



Rating
Buy

North America
United States

Financial
Real Estate Finance

Company
Ladder Capital

Reuters LADR.N Bloomberg LADR US Exchange NYS Ticker LADR

Date
7 March 2014

Initiation of Coverage

Price at 6 Mar 2014	17.28
Price target	22.25
52-week range	17.49 - 16.65

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Initiating coverage with Buy rating

Establishing price target of \$22.25 per share

We expect LADR to generate attractive returns given the improved operating environment and the supply-demand imbalance for CRE debt. We believe LADR is well-positioned for a range of different market conditions given the three complementary business lines: 1) loan origination and securitization, 2) CMBS investments, and 3) net lease and other real estate assets. Our target of \$22.25 per share is based on a 50% premium to our post-IPO adjusted BVPS estimate. Given our ROE estimates and the attractive valuation, we are initiating coverage with a Buy rating.

Internally managed C-Corp well positioned for large CRE debt opportunity

We expect LADR to benefit from the supply-demand imbalance for CRE debt given 1) roughly \$1.6t of US CRE debt maturities over the next five years, 2) increased CMBS issuance volumes (DB est. \$105b in 2014 vs. \$86b in 2013 and \$48b in 2012), and 3) increased regulation and overleveraged balance sheets limiting lending capacity for US banks. Moreover, we expect the company to benefit from an attractive financing strategy and flexible capital deployment options given LADR's internally managed C-Corp structure.

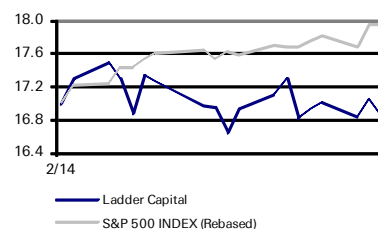
Establishing a price target of \$22.25 per share

Our target is based on shares trading at a 50% premium to our post-deal adjusted book value estimate of \$14.83 per share. We believe our 1.5x multiple is appropriate given 1) the internal management and C-Corp structure, 2) the diversified portfolio, which includes origination and securitization businesses, CMBS investing, and owned real estate and 3) the improving operating environment for CRE debt investors. Our target implies a 15.3x and 14.0x multiple on our 2014 and 2015 core earnings estimates, respectively.

Risk factors

Investment illiquidity, changing interest rates, falling market values, declining real estate values, and poor credit results may negatively impact LADR's business. An economic downturn could have a negative impact on the commercial real estate finance industry, given its reliance on general economic conditions. LADR's access to and use of leverage and securitization may adversely affect results. Many of the LADR's investments are illiquid, which could impact how quickly the company can position its portfolio in response to changes in the operating environment.

Price/price relative



Performance (%)	1m	3m	12m
Absolute	1.7	-	-
S&P 500 INDEX	5.8	4.0	21.8

Source: Deutsche Bank

Stock & option liquidity data

Market cap (USDm)	850.9
Shares outstanding (m)	49.2
Free float (%)	16
Volume (6 Mar 2014)	28,352
Option volume (und. shrs., 1M avg.)	-

Source: Deutsche Bank

Forecasts And Ratios

Year End Dec 31	2013A	2014E	2015E
1Q EPS ¹	-	0.34	0.39
2Q EPS	-	0.36	0.39
3Q EPS	-	0.37	0.40
4Q EPS	-	0.38	0.41
FY EPS (USD)	-	1.45	1.59
P/E (x)	-	11.9	10.8

Source: Deutsche Bank estimates, company data

¹ Includes the impact of FAS123R requiring the expensing of stock options.

Deutsche Bank Securities Inc.

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Investment Thesis

Outlook

We expect LADR to benefit from the supply-demand imbalance for CRE debt given 1) roughly \$1.6t of US CRE debt maturities over the next five years, 2) increased CMBS issuance volumes (DB est. \$105b in 2014 vs. \$86b in 2013 and \$48b in 2012), and 3) increased regulation and overleveraged balance sheets limiting lending capacity for US banks. Moreover, we expect the company to benefit from an attractive financing strategy and flexible capital deployment options given LADR's internally managed C-Corp structure. We believe LADR is well-positioned for a range of different market conditions given the three complementary business lines: 1) loan origination and securitization, 2) CMBS investments, and 3) net lease and other real estate assets. Given our ROE estimates and the attractive valuation, we are initiating coverage with a Buy rating.

