



# Hunt Companies Finance Trust

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Q3 2019 Earnings Supplemental

November 2019

# Disclaimer

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This presentation includes non-GAAP financial measures within the meaning of Item 10(e) of Regulation S-K, as promulgated by the SEC. While we believe the non-GAAP information included in this presentation provides supplemental information to assist investors in analyzing our financials and to assist investors in comparing our results with other peer issuers, these measures are not in accordance with GAAP, and they should not be considered a substitute for, or superior to, our financial information calculated in accordance with GAAP. Our GAAP financial results and the reconciliations from these results contained herein should be carefully evaluated.

# Company Overview

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Real estate investment trust  
focused on transitional  
multifamily and other  
commercial real estate loans or  
securitizations

Strong focus on middle-market  
multifamily sector



Externally managed by Hunt  
Investment Management,  
part of Hunt Companies Inc.,  
a diverse real estate  
organization

Emphasis on floating-rate  
investments

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## KEY INVESTMENT HIGHLIGHTS

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**Access to  
Extensive Loan  
Origination  
Platform**

**Experienced  
Management  
Team**

**Strength of  
Ownership /  
Sponsorship**

**Strategy Well  
Positioned for  
Current Market  
Environment**

**Strong Credit  
and Asset  
Management  
Capabilities**

# Q3 2019 Key Updates

## FINANCIAL RESULTS

- Q3 2019 GAAP Net Income of \$2.15 million, or \$0.09 per share
- Q3 2019 Core Earnings of \$2.33 million, or \$0.10 per share
- Q3 2019 Book value per share of \$4.61

## HIGHLIGHTS

- On September 17, 2019, the Company announced the declaration of a cash dividend of \$0.075 per share of common stock with respect to Q3 2019
- In Q3 2019, the Company acquired \$61.5 mm of new loans and participations at a weighted average spread of LIBOR + 3.15%
  - The weighted-average LIBOR floor of the Q3 acquisitions was 1.98%
  - 94% of the new acquisitions were multifamily assets
- The Company experienced \$95.0 mm of loan payoffs and sold \$6.8mm of loan participations during the quarter

## INVESTMENT PORTFOLIO OVERVIEW

- As of the end of Q3 2019, 99.5% of HCFT's investment portfolio consisted of floating-rate CRE loans
  - The \$559.5 million CRE loan portfolio had a weighted average remaining term of 21 months<sup>(1)</sup> and a weighted average coupon of L + 3.79%
  - 92% of the portfolio was multifamily
- The Company's only remaining legacy investment consists of \$2.7 million of mortgage servicing rights

## CAPITALIZATION

- The floating-rate CRE loan portfolio is financed with \$510.2 million of investment grade notes issued through two CRE CLOs
- As of 9/30/2019, the Company had \$10.3 million of unrestricted cash and the CLOs had \$81.0 million of reinvestment capacity

# Q3 2019 Earnings Summary

Summary Income Statement (thousands)	Three Months Ended September 30, 2019	YTD Through September 30, 2019
Net interest income	\$3,796	\$12,049
Total other income (loss)	(202)	(622)
Operating expenses	(1,703)	(6,527)
Preferred dividends	(4)	(488)
(Provision for) benefit from income taxes	267	127
Deemed dividend on preferred stock related to redemption	0	(3,093)
<b>Net income attributable to common stockholders</b>	<b>\$2,154</b>	<b>\$1,446</b>
Reclassification adjustment for net gain (loss) included in net income	0	0
<b>Comprehensive income attributable to common stockholders</b>	<b>\$2,154</b>	<b>\$1,446</b>
Weighted average shares outstanding during the period	23,687,664	23,687,664
<b>Net income per share</b>	<b>\$0.09</b>	<b>\$0.06</b>
<b>Comprehensive income per share</b>	<b>\$0.09</b>	<b>\$0.06</b>

GAAP Comprehensive Income to Core Earnings Reconciliation (thousands)	Three Months Ended September 30, 2019	YTD Through September 30, 2019
<b>Comprehensive income attributable to common stockholders</b>	<b>\$2,154</b>	<b>\$1,446</b>
Adjustments:		
Net economic losses (gains) attributable to legacy assets <sup>(1)</sup>	0	15
Unrealized losses (gains) on mortgage servicing rights	445	1,284
Recognized compensation expense related to restricted stock	0	8
Adjustment for consolidated securities	0	3
Adjustment for one-time charges	0	512
Adjustment provision for (benefit from) income taxes	(267)	(127)
Adjustment for deemed dividend related to preferred stock redemptions	0	3,093
<b>Core earnings<sup>(2)</sup></b>	<b>\$2,332</b>	<b>\$6,234</b>
Weighted average shares outstanding during the period	23,687,664	23,687,664
<b>Core earnings per share</b>	<b>\$0.10</b>	<b>\$0.26</b>
<b>Dividends per share</b>	<b>\$0.075</b>	<b>\$0.22</b>

