



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

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18 Can any resulting loss be recognized? ▶ SEE ATTACHED

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶  Date ▶ 3/10/2020

Print your name ▶ ANDREW AHLBORN Title ▶ CFO

**Paid Preparer Use Only**

Print/Type preparer's name <u>LEIGH HAYES</u>	Preparer's signature 	Date <u>3/13/2020</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P01376346</u>
Firm's name ▶ <u>PRICEWATERHOUSECOOPERS I.L.P.</u>			Firm's EIN ▶ <u>13-4008324</u>	
Firm's address ▶ <u>1800 TYSONS BLVD, MCLEAN, VA 22102</u>			Phone no. <u>703-918-3000</u>	

**Ready Capital Corporation**  
**Attachment to Internal Revenue Service Form 8937**

On August 9, 2017, Ready Capital Corporation (the “**Company**”) issued 7.00% convertible senior notes due 2023 (the “**Notes**”). The Company has provided a notice of adjustment to the conversion rate applicable to the Notes.

Section 6045B of the Internal Revenue Code and the related Treasury Regulations provide that effective January 1, 2016, if a company pays a cash dividend with respect to stock resulting in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution under sections 305(b)(2) and (c) of the Code, an information return on Form 8937 must be filed with the Internal Revenue Service or, in lieu of filing, posted to the company’s public website.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. Holders of the Notes should consult their own tax advisors regarding the particular tax consequences of the conversion rate adjustment to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. Such information is not intended to be a complete analysis or description of all potential federal or other tax consequences of the conversion rate adjustment.

**Form 8937, Part II, Line 14**

Immediately after the open of business on December 30, 2019 (i.e., the ex-dividend date of the dividend paid on January 31, 2020), in connection with the cash dividends previously announced by the Company, the conversion rate of the Notes was adjusted from 1.4997 to 1.5205 shares of Company’s common stock per \$25.00 principal amount of the Notes, resulting in a deemed distribution to holders of the Notes.

**Form 8937, Part II, Line 15**

In connection with the Company’s payment of the cash dividend described in Line 14, the tax basis adjustment resulting from the deemed distribution is an increase of \$0.3271 per \$25.00 of principal amount of Notes. The Company expects that it will have sufficient current or accumulated earnings and profits. Accordingly, as a result of the increase in the conversion rate of the Notes, each holder of the Notes is expected to include \$0.3271 in gross income as a dividend per \$25.00 principal amount of the Notes with a resulting basis increase of the same amount.

**Form 8937, Part II, Line 16**

The conversion rate adjustment is calculated pursuant to Section 5.04(d) of the First Supplemental Indenture, dated as of August 9, 2017, as amended by Amendment No. 1 to First Supplemental Indenture, dated as of February 26, 2019 (the "Supplemental Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee") to the Indenture, dated as of August 9, 2017, between the Company and the Trustee:

$CR_0$  = the Conversion Rate in effect immediately prior to the Open of Business on the Ex-Dividend Date of such dividend or distribution, or immediately prior to the Open of Business on the effective date of such share split or combination, as applicable;

$CR_1$  = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date or such effective date;

$SP_0$  = the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution

$$\begin{aligned} \text{The tax basis adjustment} &= SP_0 * (CR_1 - CR_0) \\ &= \$15.76 * (1.5205 - 1.4997) \\ &= \$0.3271 \text{ per } \$25.00 \text{ principal amount of the Notes} \end{aligned}$$

Accordingly, for illustrative purposes, a holder of the Notes with a principal amount of \$25.00 is expected to increase its basis in the Notes by \$0.3271 as a result of the inclusion of the dividend in gross income for U.S. federal income tax purposes.

**Form 8937, Part II, Line 17**

Sections 305(b)(2), 305(c), 301(c) and 301(d).

**Form 8937, Part II, Line 18**

There is no associated loss recognition.

**Form 8937, Part II, Line 19**

The reportable tax year for this conversion rate adjustment is 2019 for a calendar year taxpayer.