Valuation

We are establishing a price target of \$22.25 per share, which is based on shares trading at a 50% premium to our post-deal adjusted book value estimate of \$14.83 per share. We believe our 1.5x multiple is appropriate given 1) the internal management and C-Corp structure, 2) the diversified portfolio, which includes origination and securitization businesses, CMBS investing, and owned real estate and 3) the improving operating environment for CRE debt investors. Our target implies a 15.3x and 14.0x multiple on our 2014 and 2015 core earnings estimates, respectively.

Risks

Investment illiquidity, changing interest rates, falling market values, declining real estate values, and poor credit results may negatively impact LADR's business. An economic downturn could have a negative impact on the commercial real estate finance industry, given its reliance on general economic conditions. LADR's access to and use of leverage and securitization may adversely affect results. Many of the LADR's investments are illiquid, which could impact how quickly the company can position its portfolio in response to changes in the operating environment.



Company overview

Company description

Ladder Capital Corp. (LADR) is an internally managed multi-strategy commercial real estate company, organized and operated as a C-corp. While the company's main strategy is to originate first mortgage conduit loans for sale in securitizations, LADR also invests in CMBS secured by first mortgage loans, agency CMBS, net leased properties, and other CRE assets.

LADR commenced operations in October 2008 with \$612 million of equity capital and a \$300 million term credit facility. The company is based in New York, NY and has offices in Los Angeles, CA and Boca Raton, FL. As of 9/30, the company had 59 employees.

Market opportunity

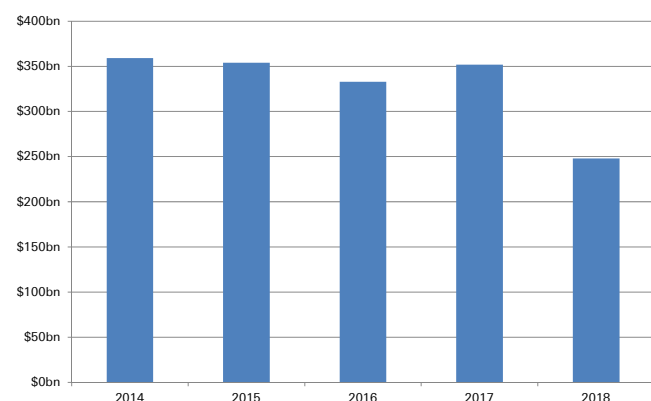
Attractive CRE debt financing opportunities given supply-demand imbalance

We expect LADR to benefit from the attractive lending environment given 1) high volume of loan maturities (roughly \$1.6 trillion of CRE debt scheduled to mature between 2014 and 2018, Figure 1), 2) reduced lending capacity of traditional lenders due to increased regulation and overleveraged balance sheets, and 3) increased demand driven by improved general market conditions and real estate.

CMBS issuance update

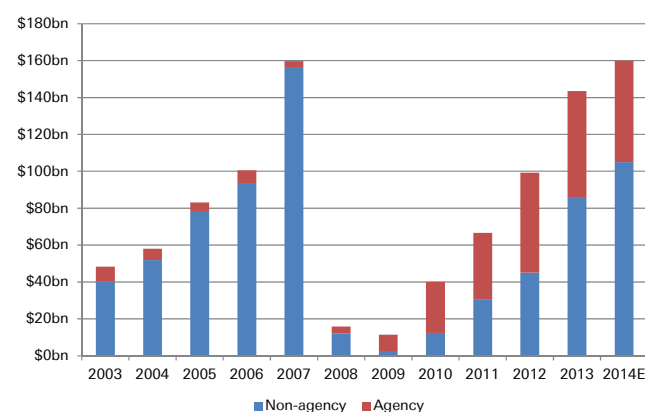
Roughly \$86 billion of CMBS was issued in 2013 compared to \$48 billion during 2012. We expect this pace of issuance will increase, as the DB CMBS research team estimates roughly \$105 billion of non-agency CMBS issuance in 2014 (Figure 2). We believe LADR is well positioned to benefit from the increasing CMBS issuance volumes given the company has been one of the largest non-bank contributors of conduit loans to CMBS securitizations between October 2008 and September 2013, with 2.8% market share in 2010, 3.1% in 2011, 3.3% in 2012, and 3.6% in 2013 (as of 9/30).

