANSFER, ANY PREFERRED SHARES WOULD BE HELD BY "BENEFIT PLAN INVESTORS," AS DEFINED IN 29 C.F.R. §2510.3-101 (EITHER DIRECTLY OR THROUGH AN INSURANCE COMPANY GENERAL ACCOUNT) OR SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS REQUIRED BY THE APPLICABLE TRANSFER CERTIFICATE ATTACHED AS AN EXHIBIT TO THE PREFERRED SHARES PAYING AGENCY AGREEMENT.

AS A CONDITION TO THE PAYMENT OF ANY AMOUNT UNDER THE PREFERRED SHARES REPRESENTED HEREBY WITHOUT THE IMPOSITION OF BACKUP WITHHOLDING TAX, THE ISSUER AND THE PREFERRED SHARE PAYING AGENT SHALL REQUIRE CERTIFICATION ACCEPTABLE TO THEM TO ENABLE THE ISSUER AND THE PREFERRED SHARE PAYING AGENT TO DETERMINE THEIR DUTIES AND LIABILITIES WITH RESPECT TO ANY TAXES OR OTHER CHARGES THAT THEY MAY BE REQUIRED TO PAY, DEDUCT OR WITHHOLD IN RESPECT OF THE PREFERRED SHARES REPRESENTED HEREBY OR THE HOLDER THEREOF UNDER ANY PRESENT OR FUTURE LAW OR REGULATION OF THE CAYMAN ISLANDS OR THE UNITED STATES OR ANY PRESENT OR FUTURE LAW OR REGULATION OF ANY POLITICAL

Schedule I-4

SUBDIVISION THEREOF OR TAXING AUTHORITY
THEREIN OR TO COMPLY WITH ANY REPORTING OR
OTHER REQUIREMENTS UNDER ANY SUCH LAW OR
REGULATION.

8. The Holder will not, at any time, offer to buy or offer to sell the Preferred Shares by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or at a seminar or meeting whose attendees have been invited by general solicitations or advertising.

9. The Holder is not a member of the public in the Cayman Islands, within the meaning of Section 175 of the Cayman Islands Companies Law (2018 Revision).

10. The Holder understands that each of the Issuer, the Trustee or the Preferred Share Paying Agent shall require certification acceptable to it (A) as a condition to the payment of distributions in respect of any Preferred Shares without, or at a reduced rate of, U.S. withholding or backup withholding tax, and (B) to enable the Issuer, the Trustee and the Preferred Share Paying Agent to determine their duties and liabilities with respect to any taxes or other charges that they may be required to pay, deduct or withhold from payments in respect of such Preferred Shares or the Holder of such Preferred Shares under any present or future law or regulation of the Cayman Islands or the United States or any present or future law or regulation of any political subdivision thereof or taxing authority therein or to comply with any reporting or other requirements under any such law or regulation. Such certification may include U.S. federal income tax forms (such as IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)), IRS Form W-8BEN-E (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities)), IRS Form W-8IMY (Certificate of Foreign Intermediary, Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting), IRS Form W-9 (Request for Taxpayer Identification Number and Certification), or IRS Form W-8ECI (Certificate of Foreign Person's Claim That Income Is Effectively Connected with Conduct of a Trade or Business in the United States) or any successors to such IRS forms) and the properly completed and executed "Entity Self-Certification Form" or "Individual Self-Certification Form" (in the forms published by the Cayman Islands Department for International Tax Cooperation, which forms can be obtained at http://www.tia.gov.ky/pdf/CRS_Legislation.pdf). In addition, the Issuer or the Preferred Share Paying Agent may require certification acceptable to it to enable the Issuer to qualify for a reduced rate of withholding in any jurisdiction from or through which the Issuer receives payments on its assets. Each owner agrees to provide any certification requested pursuant to this paragraph and to update or replace such form or certification in accordance with its terms or its subsequent amendments.

11. The Holder hereby agrees that, for purposes of U.S. federal, state and local income and franchise tax and any other income taxes, if the Issuer is no longer a Qualified REIT Subsidiary (A) the Issuer will be treated as a foreign corporation and (B) the Notes will be treated as equity in the Issuer; the Holder agrees to such treatment and agrees to take no action inconsistent with such treatment, unless required by law.