Note:

(1) Net economic losses (gains) includes unrealized gains/losses and realized gains/losses attributable to legacy assets

(2) See Appendix for definition of Core Earnings per the Management Agreement

# Q3 2019 Balance Sheet Summary

Balance Sheet (thousands)	Q3 2019
Commercial mortgage loans held-for-investment	\$559,522
Mortgage servicing rights, at fair value	2,714
Cash and cash equivalents	10,301
Restricted cash <sup>(1)</sup>	81,037
Other assets	3,778
<b>Total assets</b>	<b>\$657,351</b>
Collateralized loan obligations <sup>(2)</sup>	\$505,438
Credit facility	39,276
Other liabilities	3,416
<b>Total liabilities</b>	<b>\$548,130</b>
<b>Total equity</b>	<b>\$109,221</b>
<b>Total liabilities / Total equity</b>	<b>5.0x</b>
<b>Book Value Per Share</b>	<b>\$4.61</b>

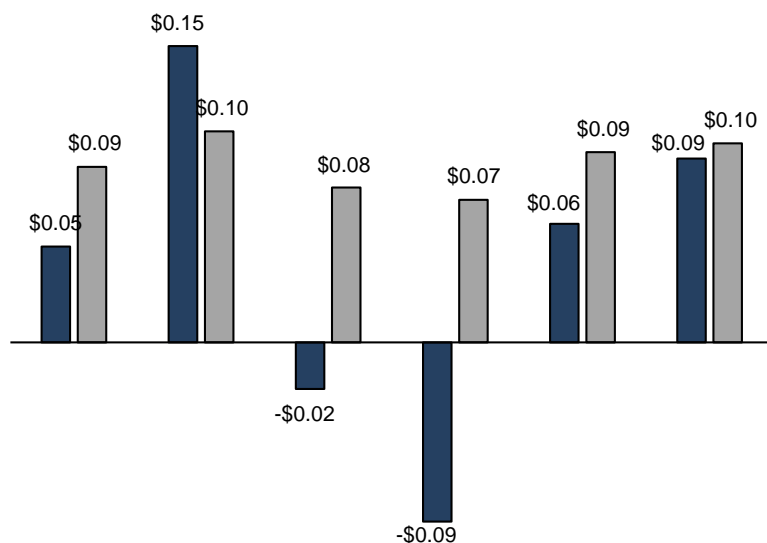
Note:

(1) Restricted cash held by CRE CLO securitization trusts and available for investment in eligible mortgage assets

(2) Outstanding notional amount of bonds issued from both CLOs is \$510 million. For GAAP purposes, these liabilities are carried at their outstanding unpaid principal balance, net of any unamortized discounts and debt issuance costs

# Operating Performance Trending

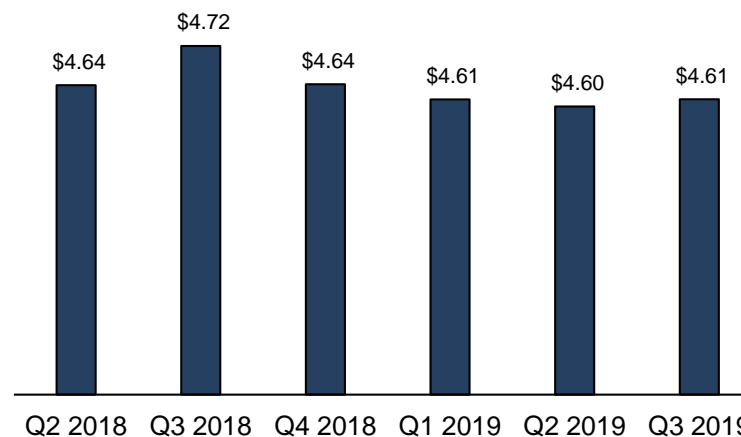
## Comprehensive Income & Core Earnings Per Share of Common Stock



Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3 2019

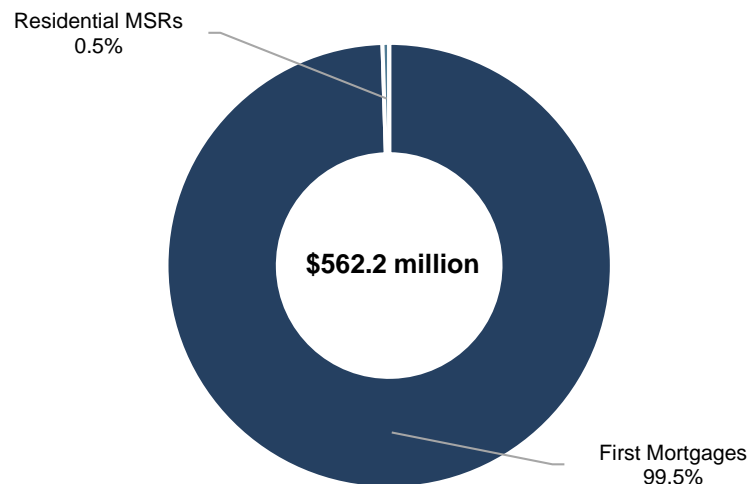
■ Comprehensive Income/Share ■ Core Earnings/Share