Figure 1: US CRE debt maturities 2014-2018



Source: Deutsche Bank MBS and Securitization Research, company filings

Figure 2: US CMBS issuance (with DB's forecast)



Source: Deutsche Bank MBS and Securitization Research, company filings

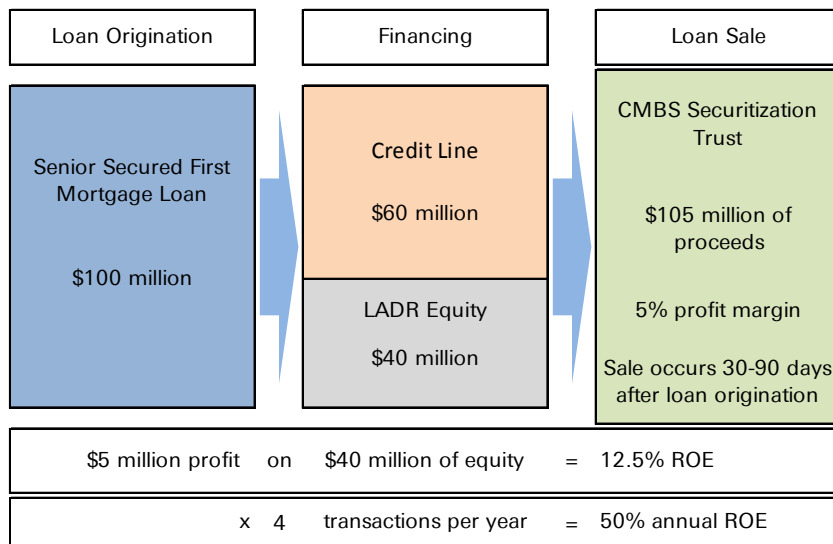


Investment strategy

Loans

Conduit first mortgage loans: LADR originates conduit loans secured by income-producing CRE properties (typically fixed rate loans with five- to ten-year terms). Conduit loans are primarily originated with the intent to sell into CMBS securitization trusts, but LADR can also hold these assets on its balance sheet or offer them as whole loans for sale to third-party investors.

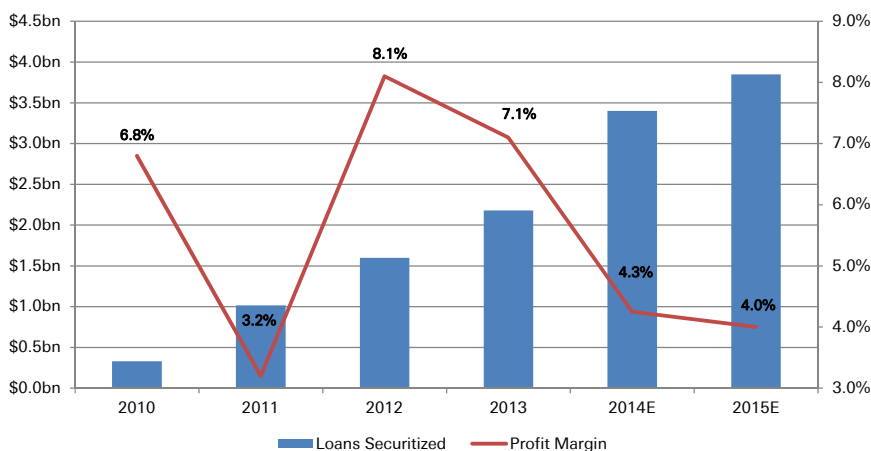
Figure 3: Hypothetical example of a conduit loan securitization



Source: Deutsche Bank, company presentation

Since its inception in 2008, LADR has originated and funded \$5.4 billion of conduit first mortgage loans, securitizing \$5.1 billion through 16 separate transactions (two securitizations in 2010, three securitizations in 2011, six securitizations in 2012 and five securitizations as of 9/30/13). Average loan-to-value (LTV) ratio of LADR's conduit loan portfolio was 69.7% as of 12/31.

Figure 4: LADR securitization volumes and profitability



Source: Deutsche Bank estimates, company presentation



Balance sheet first mortgage loans: LADR originates and invests in first mortgages secured by transitional CRE assets, such as properties undergoing renovations, sell-outs or lease-ups. Balance sheet first mortgage loans are typically floating rate with one- to three-year terms (including extension options). Average LTV of balance sheet first mortgage loans was 65.8% at 12/31. LADR also selectively invests in other CRE-related loans including, mezzanine and subordinated debt (average LTV of 77.6% at 12/31 for other CRE loans).

Securities

LADR invests in CMBS secured by first mortgage loans. LADR seeks to leverage its mortgage loan origination expertise and CMBS transaction structuring experience when evaluating and trading CMBS.

Real estate

LADR selectively invests in commercial and residential real estate through its net lease business. A net lease requires the tenant to pay fixed rent and some or all of the property expenses that normally would be paid by the property owner, including real estate taxes, building insurance and maintenance expenses.