Schedule I-5

12. The Holder, if not a "United States person" (as defined in Section 7701(a)(30) of the Code), either: (A) is not a bank (within the meaning of Section 881(c)(3)(A) of the Code); (B) is a bank (within the meaning of Section 881(c)(3)(A) of the Code) and after giving effect to its purchase of the Preferred Shares, the Holder (x) shall not own more than 50% of the Preferred Shares (by number) or 50% by value of the aggregate of the Preferred Shares and all Classes of Notes that are treated as equity for U.S. federal income tax purposes either directly or indirectly, and will not otherwise be related to the Issuer (within the meaning of section 267(b) of the Code) and (y) has not purchased the Preferred Shares in whole or in part to avoid any U.S. federal income tax liability (including, without limitation, any U.S. withholding tax that would be imposed on the Preferred Shares with respect to the Collateral if held directly by the Holder); (C) is a bank (within the meaning of Section 881(c)(3)(A) of the Code) has provided an IRS Form W-8ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States; or (D) is a bank (within the meaning of Section 881(c)(3)(A) of the Code) is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States and the Issuer is treated as a fiscally transparent entity (as defined in Treasury regulations section 1.894-1(d)(3)(iii)) under the laws of Holder's jurisdiction with respect to payments made on the Collateral held by the Issuer.

13. The Holder will, prior to any sale, pledge or other transfer by such owner of any Preferred Share, obtain from the prospective transferee, and deliver to the Preferred Share Paying Agent, a duly executed transferee certificate addressed to each of the Preferred Share Paying Agent and the Issuer in the form of the relevant exhibit attached to the Preferred Shares Paying Agency Agreement, and such other certificates and other information as the Issuer or the Preferred Share Paying Agent may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in the Issuer Charter and the Preferred Shares Paying Agency Agreement.

14. The Holder agrees that no Preferred Share may be purchased, sold, pledged or otherwise transferred in a number less than the minimum number set forth in the Preferred Shares Paying Agency Agreement. In addition, the Holder understands that the Preferred Shares will be transferable only upon registration of the transferee in the Preferred Share Register of the Issuer following delivery to the Preferred Share Registrar of a duly executed share transfer certificate, the Preferred Share to be transferred (if applicable) and any other certificates and other information required by the Issuer Charter and the Preferred Shares Paying Agency Agreement.

15. The Holder is aware and agrees that no Preferred Share (or beneficial interest therein) may be offered or sold, pledged or otherwise transferred (i) to a transferee taking delivery of such Preferred Shares represented by a certificate representing a Preferred Share except to both (x) a transferee that the Holder reasonably believes is a Qualified Institutional Buyer, purchasing for its account, to which notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or another person the sale to which is exempt under the Securities Act and (v) a Qualified

Schedule I-6

Purchaser, and if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction, (ii) to a transferee taking delivery of such Preferred Share represented by a certificate representing a Preferred Share issued in reliance on Regulation S except (A) to a transferee that is acquiring such interest in an offshore transaction in accordance with Rule 904 of Regulation S, (B) to a transferee that is not a U.S. resident (within the meaning of the Investment Company Act) unless such transferee is a Qualified Purchaser, (C) such transfer is made in compliance with the other requirements set forth in the Preferred Shares Paying Agency Agreement and (D) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other jurisdiction or (iii) if such transfer would have the effect of requiring the Issuer to register as an "investment company" under the Investment Company Act.

16. The Holder understands that, although the Placement Agents may from time to time make a market in the Preferred Shares, the Placement Agents are not under any obligation to do so and, following the commencement of any market-making, may discontinue the same at any time. Accordingly, the Holder must be prepared to hold the Preferred Shares until the scheduled Redemption Date for the Preferred Shares.

17. The Holder also understands that the Preferred Shares are equity interests in the Issuer and are not secured by the Collateral securing the Notes. As such, the Holder and any other Holders of the Preferred Shares will, on a winding up of the Issuer, rank behind all of the creditors, whether secured or unsecured and known or unknown, of the Issuer, including, without limitation, the Holders of the Notes, the Hedge Counterparties and any judgment creditors. Payments in respect of the Preferred Shares are subject to certain requirements imposed by Cayman Islands law. Any amounts paid by the Preferred Share Paying Agent as distributions by way of dividend on the Preferred Shares will be payable only if the Issuer has sufficient distributable profits and/or share premium. In addition, such distributions and any redemption payments will be payable only to the extent that the Issuer is and remains solvent after such distributions or redemption payments are paid. Under Cayman Islands law, a company generally is deemed solvent if it is able to pay its debts as they come due in the ordinary course of business. To the extent the requirements under Cayman Islands law described above are not met, amounts otherwise payable to the Holders of the Preferred Shares will be retained in the Preferred Shares Distribution Account until the next succeeding Payment Date, or (in the case of any payment that would otherwise be payable on a redemption of the Preferred Shares) the next succeeding Business Day, on which the Issuer notifies the Preferred Share Paying Agent that such requirements are met. Amounts on deposit in the Preferred Shares Distribution Account (unless deposited in error) will not be available to pay amounts due to the Holders of the Notes, the Note Administrator, the Trustee or any other creditor of the Issuer the claim of which is limited in recourse to the Collateral. However, amounts on deposit in the Preferred Shares Distribution Account may be subject to the claims of creditors of the Issuer that have not contractually limited their recourse to the Collateral.