## Adjusted Book Value Per Share<sup>(1)</sup>

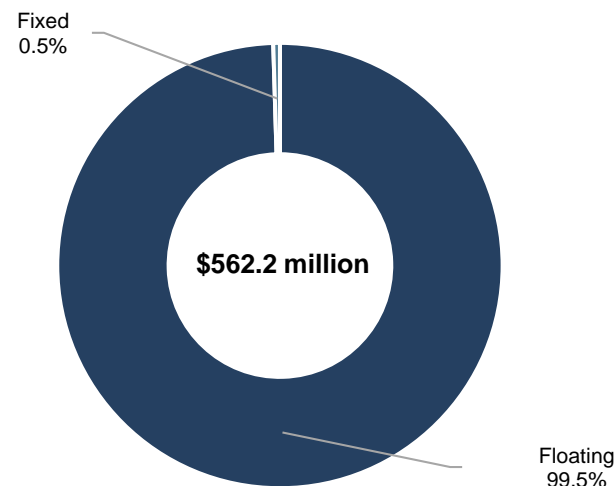


# Q3 2019 Summary of Investment Portfolio

## Investment Type



## Interest Rate Type



Investment Portfolio as of  
September 30, 2019  
(thousands)

	UPB / Notional	Net Carrying Value	Weighted Average Coupon	Weighted Average Remaining Term (months)	Weighted Average LTV at Loan Origination	Weighted Average Stabilized LTV at Loan Origination
First Mortgages	\$559,522	\$559,522	L + 3.79%	21 <sup>(1)</sup>	74.49%	69.51%
Residential MSRs	\$359,719	\$2,714	0.25%	287 <sup>(2)</sup>		
<b>Total</b>	<b>\$919,241</b>	<b>\$562,236</b>				

Note:

(1) If all extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 46 months

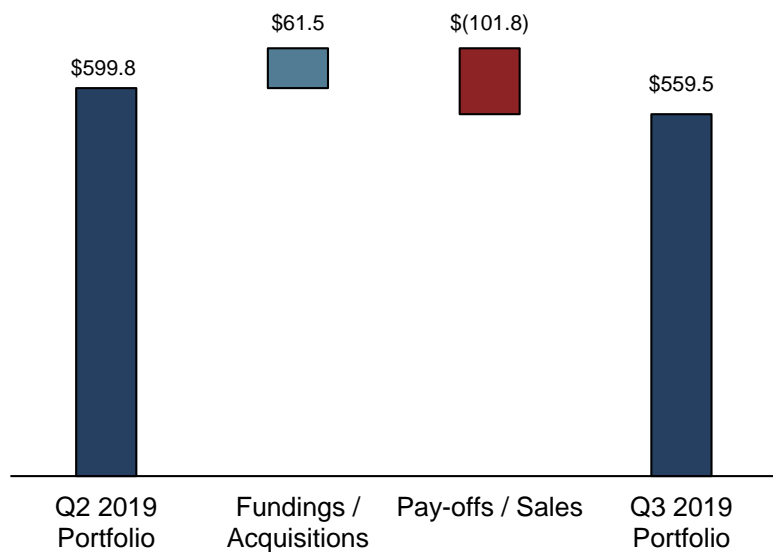
(2) The weighted average remaining term of the residential MSR portfolio is based on the maturity dates of the underlying residential loan pool and excludes the impact of potential borrower prepayments. We anticipate that the weighted average remaining life of the portfolio to be less than 287 months



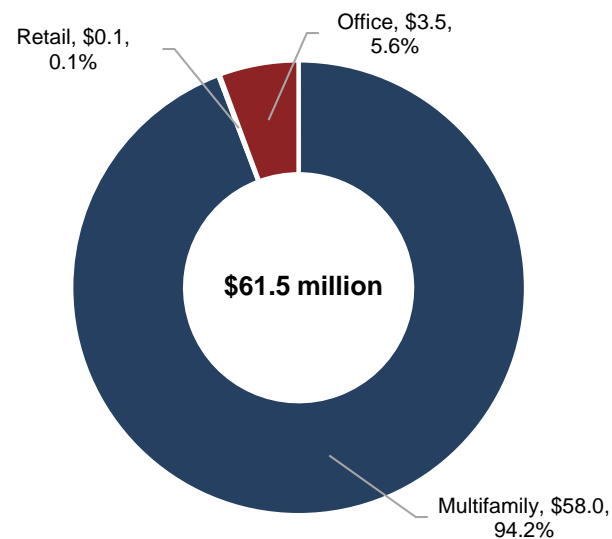
# Q3 2019 CRE Loan Portfolio Activity

- The CRE loan portfolio decreased by \$40.3 million in Q3
  - The Company acquired \$56.8 million of loans and participations at par from an affiliate of the Manager and funded an additional \$4.7 million of future funding participations
  - The Company experienced \$95.0 million of payoffs and sold \$6.8mm of loan participations

