

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
SUTHERLAND ASSET MANAGEMENT CORPORATION		80-0958557	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
RAYMOND MIZRAHI	212-257-6209	RMIZRAHI@WATERFALLAM.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1140 AVENUE OF THE AMERICAS, 7TH FLOOR		NEW YORK, NY 10036	
8 Date of action		9 Classification and description	
FEBRUARY 28, 2017		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
		SLD	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ THE TAXPAYER MADE CASH DISTRIBUTIONS TO ITS SHAREHOLDERS IN EXCESS OF ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS. THUS, A PORTION OF THE CASH DISTRIBUTION IS A RETURN OF THE SHAREHOLDER'S CAPITAL. SEE PART II, LINE 15 FOR THE AMOUNT OF THESE DISTRIBUTIONS PER SHARE.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE DISTRIBUTIONS REDUCED THE BASIS OF THE SECURITY IN THE HANDS OF THE COMMON SHAREHOLDER(S) AS FOLLOWS:

<u>DIVIDEND PAYABLE ON 06/17/2016</u>	<u>\$0.02823 PER SHARE</u>
<u>DIVIDEND PAYABLE ON 09/16/2016</u>	<u>\$0.02823 PER SHARE</u>
<u>DIVIDEND PAYABLE ON 10/25/2016</u>	<u>\$0.02229 PER SHARE</u>

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE TAXPAYER'S EARNINGS AND PROFITS WERE CALCULATED PURSUANT TO IRC SECTION 312, AS MODIFIED BY IRC SECTION 857(D) FOR A REAL ESTATE INVESTMENT TRUST, AND THE REGULATIONS THEREUNDER. AMOUNTS IN EXCESS OF EARNINGS AND PROFITS REDUCE THE SHAREHOLDER'S TAX BASIS IN ITS SHARES TO THE EXTENT OF THE SHAREHOLDER'S TAX BASIS IN THE SHARES.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC SECTION 301 (C) (2)

18 Can any resulting loss be recognized? ▶ NO

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE ADJUSTMENT IS APPLICABLE TO THE 2016 TAX YEAR.

SUTHERLAND ASSET MANAGEMENT CORPORATION COMMON STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR RESPECTIVE TAX CONSEQUENCES OF THE DISTRIBUTIONS. THE INFORMATION CONTAINED IN THIS DOCUMENT DOES NOT CONSTITUTE TAX ADVICE.

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 ▶ *Frederick C. Herbert* Date ▶ 4/14/17
Print your name ▶ Frederick C. Herbert Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	JOHN NIEMIEC	<u><i>John Niemiec</i></u>	04/04/2017		P01327821
	Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶ 86-1065772	
	Firm's address ▶ 100 KIMBALL DRIVE, PARSIPPANY, NJ 07054			Phone no. 973-602-6741	