18. The Holder agrees that (i) any sale, pledge or other transfer of a Preferred Share made in violation of the transfer restrictions contained in the Preferred Shares

Schedule I-7

Paying Agency Agreement, or made based upon any false or inaccurate representation made by the Holder or a transferee to the Issuer, the Preferred Share Paying Agent or the Preferred Share Registrar, will be void and of no force or effect and (ii) none of the Issuer, the Preferred Share Paying Agent and the Preferred Share Registrar has any obligation to recognize any sale, pledge or other transfer of a Preferred Share (or any beneficial interest therein) made in violation of any such transfer restriction or made based upon any such false or inaccurate representation.

19. The Holder acknowledges that the Issuer, the Trustee, the Preferred Share Paying Agent, the Preferred Share Registrar, the Placement Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it in connection with its purchase of the Preferred Shares are no longer accurate, the Holder will promptly notify the Issuer, the Trustee, the Note Administrator, the Preferred Share Paying Agent, the Preferred Share Registrar and the Placement Agents.

Schedule I-8

EXHIBIT B-1

FORM OF TRANSFEREE CERTIFICATE FOR TRANSFERS OF EHRI

[Date]

MaplesFS Limited
PO Box 1093, Boundary Hall, Cricket Square
KY 1-1102, Cayman Islands
Attention: The Directors

Wells Fargo Bank, National Association
600 South 4th Street, 7th Floor
MAC N9300-070
Minneapolis, Minnesota 55479
Attention – Note Transfers (CTS) GPMT 2019-FL2

Granite Point Mortgage Trust Inc.
590 Madison Avenue, 38th Floor
New York, New York 10022
Attention: General Counsel

GPMT 2019-FL2, Transfer of EHRI

[] (the “Purchaser”) hereby certifies, represents and warrants to you, as Preferred Share Registrar, Preferred Share Paying Agent and as “retaining sponsor” as such term is defined in the Credit Risk Retention Rules, that:

1. The Purchaser is acquiring [] Preferred Shares evidencing the EHRI from [] (the “Transferor”).
2. The Purchaser is aware that the Preferred Share Registrar will not register any transfer of Preferred Shares evidencing the EHRI by the Transferor unless the Purchaser, or such Purchaser’s agent, delivers to the Preferred Share Registrar, among other things, a certificate in substantially the same form as this certificate. The Purchaser expressly agrees that it will not consummate any such transfer if it knows or believes that any representation contained in such certificate is false.
3. Check one of the following:
 The Purchaser certifies, represents and warrants to you, as Preferred Share Registrar, Preferred Share Paying Agent and as “retaining sponsor” as such term is defined in the Credit Risk Retention Rules, that the transfer will occur during the EHRI Transfer Restriction Period and that:
 - A. The Purchaser is a “majority-owned affiliate,” as such term is defined in Regulation RR, of the Securitization Sponsor (a “Majority-Owned Affiliate”);
 - B. The Purchaser is not acquiring the Preferred Shares evidencing the EHRI Interest as a nominee, trustee or agent for any person that is not a

Exh. B-1-1

Majority-Owned Affiliate, and that for so long as it retains its interest in the EHRI, it will remain a Majority-Owned Affiliate;

- C. The Purchaser consents to any additional restrictions or arrangements that shall be deemed necessary upon advice of counsel to constitute a reasonable arrangement to ensure that its ownership of the EHRI will satisfy the risk retention requirements of the Transferor, in its capacity as [sponsor] [originator] under Regulation RR.
- The Purchaser certifies, represents and warrants to you, as Preferred Share Registrar, Preferred Share Paying Agent and as “retaining sponsor” as such term is defined in the Credit Risk Retention Rules, that the transfer will occur after the termination of the EHRI Transfer Restriction Period.