Other investments

LADR established a partnership with a Canadian sovereign pension fund in 2011 to invest in first mortgage bridge loans. The company owns 10% of the limited partnership interest and 100% of the general partnership interest, earning a management fee and an incentive fee. The book value of LADR's investment in the institutional partnership was \$9.9 million as of 9/30.

LADR also owns a \$2.1 million interest in an office building through an unconsolidated joint venture and manages three separate CMBS investment accounts for private investors totaling \$7.0 million. As of October 2012, the company no longer purchases new CMBS investments for the private investors and plans to continue managing the CMBS investments until full repayment or disposition.

Financing

LADR seeks to manage its financing strategy by complementing its asset composition and aims to spread exposure across various capital markets and counterparties. The company finances investments in CRE loans and securities with cash, earnings from operations, debt facilities and FLHB borrowings, and funds its real estate investments with non-recourse first mortgage loans. LADR has a target leverage ratio of 2.0x-3.0x while leverage at 12/31 was 1.9x.



Figure 5: LADR operating segment summary since inception (as of 9/30)

Loans	Conduit Loans	\$5.4 billion in originations \$5.1 billion securitized in 16 transactions Indicative ROEs: 30% - 50%+
	Balance Sheet Loans	\$1.1 billion in originations (includes \$311 million of JV loans) Indicative ROEs: 12% - 15%
	Balance Sheet Loans JV	\$311 million contributed to JV Indicative ROEs: 30% - 40%
Securities	Investment Grade CMBS	\$4.5 billion invested Indicative ROEs: 10% - 15%
	US Agency Securities	\$744 million invested Indicative ROEs: 15% - 30%+
Equity	Net Lease	\$382 million invested Indicative ROEs: 12% - 16%
	Other	\$272 million invested Indicative ROEs: 20% - 25%+

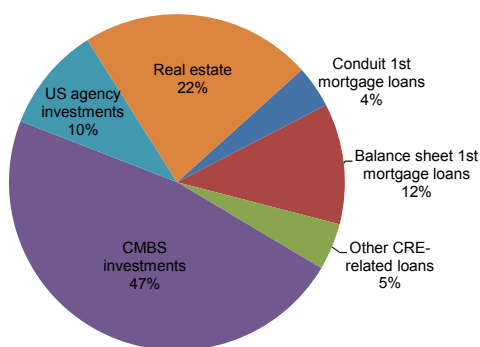
Source: Deutsche Bank, company presentation

Portfolio overview (as of 9/30)

At 3Q-end, the carrying value of LADR's investment portfolio totaled \$2.3 billion (Figure 6), consisting of mortgages and loans (20%), CMBS and agency securities (58%), and investments in real estate (22%).

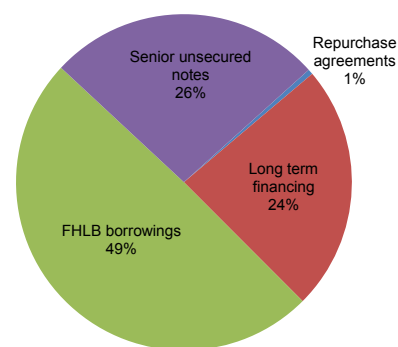
LADR's borrowings totaled \$1.2 billion (Figure 7), consisting of FHLB borrowings (49%), senior unsecured notes (26%), long term financing (24%) and repurchase agreements (1%).

Figure 6: \$2.3b investment portfolio (as of 9/30)



Source: Deutsche Bank, company reports

Figure 7: \$1.2b outstanding borrowings (as of 9/30)



Source: Deutsche Bank, company reports

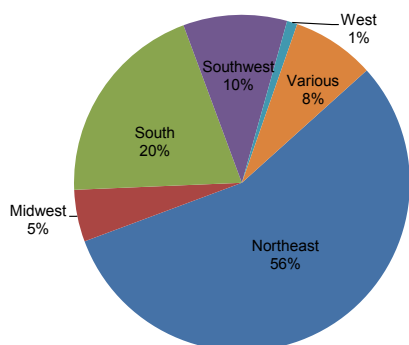
Loans

LADR's conduit, balance sheet and other CRE-related loans totaled \$462 million at 9/30. The company held four conduit loans that were available for sale into securitization with a weighted average LTV of 64.1% and aggregate book value of \$93.0 million. LADR's balance sheet first mortgage loans totaled \$266.2 million and had a weighted average LTV of 58.4%. Other CRE-related



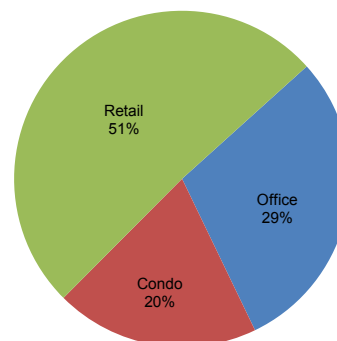
loans held on LADR's balance sheet totaled \$103.4 million and had a weighted average LTV of 74.9%.

