Ladder Capital Corp Reports Results for the Quarter and Year Ended December 31, 2023

NEW YORK, NY, February 8, 2024 – Ladder Capital Corp (NYSE: LADR) ("we," "our," "Ladder," or the "Company") today announced operating results for the quarter and year ended December 31, 2023. GAAP income before taxes for the three months ended December 31, 2023 was $18.4 million, and diluted earnings per share ("EPS") was $0.15. Distributable earnings was $40.0 million, or $0.32 of distributable EPS. GAAP income before taxes for the year ended December 31, 2023 was $104.7 million, and diluted earnings per share ("EPS") was $0.81. Distributable earnings was $167.7 million, or $1.34 of distributable EPS.

"2023 was another positive year for Ladder, as we generated both double-digit earnings growth and returns on equity with a smaller asset base and lower leverage than the previous year. With $1.3 billion of liquidity and our unique liability structure anchored by long-term, fixed-rate, unsecured corporate bonds, we remain well-positioned to capitalize on new investment opportunities." said Brian Harris, Ladder's Chief Executive Officer.

Supplemental

The Company issued a supplemental presentation detailing its fourth quarter and full year 2023 operating results, which can be viewed at http://ir.laddercapital.com.

Conference Call and Webcast

We will host a conference call on Thursday, February 8, 2024 at 10:00 a.m. Eastern Time to discuss fourth quarter and full year 2023 results. The conference call can be accessed by dialing (877) 407-4018 domestic or (201) 689-8471 international. Individuals who dial in will be asked to identify themselves and their affiliations. For those unable to participate, an audio replay will be available until midnight on Thursday, February 22, 2024. To access the replay, please call (844) 512-2921 domestic or (412) 317-6671 international, access code 13743559. The conference call will also be webcast though a link on Ladder Capital Corp's Investor Relations website at ir.laddercapital.com/event. A web-based archive of the conference call will also be available at the above website.

About Ladder

Ladder Capital Corp is an internally-managed commercial real estate investment trust with $5.5 billion of assets as of December 31, 2023. Our investment objective is to preserve and protect shareholder capital while producing attractive risk-adjusted returns. As one of the nation's leading commercial real estate capital providers, we specialize in underwriting commercial real estate and offering flexible capital solutions within a sophisticated platform.

Ladder originates and invests in a diverse portfolio of commercial real estate and real estate-related assets, focusing on senior secured assets. Our investment activities include: (i) our primary business of originating senior first mortgage fixed and floating rate loans collateralized by commercial real estate with flexible loan structures; (ii) owning and operating commercial real estate, including net leased commercial properties; and (iii) investing in investment grade securities secured by first mortgage loans on commercial real estate.

Founded in 2008, Ladder is run by a highly experienced management team with extensive expertise in all aspects of the commercial real estate industry, including origination, credit, underwriting, structuring, capital markets and asset management. Members of Ladder's management and board of directors are highly aligned with the Company's investors, owning over 11% of the Company's equity. Ladder is headquartered in New York City with regional offices in Miami, Florida and Los Angeles, California.

Forward-Looking Statements

Certain statements in this release may constitute "forward-looking" statements. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated,

anticipated or implied by such forward-looking statements. While Ladder believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results on the Company's business. There are a number of risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein including, most prominently, the risks discussed under the heading "Risk Factors" in each of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as well as its consolidated financial statements, related notes, and other financial information appearing therein, and its other filings with the U.S. Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this release. Ladder expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or changes in events, conditions, or circumstances on which any such statement is based.

Investor Contact

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Ladder Capital Corp
Consolidated Balance Sheets
(Dollars in Thousands)

	December 31, 2023(1)	December 31, 2022(1)
	(Unaudited)	
Assets		
Cash and cash equivalents	$ 1,015,678	$ 609,078
Restricted cash	15,450	50,524
Mortgage loan receivables held for investment, net, at amortized cost:		
Mortgage loans receivable	3,155,089	3,885,746
Allowance for credit losses	(43,165)	(20,755)
Mortgage loan receivables held for sale	26,868	27,391
Securities	485,533	587,519
Real estate and related lease intangibles, net	726,442	700,136
Investments in and advances to unconsolidated ventures	6,877	6,219
Derivative instruments	1,454	2,038
Accrued interest receivable	24,233	24,938
Other assets	98,218	78,339
Total assets	**$ 5,512,677**	**$ 5,951,173**
Liabilities and Equity		
Liabilities		
Debt obligations, net	$ 3,783,946	$ 4,245,697
Dividends payable	32,294	32,000
Accrued expenses	65,144	68,227
Other liabilities	99,095	71,688
Total liabilities	**3,980,479**	**4,417,612**
Commitments and contingencies	—	—
Equity		
Class A common stock, par value $0.001 per share, 600,000,000 shares authorized; 128,027,478 and 128,027,478 shares issued and 126,911,689 and 126,502,049 shares outstanding as of December 31, 2023 and December 31, 2022, respectively.	127	127
Additional paid-in capital	1,756,750	1,826,833
Treasury stock, 1,115,789 and 1,525,429 shares, at cost	(12,001)	(95,600)
Retained earnings (dividends in excess of earnings)	(197,875)	(177,005)
Accumulated other comprehensive income (loss)	(13,853)	(21,009)
Total shareholders' equity	**1,533,148**	**1,533,346**
Noncontrolling interests in consolidated ventures	(950)	215
Total equity	**1,532,198**	**1,533,561**
Total liabilities and equity	**$ 5,512,677**	**$ 5,951,173**