## Net Funding Activity<sup>(1)</sup>



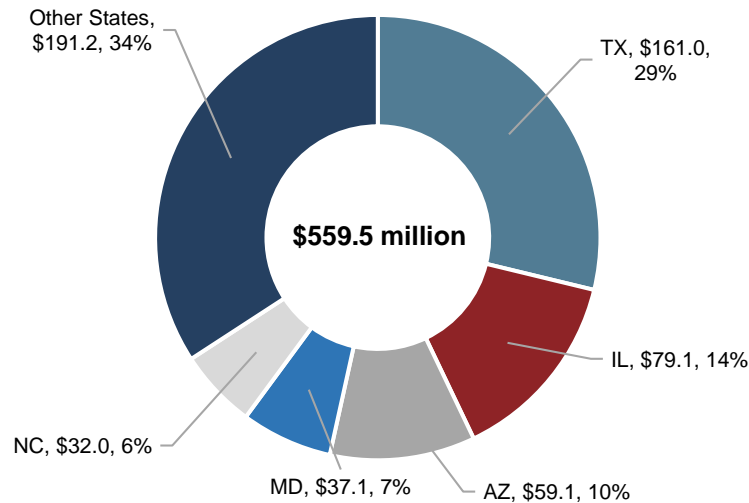
## Q3 2019 Loan Acquisitions<sup>(1)</sup>



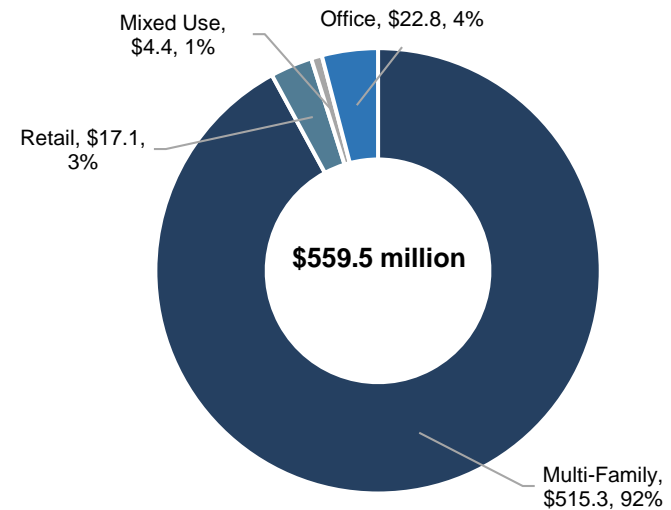
# Q3 2019 CRE Loan Portfolio Snapshot

- As of the end of Q3 2019, the Company owned a portfolio of floating-rate CRE loans with an aggregate UPB of \$559.5 million
- As of the end of Q3 2019, all loans were current