Any transfer or pledge of any Preferred Shares constituting the EHRI that is in violation of the Credit Risk Retention Rules shall be absolutely null and void ab initio and shall vest no rights in the purported transferee or pledgee, as applicable. Capitalized terms used but not defined herein have the meanings assigned thereto in the Preferred Share Paying Agency Agreement dated as of February 28, 2019, among GPMT 2019-FL2, Ltd., as issuer, Wells Fargo Bank, National Association, as paying agent for the Preferred Shares, and MaplesFS Limited, as administrator and share registrar for the Preferred Shares.

[SIGNATURE PAGES FOLLOW]

Exh. B-1-2

IN WITNESS WHEREOF, the Purchaser has caused this instrument to be duly executed on its behalf by its duly authorized senior officer this ___ day of _____, 20__.

By: _____
Name:
Title:

The foregoing certificate is hereby confirmed, and the transfer is accepted, as of the date first above written:

GRANITE POINT MORTGAGE TRUST INC.

By: _____
Name:
Title:

EXHIBIT B-2
FORM OF TRANSFEROR CERTIFICATE FOR TRANSFERS OF EHRI

[Date]

MaplesFS Limited
PO Box 1093, Boundary Hall, Cricket Square
KY1-1102, Cayman Islands
Attention: The Directors

Wells Fargo Bank, National Association
600 South 4th Street, 7th Floor
MAC N9300-070
Minneapolis, Minnesota 55479
Attention – Note Transfers (CTS) GPMT 2019-FL2

Granite Point Mortgage Trust Inc.
590 Madison Avenue, 38th Floor
New York, New York 10022
Attention: General Counsel

GPMT 2019-FL2, Transfer of EHRI

Ladies and Gentlemen:

This is delivered to you in connection with the transfer by [_____] (the “Transferor”) to [_____] (the “Transferee”) of [_____] Preferred Shares evidencing the EHRI. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Preferred Share Paying Agency Agreement dated as of February 28, 2019 (the “Preferred Share Paying Agency Agreement”), among GPMT 2019-FL2, Ltd., as issuer, Wells Fargo Bank, National Association, as paying agent for the Preferred Shares, and MaplesFS Limited, as administrator and share registrar for the Preferred Shares. The Transferor hereby certifies, represents and warrants to you that:

1. The transfer is in compliance with Sections 2.4 and 2.5 of the Preferred Share Paying Agency Agreement.
2. Check one of the following:
 - The Transferor certifies, represents and warrants to you that the transfer will occur during the EHRI Transfer Restriction Period and that the Transferee is a “majority-owned affiliate,” as such term is defined in Regulation RR, of the Transferor;
 - The Transferor certifies, represents and warrants to you that the transfer will occur after the termination of the EHRI Transfer Restriction Period.
3. The Transferor understands that the Transferee has delivered to you a Transferee Certificate in the form attached to the Preferred Share Paying Agency Agreement as Exhibit B-1. The Transferor does not know or believe that any representation contained therein is false.

Exh. B-2-1

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Transferor has caused this instrument to be duly executed on its behalf by its duly authorized senior officer this _____ day of _____, 20__.

[TRANSFEROR]

By: _____
Name:
Title:

The foregoing certificate is hereby confirmed, and the transfer is accepted, as of the date first above written:

GRANITE POINT MORTGAGE TRUST INC.

By: _____
Name:
Title:

**CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, John A. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Granite Point Mortgage 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 officers 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 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 officers 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 7, 2019

/s/ John A. Taylor

John A. Taylor

Chief Executive Officer and President

**CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Marcin Urbaszek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Granite Point Mortgage 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 officers 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 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 officers 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 7, 2019

/s/ Marcin Urbaszek

Marcin Urbaszek

Chief Financial Officer and Treasurer

CERTIFICATION

Pursuant to 18 U.S.C. §1350, the undersigned officer of Granite Point Mortgage Trust Inc. (the "Registrant") hereby certifies that the Registrant's Quarterly Report on Form 10-Q for the three months ended March 31, 2019 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 7, 2019

/s/ John A. Taylor

John A. Taylor

Chief Executive Officer and President

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Quarterly Report or as a separate disclosure document.

CERTIFICATION

Pursuant to 18 U.S.C. §1350, the undersigned officer of Granite Point Mortgage Trust Inc. (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the three months ended March 31, 2019 (the “Quarterly Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 7, 2019

/s/ Marcin Urbaszek

Marcin Urbaszek

Chief Financial Officer and Treasurer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Quarterly Report or as a separate disclosure document.