(1) Includes amounts relating to consolidated variable interest entities.

Ladder Capital Corp
Consolidated Statements of Income
(Dollars in Thousands, Except Per Share and Dividend Data)
(Unaudited)

	Three Months Ended		Year Ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
Net interest income				
Interest income	$ 100,569	$ 101,090	$ 407,284	$ 293,520
Interest expense	60,747	62,259	245,097	195,602
Net interest income (expense)	**39,822**	**38,831**	**162,187**	**97,918**
Provision for (release of) loan loss reserves, net	6,006	7,473	25,096	3,711
Net interest income (expense) after provision for (release of) loan loss reserves	**33,816**	**31,358**	**137,091**	**94,207**
Other income (loss)				
Real estate operating income	23,103	24,761	96,950	108,269
Net result from mortgage loan receivables held for sale	596	(629)	(523)	(2,511)
Realized gain (loss) on securities	—	23	(276)	(73)
Unrealized gain (loss) on securities	49	(42)	29	(86)
Realized gain (loss) on sale of real estate, net	—	8,808	8,808	115,998
Fee and other income	2,192	1,829	9,178	15,020
Net result from derivative transactions	(5,199)	4,773	1,481	12,360
Earnings from investment in unconsolidated ventures	(155)	479	758	1,410
Gain on extinguishment of debt	118	921	10,718	685
Total other income (loss)	**20,704**	**40,923**	**127,123**	**251,072**
Costs and expenses				
Compensation and employee benefits	13,006	14,285	63,618	75,836
Operating expenses	4,485	4,775	19,503	20,716
Real estate operating expenses	8,516	9,456	37,587	38,605
Investment related expenses	2,388	2,279	8,847	7,235
Depreciation and amortization	7,770	7,144	29,914	32,673
Total costs and expenses	**36,165**	**37,939**	**159,469**	**175,065**
Income (loss) before taxes	**18,355**	**34,342**	**104,745**	**170,214**
Income tax expense (benefit)	(670)	3,147	4,244	4,909
Net income (loss)	**19,025**	**31,195**	**100,501**	**165,305**
Net (income) loss attributable to noncontrolling interests in consolidated ventures	211	124	624	(23,088)
Net income (loss) attributable to Class A common shareholders	**$ 19,236**	**$ 31,319**	**$ 101,125**	**$ 142,217**
Earnings per share:				
Basic	$ 0.15	$ 0.25	$ 0.81	$ 1.14
Diluted	$ 0.15	$ 0.25	$ 0.81	$ 1.13
Weighted average shares outstanding:				
Basic	124,713,728	124,730,343	124,667,877	124,301,421
Diluted	125,077,085	124,968,545	124,882,398	125,823,671
Dividends per share of Class A common stock	$ 0.23	$ 0.23	$ 0.92	$ 0.88

Non-GAAP Financial Measures

The Company utilizes distributable earnings, distributable EPS, and after-tax distributable return on average equity ("ROAE"), non-GAAP financial measures, as supplemental measures of our operating performance. We believe distributable earnings, distributable EPS and after-tax distributable ROAE assist investors in comparing our operating performance and our ability to pay dividends across reporting periods on a more relevant and consistent basis by excluding from GAAP measures certain non-cash expenses and unrealized results as well as eliminating timing differences related to securitization gains and changes in the values of assets and derivatives. In addition, we use distributable earnings, distributable EPS and after-tax distributable ROAE: (i) to evaluate our earnings from operations because management believes that they may be useful performance measures; and (ii) because our board of directors considers distributable earnings in determining the amount of quarterly dividends.