## Geographic Concentration<sup>(1)</sup>

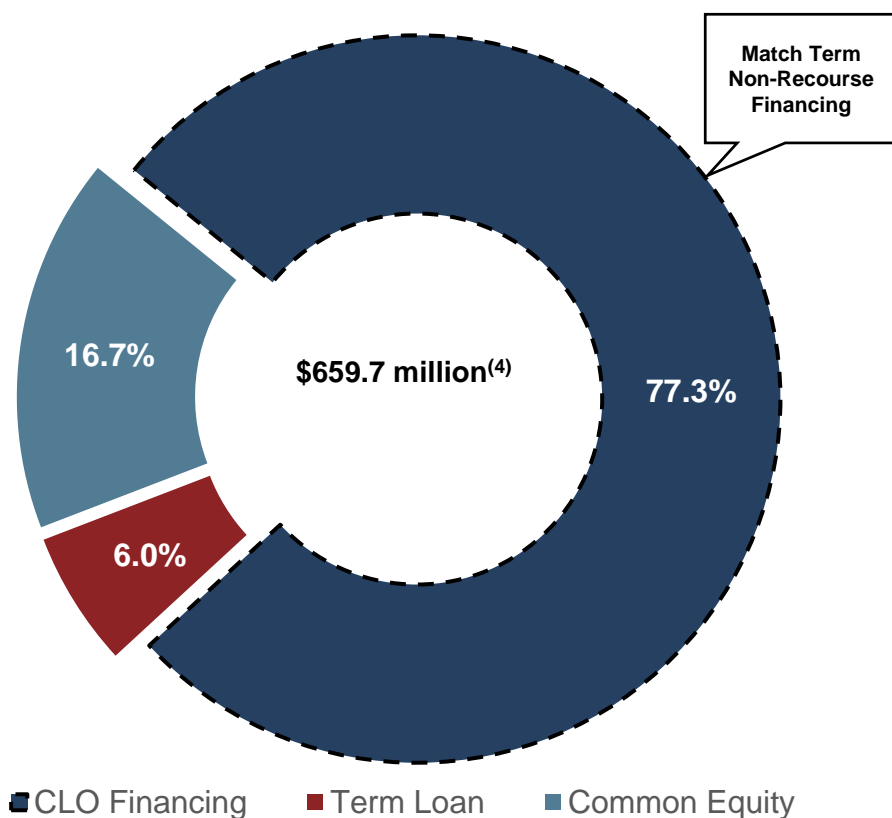


## Property Type<sup>(1)</sup>



# Capital Structure Overview

## Capital Structure Composition



## Capital Structure Detail

(\$ in mm)	Amount (\$)		
<b><u>Collateralized Loan Obligations</u></b>			
	<b><u>Rate</u></b>	<b><u>Advance Rate</u></b>	<b><u>Amount</u></b>
Hunt CRE 2017-FL1 <sup>(1)</sup>	L + 1.38%	83.3%	\$290.7
Hunt CRE 2018-FL2 <sup>(1)</sup>	L + 1.44%	77.0%	\$219.4
<b>Total Collateralized Loan Obligations</b>	<b>L + 1.41%</b>		<b>\$510.2</b>
<b><u>Credit Facilities</u></b>			
<b>Term Loan<sup>(2)</sup></b>	<b>7.25%</b>		<b>\$40.3</b>
<b>Total Debt</b>			<b>\$550.4</b>
<b><u>Equity</u></b>			
<b>Book Value of Common Equity<sup>(3)</sup></b>			<b>\$109.2</b>
<b>Total Capitalization</b>			<b>\$659.7</b>

Note:

(1) CLO financing shown at par value. GAAP carrying value of \$505.4 million includes \$1.6 million of unamortized discounts for Hunt CRE 2017-FL1 and \$3.1 million of unamortized debt issuance costs for Hunt CRE 2018-FL2

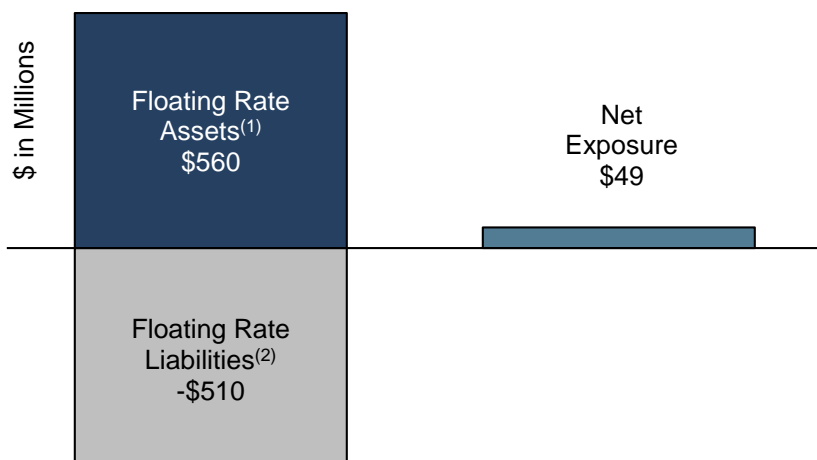
(2) Term loan shown at par value. GAAP carrying value of \$39.3 million includes \$1.0 million of unamortized debt issuance costs

(3) Noncontrolling interest was \$99,500 as of 9/30/2019 and is included in common equity above