Figure 8: Loan portfolio by geography (as of 9/30)



Source: Deutsche Bank, company reports

Figure 9: Loan portfolio by asset type (as of 9/30)



Source: Deutsche Bank, company reports

Securities

At 9/30, the company's \$1.1 billion CMBS portfolio was 100% investment grade, primarily consisting of AAA-rated securities (79% AAA/Aaa-rated). LADR's agency portfolio totaled \$232 million. The CMBS and agency security portfolios had a weighted average duration of 4.3 years and 3.4 years, respectively.

Real estate

LADR owned 34 single tenant retail properties with a combined book value totaling \$259 million, total square footage of 1.4 million, 100% occupancy and a weighted average remaining lease of 19 years as of 9/30. LADR also owned 14 commercial assets totaling \$151 million in book value through two joint ventures and 356 residential condominiums with book value totaling \$100 million. The company's residential portfolio was concentrated in Las Vegas with 59% of the assets rented and occupied.

4Q results review

LADR reported 4Q core earnings of \$20.9 million, which exceeded the company's initial guidance range of \$15.2-\$18.6 million. LADR's \$3.3 billion investment portfolio (up from \$2.3 billion at 9/30) was funded with \$2.2 billion of borrowings, which included loan facilities (7%), securities facilities (20%), long-term financing (13%), FHLB borrowings (45%), and senior unsecured notes (15%). The investment portfolio consisted of \$979.6 million of CRE loans, \$1.7 billion of securities and \$624.2 million of real estate assets. Leverage at year-end was 1.9x, slightly below the company's target range of 2.0x-3.0x.

During 2013, LADR originated \$2.5 billion in loans while selling and contributing \$2.2 billion of mortgage loans across six securitizations. The company's income from loan sales totaled \$146.7 million in 2013.

Initiating 2014 and 2015 estimates

We expect LADR to grow its loan origination business and increase leverage given the company had \$2.1 billion of available committed financing at 12/31



(FHLB membership, credit agreement, and repurchase facilities). Our YE 2014 leverage assumption is 2.0x, which is at the low end of LADR's target leverage range of 2.0x-3.0x. We expect LADR's core EPS to benefit in 2014 from 1) increased volume and frequency of conduit loan securitizations, 2) new investments in balance sheet mortgage loans and CMBS securities, and 3) net lease assets. Given our estimated portfolio growth and conduit loan sales, we expect 2014 core earnings of \$1.45 per share. Our estimates do not assume additional capital raises or any realized/unrealized gains.

For 2015, we expect core earnings of \$1.59 per share.

We do not expect LADR to pay a dividend as the C-Corp structure allows the company to reinvest equity capital and expand the business using retained earnings.

Figure 10: LADR Model (in USD millions)