We define distributable earnings as income before taxes adjusted for: (i) real estate depreciation and amortization; (ii) the impact of derivative gains and losses related to the hedging of assets on our balance sheet as of the end of the specified accounting period; (iii) unrealized gains/(losses) related to our investments in fair value securities and passive interest in unconsolidated ventures; (iv) economic gains on loan sales not recognized under GAAP accounting for which risk has substantially transferred during the period and the exclusion of resultant GAAP recognition of the related economics during the subsequent periods; (v) unrealized provision for loan losses and unrealized real estate impairment; (vi) realized provisions for loan losses and realized real estate impairment; (vii) non-cash stock-based compensation; and (viii) certain transactional items. For the purpose of computing distributable earnings, management recognizes loan and real estate losses as being realized generally in the period in which the asset is sold or the Company determines a decline in value to be non-recoverable and the loss to be nearly certain. Distributable EPS is defined as after-tax distributable earnings divided by the weighted average diluted shares outstanding during the period.

For distributable earnings, we include adjustments for economic gains on loan sales not recognized under GAAP accounting for which risk has substantially transferred during the period and exclude the resultant GAAP recognition of the related economics during the subsequent periods. This adjustment is reflected in distributable earnings when there is a true risk transfer on the mortgage loan transfer and settlement. Historically, this adjustment has represented the impact of economic gains/(discounts) on intercompany loans secured by our own real estate which we had not previously recognized because such gains were eliminated in consolidation. Conversely, if the economic risk was not substantially transferred, no adjustments to net income would be made relating to those transactions for distributable earnings purposes. Management believes recognizing these amounts for distributable earnings purposes in the period of transfer of economic risk is a reasonable supplemental measure of our performance.

We do not designate derivatives as hedges to qualify for hedge accounting and, therefore, any net payments under, or fluctuations in the fair value of, our derivatives are recognized currently in our GAAP income statement. However, fluctuations in the fair value of the related assets are not included in our income statement. We consider the gain or loss on our hedging positions related to assets that we still own as of the reporting date to be "open hedging positions." While recognized for GAAP purposes, we exclude the results on the hedges from distributable earnings until the related asset is sold and/or the hedge position is considered "closed," whereupon they would then be included in distributable earnings in that period. These are reflected as "Adjustments for derivative results" for purposes of computing distributable earnings for the period. We believe that excluding these specifically identified gains and losses associated with the open hedging positions adjusts for timing differences between when we recognize changes in the fair values of our assets and changes in the fair value of the derivatives used to hedge such assets.

Our investments in Agency interest-only securities and equity securities are recorded at fair value with changes in fair value recorded in current period earnings. We believe that excluding these specifically-identified gains and losses associated with the fair value securities adjusts for timing differences between when we recognize changes in the fair values of our assets. With regard to securities valuation, distributable earnings includes a decline in fair value deemed to be an impairment for GAAP purposes only if the decline is determined to be nearly certain to be eventually realized. In those cases, an impairment is included in distributable earnings for the period in which such determination was made.

Set forth below is an unaudited reconciliation of income (loss) before taxes to distributable earnings, and an unaudited computation of distributable EPS (in thousands, except per share data):

	Three Months Ended		Year Ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
Income (loss) before taxes	$ 18,355	$ 34,342	104,745	170,214
Net (income) loss attributable to noncontrolling interests in consolidated ventures (GAAP)	211	124	624	(23,088)
Our share of real estate depreciation, amortization and gain adjustments (1)	7,273	(2,016)	18,602	(29,188)
Adjustments for derivative results (2)	5,149	(3,969)	716	(9,381)
Unrealized (gain) loss on fair value securities	(49)	42	(29)	86
Adjustment for economic gain on loan sales not recognized under GAAP for which risk has been substantially transferred, net of reversal/amortization	(152)	(152)	(604)	1,356
Adjustment for impairment (3)	6,006	7,473	25,096	6,816
Non-cash stock-based compensation	3,202	3,205	18,577	31,584
Distributable earnings	**39,995**	**39,049**	**167,727**	**148,399**
Estimated corporate tax (expense) benefit (4)	198	(274)	(496)	(2,002)
After-tax distributable earnings	$ 40,193	$ 38,775	$ 167,231	$ 146,397
Weighted average diluted shares outstanding	125,077	124,969	124,882	125,824
Distributable EPS	**$ 0.32**	**$ 0.31**	**$ 1.34**	**$ 1.16**

(1) The following is a reconciliation of GAAP depreciation and amortization to our share of real estate depreciation, amortization and gain adjustments ($ in thousands):