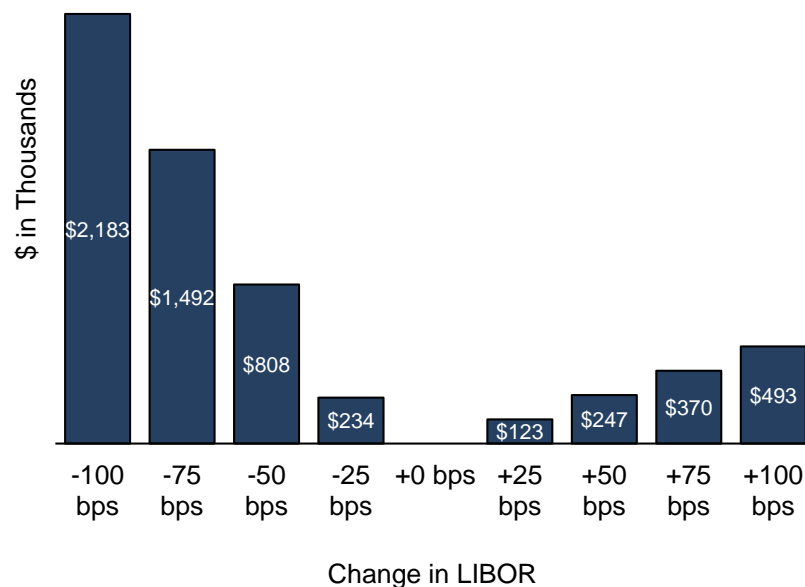
(4) HCFT total capitalization is a non-GAAP measure which excludes certain Balance Sheet items; Please see Appendix for reconciliation to GAAP