FY Ends December	2013				2014					2015				
	1H	Q3	Q4	FY	Q1E	Q2E	Q3E	Q4E	FY	Q1E	Q2E	Q3E	Q4E	FY
Interest income	61.4	29.6	30.5	121.6	33.9	39.7	44.2	47.7	165.5	51.0	52.8	55.5	58.2	217.6
Interest expense	23.1	12.6	13.0	48.7	16.7	18.3	19.7	20.9	75.6	22.3	23.8	25.4	26.7	98.2
Net interest income	38.3	17.1	17.5	72.8	17.1	21.5	24.5	26.8	89.9	28.8	29.1	30.0	31.5	119.3
Operating lease income	15.4	11.2	10.8	37.4	13.1	14.0	14.5	14.9	56.5	15.7	16.6	17.5	18.4	68.2
Sale of loans, net	118.8	22.2	5.7	146.7	36.1	36.1	36.1	36.1	144.5	38.5	38.5	38.5	38.5	154.0
Gain (loss) on securities, net	5.9	(1.4)	(0.3)	4.2	5.6	5.3	4.0	3.8	18.7	3.5	3.3	3.0	2.8	12.5
Sale of real estate, net	7.4	3.5	2.7	13.6	5.0	5.0	5.0	5.0	20.0	5.0	5.0	5.0	5.0	20.0
Fee income	3.6	1.7	2.6	7.9	4.7	4.7	4.7	4.7	18.7	4.8	4.8	4.8	4.8	19.3
Other income	22.9	(6.3)	14.7	31.3	-	-	-	-	-	-	-	-	-	-
Income from joint ventures	1.0	1.4	0.9	3.2	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0
Unrealized gain (loss) on IO securities, net	(5.0)	3.2	(0.8)	(2.7)	-	-	-	-	-	-	-	-	-	-
Total other income	170.0	35.5	36.2	241.7	64.7	65.4	64.5	64.7	259.3	67.8	68.4	69.0	69.7	274.9
Salaries and employee benefits	33.6	14.3	13.1	61.0	17.3	18.0	18.3	18.7	72.3	19.8	19.9	20.1	20.5	80.3
Operating expenses	5.5	5.9	3.6	14.9	2.4	2.6	2.7	2.7	10.4	2.9	2.9	3.0	3.0	11.7
Operating expenses - real estate	6.9	4.4	6.1	17.4	5.5	5.9	6.1	6.2	23.7	6.6	7.0	7.3	7.7	28.6
Fee expense	5.2	0.6	0.8	6.6	3.3	3.5	3.5	3.6	13.9	3.8	3.9	3.9	4.0	15.7
Depreciation	6.2	5.4	9.9	21.5	6.5	7.2	7.6	8.0	29.3	8.4	8.9	9.3	9.7	36.3
Loan loss provision	0.3	0.2	0.2	0.6	0.5	0.5	0.5	0.5	2.0	0.7	0.7	0.7	0.7	2.8
Total costs and expenses	57.6	30.8	33.7	122.1	35.4	37.6	38.7	39.8	151.6	42.2	43.2	44.4	45.6	175.4
Net income before taxes	150.6	21.9	20.0	192.5	46.4	49.2	50.3	51.6	197.6	54.3	54.3	54.7	55.6	218.9
Tax expense	2.8	0.7	0.3	3.7	10.4	11.1	11.3	11.6	44.4	12.3	12.3	12.4	12.6	49.6
Consolidated net income (loss)	147.8	21.2	19.7	188.7	36.0	38.2	39.0	40.0	153.2	42.1	42.0	42.3	42.9	169.3
Non-controlling interest in JV	0.3	(1.0)	1.8	1.1	-	-	-	-	-	-	-	-	-	-
Net income	148.1	20.2	21.5	189.8	36.0	38.2	39.0	40.0	153.2	42.1	42.0	42.3	42.9	169.3
Average shares outstanding (Diluted)	22.6	22.6	22.6	22.6	97.2	97.3	97.5	97.8	97.4	98.0	98.2	98.5	98.7	98.3
Income before taxes	150.6	21.9	20.0	192.5	46.4	49.2	50.3	51.6	197.6	54.3	54.3	54.7	55.6	218.9
Total Adjustments	(16.7)	25.7	0.9	9.8	10.8	11.5	11.9	12.3	46.5	12.1	12.6	13.0	13.4	51.1
Core earnings	133.9	47.5	20.9	202.3	57.2	60.7	62.2	64.0	244.1	66.5	66.8	67.7	68.9	270.0
Tax expense on core earnings	-	-	-	-	24.0	25.5	26.2	26.9	102.6	28.0	28.1	28.5	29.0	113.5
After-tax core earnings	-	-	-	-	33.2	35.2	36.1	37.1	141.5	38.5	38.7	39.2	40.0	156.5
Core EPS (Class A & B)					\$ 0.34	\$ 0.36	\$ 0.37	\$ 0.38	\$ 1.45	\$ 0.39	\$ 0.39	\$ 0.40	\$ 0.41	\$ 1.59
Non-controlling interest	-	-	-	-	(22.7)	(24.0)	(24.4)	(25.0)	(96.1)	(26.3)	(26.2)	(26.3)	(26.7)	(105.4)
Core adjustments	-	-	-	-	3.2	3.4	3.5	3.7	13.8	3.6	3.8	3.9	4.0	15.3
Adjusted net income (Class A)	-	-	-	-	16.6	17.6	18.1	18.7	70.9	19.4	19.6	19.9	20.3	79.1
Adjusted EPS (Class A)					\$ 0.34	\$ 0.36	\$ 0.37	\$ 0.38	\$ 1.45	\$ 0.39	\$ 0.39	\$ 0.40	\$ 0.41	\$ 1.59
Total Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Deutsche Bank, company reports

Initiating a price target of \$22.25 per share

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Figure 11: CRE debt investors comparison table