	Three Months Ended		Year Ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
Total GAAP depreciation and amortization	$ 7,770	$ 7,144	29,914	$ 32,673
Less: Depreciation and amortization related to non-rental property fixed assets	(110)	(110)	(431)	(42)
Less: Non-controlling interests in consolidated ventures' share of depreciation and amortization and adjustment for passive interest in unconsolidated ventures	50	(581)	(1,068)	(1,943)
Our share of real estate depreciation and amortization	7,710	6,453	28,415	30,688
Accumulated depreciation and amortization on real estate sold (a)	—	(8,016)	(8,016)	(58,113)
Less: Our share of operating lease income on above/below market lease intangible amortization	(437)	(453)	(1,797)	(1,763)
Our share of real estate depreciation, amortization and gain adjustments	**$ 7,273**	**$ (2,016)**	**$ 18,602**	**$ (29,188)**

(a) GAAP gains/losses on sales of real estate include the effects of previously-recognized real estate depreciation and amortization. For purposes of distributable earnings, our share of real estate depreciation and amortization is eliminated and, accordingly, the resultant gains/losses also must be adjusted. The following is a reconciliation of the related consolidated GAAP amounts to the amounts reflected in distributable earnings ($ in thousands):

	Three Months Ended		Year Ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
GAAP realized gain (loss) on sale of real estate, net	$ —	$ 8,808	$ 8,808	$ 115,998
Adjusted gain/loss on sale of real estate for purposes of distributable earnings	—	(792)	(792)	(57,885)
Accumulated depreciation and amortization on real estate sold	**$ —**	**$ 8,016**	**$ 8,016**	**$ 58,113**

(2) The following is a reconciliation of GAAP net results from derivative transactions to our derivative results presented in the computation of distributable earnings ($ in thousands):

	Three Months Ended		Year Ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
Net results from derivative transactions	$ 5,199	$ (4,773)	$ (1,481)	$ (12,360)
Hedging interest income (expense)	414	175	1,220	(1,652)
Other hedging related activity (a)	(464)	629	977	4,631
Adjustments for derivative results	**$ 5,149**	**$ (3,969)**	**$ 716**	**$ (9,381)**

(a) Includes unrealized lower of cost or market adjustments of $(0.6) million and $0.6 million for the three months ended December 31, 2023 and September 30, 2023, respectively and $0.5 million and $4.8 million for the twelve months ended December 31, 2023 and December 31, 2022, respectively.

(3) The adjustment reflects the portion of the loan loss provision that management determined to be recoverable. Additional provisions and releases of those provisions are excluded from distributable earnings as a result.

(4) Estimated corporate tax benefit (expense) is based on an effective tax rate applied to distributable earnings generated by the activity within our taxable REIT subsidiaries.

After-tax distributable ROAE is presented on an annualized basis and is defined as after-tax distributable earnings divided by the average total shareholders' equity during the period. Set forth below is an unaudited computation of after-tax distributable ROAE ($ in thousands):

	Three Months Ended		Year Ended December 31,	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
After-tax distributable earnings	$ 40,193	$ 38,775	$ 167,231	$ 146,397
Average shareholders' equity	1,536,012	1,535,488	1,533,307	1,506,810
After-tax distributable ROAE	**10.5 %**	**10.1 %**	**10.9 %**	**9.7 %**

Non-GAAP Measures - Limitations

Our non-GAAP financial measures have limitations as analytical tools. Some of these limitations are:

- distributable earnings, distributable EPS and after-tax distributable ROAE do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations and are not necessarily indicative of cash necessary to fund cash needs;
- distributable EPS and after-tax distributable ROAE are based on a non-GAAP estimate of our effective tax rate, including the impact of Unincorporated Business Tax and the impact of our election to be taxed as a REIT effective January 1, 2015. Our actual tax rate may differ materially from this estimate; and
- other companies in our industry may calculate non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, our non-GAAP financial measures should not be considered in isolation or as a substitute for net income (loss) attributable to shareholders, earnings per share or book value per share, or any other performance measures calculated in accordance with GAAP. Our non-GAAP financial measures should not be considered an alternative to cash flows from operations as a measure of our liquidity.

In addition, distributable earnings should not be considered to be the equivalent to REIT taxable income calculated to determine the minimum amount of dividends the Company is required to distribute to shareholders to maintain REIT status. In order for the Company to maintain its qualification as a REIT under the Internal Revenue Code, we must annually distribute at least 90% of our REIT taxable income. The Company has declared, and intends to continue declaring, regular quarterly distributions to its shareholders in an amount approximating the REIT's net taxable income.

In the future, we may incur gains and losses that are the same as or similar to some of the adjustments in this presentation. Our presentation of non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.