# Interest Rate Sensitivity as of September 30, 2019

## Floating-Rate Exposure

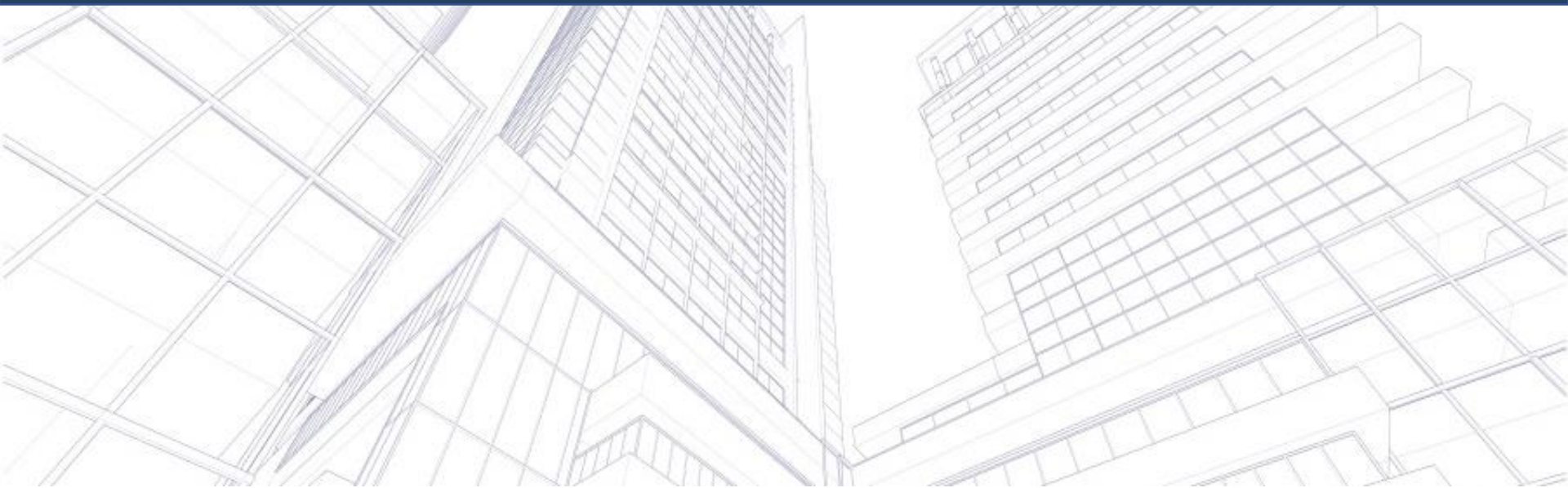


## Annual Net Interest Income Sensitivity to Shifts in One-Month LIBOR<sup>(3)</sup>



# Appendix

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# 9/30/2019 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Current Balance	Note Spread <sup>(1)</sup>	Initial Term (months)	As-Is LTV at Origination <sup>(2)</sup>
1	Loan 1	6/5/2018	6/4/2021	Multi-Family	Palatine	IL	35,625,000	4.30%	37	68.50%
2	Loan 2	11/30/2018	12/6/2020	Multi-Family	Various	Various	33,668,124	4.05%	25	70.39%
3	Loan 3	8/8/2018	8/6/2021	Multi-Family	Dallas	TX	32,253,715	3.65%	36	81.23%
4	Loan 4	7/9/2018	8/6/2021	Multi-Family	Pikesville	MD	31,581,440	3.25%	37	77.59%
5	Loan 5	11/15/2017	12/4/2020	Multi-Family	Phoenix	AZ	30,505,000	3.75%	37	74.26%
6	Loan 6	5/18/2018	6/4/2021	Multi-Family	Woodridge	IL	25,355,116	3.75%	37	76.43%
7	Loan 7	5/31/2018	6/6/2021	Multi-Family	Omaha	NE	19,953,067	3.70%	37	77.26%
8	Loan 8	12/1/2017	12/6/2019	Multi-Family	Tucson	AZ	19,110,000	4.50%	25	80.28%
9	Loan 9	12/28/2018	1/6/2022	Multi-Family	Austin	TX	18,000,000	3.90%	37	71.40%
10	Loan 10	12/6/2018	12/6/2021	Multi-Family	Greensboro	NC	17,948,939	3.35%	37	79.78%
11	Loan 11	12/28/2018	1/6/2022	Retail	Austin	TX	17,075,449	4.10%	37	60.50%
12	Loan 12	7/10/2019	8/6/2022	Multi-Family	Amarillo	TX	17,000,000	2.90%	37	76.37%
13	Loan 13	3/13/2019	4/6/2022	Multi-Family	Baytown	TX	16,707,856	3.10%	37	80.47%
14	Loan 14	6/28/2018	7/6/2021	Multi-Family	Greenville	SC	14,800,000	3.90%	37	76.29%
15	Loan 15	2/1/2018	2/6/2020	Multi-Family	Fresno	CA	12,920,000	3.90%	25	82.35%
16	Loan 16	7/23/2018	8/6/2021	Office	Chicago	IL	12,432,514	3.75%	37	72.74%
17	Loan 17	8/29/2019	8/6/2022	Multi-Family	Austell	GA	11,968,000	3.40%	36	72.50%
18	Loan 18	5/24/2018	6/6/2021	Multi-Family	Austin	TX	11,572,915	3.55%	37	80.22%
19	Loan 19	3/29/2019	4/6/2021	Multi-Family	Portsmouth	VA	10,000,000	3.25%	25	61.35%
20	Loan 20	1/9/2018	2/6/2020	Multi-Family	North Highlands	CA	9,713,289	3.95%	25	79.03%
21	Loan 21	8/8/2019	8/6/2022	Multi-Family	Fort Worth	TX	9,630,000	3.00%	36	75.83%
22	Loan 22	5/25/2018	6/6/2021	Multi-Family	Phoenix	AZ	9,440,000	3.90%	37	69.41%
23	Loan 23	9/11/2019	10/6/2022	Multi-Family	Orlando	FL	9,135,000	2.80%	37	69.20%

Continued on the following page

# 9/30/2019 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Current Balance	Note Spread <sup>(1)</sup>	Initial Term (months)	As-Is LTV at Origination <sup>(2)</sup>
24	Loan 25	10/9/2018	11/6/2020	Multi-Family	Dallas	TX	9,118,263	3.65%	25	78.35%
25	Loan 26	3/12/2018	4/6/2020	Multi-Family	Waco	TX	9,112,000	4.75%	25	72.90%
26	Loan 26	2/15/2018	3/6/2021	Multi-Family	Atlanta	GA	8,708,582	4.25%	37	80.21%
27	Loan 27	2/23/2018	3/6/2021	Multi-Family	Little Rock	AR	8,070,000	4.25%	37	81.29%
28	Loan 28	8/7/2018	9/6/2021	Multi-Family	Birmingham	AL	8,053,748	3.50%	38	78.01%
29	Loan 29	8/30/2018	9/6/2021	Multi-Family	Blacksburg	VA	8,000,000	3.85%	37	66.55%
30	Loan 30	1/18/2019	2/6/2021	Multi-Family	Philadelphia	PA	7,958,000	3.95%	25	71.31%
31	Loan 31	4/4/2018	4/6/2021	Office	Little Rock	AR	6,874,000	4.85%	37	72.36%
32	Loan 32	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	6,372,000	3.40%	37	77.70%
33	Loan 33	3/29/2019	4/6/2021	Multi-Family	Raleigh	NC	5,939,380	3.50%	25	79.03%
34	Loan 34	8/28/2019	8/6/2022	Multi-Family	Austin	TX	5,899,750	3.25%	36	69.90%
35	Loan 35	6/22/2018	7/6/2021	Multi-Family	Chicago	IL	5,667,487	4.10%	37	80.53%
36	Loan 36	11/15/2018	12/6/2020	Multi-Family	Glen Burnie	MD	5,550,000	4.25%	25	76.03%
37	Loan 37	5/22/2019	6/6/2022	Multi-Family	Tampa	FL	5,450,000	3.50%	37	65.70%
38	Loan 38	11/30/2018	11/6/2021	Multi-Family	Decatur	GA	4,714,340	4.10%	36	56.80%
39	Loan 39	6/12/2017	1/6/2020	Multi-Family	Winston-Salem	NC	4,675,000	5.95%	31	77.16%
40	Loan 40	6/29/2018	7/6/2020	Mixed Use	Washington	DC	4,404,365	4.65%	25	73.31%
41	Loan 41	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	4,265,000	2.90%	37	62.92%
42	Loan 42	5/31/2019	6/6/2022	Multi-Family	Austin	TX	4,005,850	3.50%	37	74.09%
43	Loan 43	4/30/2018	5/6/2021	Multi-Family	Wichita	KS	3,793,542	4.95%	37	68.98%
44	Loan 44	7/8/2019	8/6/2020	Office	Chapel Hill	NC	3,470,797	4.15%	13	70.00%
45	Loan 45	10/10/2018	11/6/2020	Multi-Family	Philadelphia	PA	3,024,023	4.60%	25	79.64%
Total / Average							559,521,551	3.79%	34	74.49%

