

Related Cos. Takes Stake in Ladder Capital

Related felt shares in Ladder have been undervalued by the market

By **PETER GRANT**

Shares of real-estate investor [Ladder Capital](#) Corp. rose over 2.9% Tuesday after Related Cos. announced it had purchased a 5.4% stake in the company for \$80 million.

Ladder is best known as a lender that both holds some of the loans it makes on its balance sheet and resells other loans it makes as commercial mortgage-backed securities. The real-estate investment trust, which was founded in 2008 and did an initial public offering in 2014, also owns over 100 properties, mostly stores that are leased to well-known retailers.

Justin Metz, managing principal of Related Fund Management, said his firm felt Ladder has been undervalued by the stock market, which initially priced Ladder's shares at \$17 apiece. In the last 12 months they have traded in the \$11.50 to \$15.50 range.

Mr. Metz said Ladder's management, led by Chief Executive Brian Harris, has a good track record for lending. "He's always been paid back," Mr. Metz said.

In addition, Related likes Ladder's portfolio of real estate, which the broader stock market has been valuing at below the properties' market value. "The intrinsic value is significantly above where the stock price was," Mr. Metz said.

An investment fund controlled by Related purchased the stock from shareholders who owned stakes in Ladder before its IPO. Ladder also has given Related rights to invest in a portion of the pieces of commercial mortgage-backed securities Ladder is required to hold under the new so-called risk retention rules that recently went into effect under the Dodd-Frank regulatory overhaul.

Related's executive vice president and general counsel will be joining Ladder's board.

Ladder's shares closed at \$14.43 on the New York Stock Exchange.