Company	Ticker	Deutsche Bank Research		Current Price	Current Market Cap	EPS			Price/Earnings Ratios			MRQ	Ann.	Dividend Yield		MRQ	Price/
		Rating	Target	3/6/14	(\$mm)	CY2012A	CY2013E	CY2014E	CY2012A	CY2013E	CY2014E	Dividend	Yield	CY2013E	CY2014E	BVPS	MRQ
STARWOOD PROPERTY TRUST	STWD	Buy	26.25	24.19	5,893	1.97	2.11	2.12	12.3x	11.5x	11.4x	0.46	7.6%	7.5%	7.9%	16.42	1.47x
NORTHSTAR REALTY FINANCE	NRF	Buy	17.25	15.71	4,316	1.71	1.06	1.32	9.2x	14.8x	11.9x	0.25	6.4%	5.4%	7.0%	7.20	2.18x
NEWCASTLE INVESTMENT	NCT			4.74	2,003	1.03	0.55	0.47	4.6x	8.6x	10.1x	0.17	14.3%	2.5%	1.8%	4.66	1.02x
COLONY FINANCIAL	CLNY			22.50	1,680	1.32	1.35	1.90	17.0x	16.7x	11.8x	0.35	6.2%	0.3%	0.3%	18.72	1.20x
PENNYMAG MORTGAGE	PMT			24.17	1,642	2.33	2.87	2.78	10.4x	8.4x	8.7x	0.59	9.8%	0.4%	0.4%	21.22	1.14x
REDWOOD TRUST	RWT	Buy	22.75	21.12	1,537	1.28	2.04	1.47	16.5x	10.4x	14.4x	0.28	5.3%	5.3%	5.3%	15.10	1.40x
ISTAR FINANCIAL	STAR			15.45	1,308	(2.85)	(1.75)	(1.28)	NA	NA	NA	0.00	NA	NA	NA	6.77	2.28x
BLACKSTONE MORTGAGE TRUST	BXMT	Buy	31.00	29.21	1,088	NA	1.06	2.09	NA	27.6x	14.0x	0.45	6.2%	2.5%	7.5%	24.74	1.18x
RESOURCE CAPITAL	RSO	Hold	6.50	5.87	759	0.97	0.74	0.65	6.1x	7.9x	9.0x	0.20	13.6%	13.6%	13.6%	5.41	1.09x
RAIT FINANCIAL TRUST	RAS	Buy	9.75	8.39	656	(3.75)	1.29	1.28	NA	6.5x	6.6x	0.16	7.6%	6.7%	8.8%	6.48	1.29x
APOLLO COMMERCIAL REAL ESTATE FINANCE	ARI			16.82	612	1.50	1.38	1.73	11.2x	12.2x	9.7x	0.54	12.8%	0.6%	0.6%	16.42	1.02x
Average									10.9x	12.5x	10.8x		9.0%	4.5%	5.3%		1.39x
LADDER CAPITAL	LADR	Buy	22.25	17.28	656	NA	NA	1.45	NA	NA	11.9x	NA	NA	NA	NA	14.83	1.17x

Source: Deutsche Bank estimates, Thomson Reuter consensus estimates, and company reports



Management

Brian Harris – Chief Executive Officer and Director

Mr. Harris co-founded LADR and has served as the company's Chief Executive Officer since its formation in October 2008. He previously served as a Senior Partner, Managing Director and Head of Global Commercial Real Estate at Dillon Read Capital Management (DRCM) from 2006 to 2007 after serving as Head of Global Commercial Real Estate at UBS Securities from 1999 to 2006. Mr. Harris was also a member of the Board of Directors of UBS Investment Bank from 2003 to 2005. Mr. Harris holds a B.S. in Biology and an M.B.A. from The State University of New York at Albany. Mr. Harris has over 29 years of real estate and financial markets experience.

Michael Mazzei – President

Mr. Mazzei has served as President of LADR since June 2012. He served as Managing Director and Global Head of the CMBS and Bank Loan Syndication Group at Bank of America Merrill Lynch from 2009 to 2012 after serving as Co-Head of CMBS and Commercial Real Estate Debt Markets at Barclays Capital from 2004 to 2009. He previously spent 20 years at Lehman Brothers, dedicating 18 of those years to commercial real estate-related functions. He received a B.S. in Finance from Baruch College CUNY and a J.D. from St. John's University, and is a graduate of the New York University Real Estate Institute. Mr. Mazzei has 27 years of experience in commercial real estate finance.

Greta Guggenheim – Chief Investment Officer

Ms. Guggenheim has served as CIO of LADR since June 2012. She co-founded and previously served as President of LADR since its formation in October 2008 through June 2012. Ms. Guggenheim was previously a Managing Director and Head of Origination at DRCM from June 2006 to June 2007 after serving as Managing Director in Originations at UBS Securities from 2002 to 2006. Prior to joining UBS, Ms. Guggenheim served as a Managing Director at Bear Stearns & Co. from 2000 to 2002. Ms. Guggenheim holds a B.A. in Economics and Spanish Literature from Swarthmore College and an M.B.A. from The Wharton School of the University of Pennsylvania. She has 26 years of experience in commercial real estate finance.

Marc Fox – Chief Financial Officer

Mr. Fox has served as CFO of LADR since November 2008. He was the former Treasurer of Capmark Financial Group Inc. where he worked on planning and executing its global funding strategies, including commercial real estate related activities from 1999 to 2008. From 1994 to 1998 he managed Capmark Financial Group's commercial real estate underwriting and execution activities. Mr. Fox also served as a commercial real estate appraiser and consultant at Herskowitz, Rosen & Walton from 1990 to 1997. Mr. Fox received a B.S. in Economics and an M.B.A. from the Wharton School of the University of Pennsylvania. He has 23 years of experience in commercial real estate finance.



Risk factors

An economic downturn could have a negative impact on the commercial real estate finance industry, given its reliance on general economic conditions. This could lead to defaults on debt funding CRE properties. LADR's borrowers may find it difficult to refinance interim funding obtained from the company if credit availability decreases and/or performance of property collateralizing the debt declines.

LADR's access to and use of leverage and securitization may adversely affect results. Illiquidity, changing interest rates, or poor credit results may dampen the value of the company's investment portfolio. As a result, LADR may receive margin calls from lenders, and the company may be forced to sell assets at times when demand for those assets is low.

A portion of LADR's borrowings bear variable rates of interest and the company hedging its interest rate exposure may negatively impact earnings.

Many of the LADR's investments are illiquid, which could impact how quickly the company can position its portfolio in response to changes in the operating environment.

The company's investments are sensitive to changes in credit spreads, with widening spreads negatively impacting the value of the loan and securities portfolio.

The loss of any key management personnel could negatively impact the company.



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Ladder Capital	LADR.N	17.28 (USD) 6 Mar 14	1,7,8

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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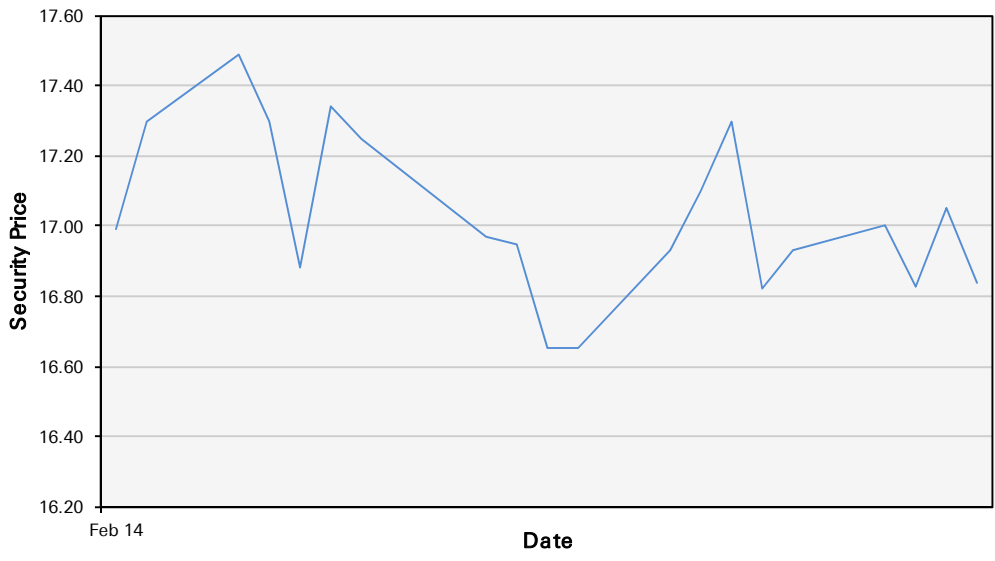
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Historical recommendations and target price: Ladder Capital (LADR.N)

(as of 3/6/2014)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9, 2002

Equity rating key

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.

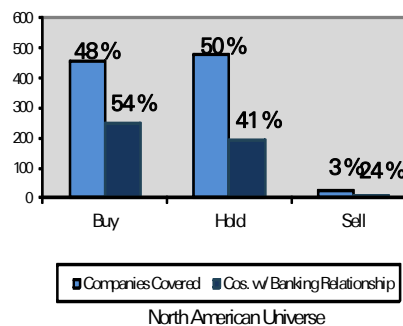
2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

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Equity rating dispersion and banking relationships





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