# Consolidated Balance Sheets

	September 30, 2019 (unaudited)	December 31, 2018 <sup>(1)</sup>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,300,620	\$ 7,882,862
Restricted cash	81,037,212	51,330,950
Commercial mortgage loans held-for-investment, at amortized cost	559,521,552	555,172,891
Receivables held in securitization trusts, at fair value <sup>(1)</sup>	—	24,357,335
Mortgage servicing rights, at fair value	2,713,809	3,997,786
Deferred offering costs	59,367	126,516
Accrued interest receivable	2,240,813	2,430,790
Investment related receivable	—	33,042,234
Other assets	1,477,843	1,010,671
<b>Total assets</b>	<b>\$ 657,351,216</b>	<b>\$ 679,352,035</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Collateralized loan obligations, net	505,438,271	503,978,918
Secured Term Loan, net	39,275,571	—
Multi-family securitized debt obligations <sup>(1)</sup>	—	19,231,331
Accrued interest payable	815,393	1,231,649
Dividends payable	1,780,367	1,465,610
Fees and expenses payable to Manager	735,561	1,175,000
Other accounts payable and accrued expenses	84,600	2,066,189
<b>Total liabilities</b>	<b>548,129,763</b>	<b>529,148,697</b>
<b>COMMITMENTS AND CONTINGENCIES (NOTES 14 &amp; 15)</b>		
<b>EQUITY:</b>		
Preferred Stock: par value \$0.01 per share; 50,000,000 shares authorized, 8.75% Series A cumulative redeemable, \$25 liquidation preference, 0 issued and outstanding at September 30, 2019 and 1,610,000 issued and outstanding at December 31, 2018, respectively	—	37,156,972
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 23,687,664 shares issued and outstanding, at September 30, 2019 and December 31, 2018, respectively	236,877	236,832
Additional paid-in capital	228,153,442	231,305,743
Cumulative distributions to stockholders	(120,456,361)	(114,757,019)
Accumulated earnings (deficit)	1,187,995	(3,838,690)
<b>Total stockholders' equity</b>	<b>109,121,953</b>	<b>150,103,838</b>
Noncontrolling interests	\$ 99,500	\$ 99,500
<b>Total equity</b>	<b>\$ 109,221,453</b>	<b>\$ 150,203,338</b>
<b>Total liabilities and equity</b>	<b>\$ 657,351,216</b>	<b>\$ 679,352,035</b>

(1) Our consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs") as the Company was the primary beneficiary of these VIEs. As of December 31, 2018, assets of consolidated VIEs totaled \$24,357,335, and the liabilities of consolidated VIEs totaled \$19,595,186 respectively. See Note 5 for further discussion.



# Consolidated Statements of Income

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
<b>Revenues:</b>				
Interest income:				
Available-for-sale securities	\$ —	\$ —	\$ —	\$ 10,748,966
Commercial mortgage loans held-for-investment	9,825,455	9,365,400	30,018,760	15,259,400
Multi-family loans held in securitization trusts	—	336,824	78,361	20,540,942
Residential loans held in securitization trusts	—	—	—	2,102,352
Cash and cash equivalents	6,551	17,024	6,551	134,002
Interest expense:				
Repurchase agreements - available-for-sale securities	—	—	—	(7,637,242)
Collateralized loan obligations	(5,244,001)	(4,366,632)	(16,147,178)	(7,255,799)
Secured term loan	(792,121)	—	(1,907,348)	—
Multi-family securitized debt obligations	—	(237,980)	—	(19,404,532)
Residential securitized debt obligations	—	—	—	(1,685,971)
Net interest income	3,795,884	5,114,636	12,049,146	12,802,118
<b>Other income:</b>				
Realized gain (loss) on investments, net	—	(13,617)	(709,439)	(33,358,905)
Realized gain (loss) on derivative contracts, net	—	—	—	25,984,870
Change in unrealized gain (loss) on derivative contracts, net	—	—	—	(5,349,613)
Change in unrealized gain (loss) on mortgage servicing rights	(444,860)	103,512	(1,283,977)	1,245,264
Change in unrealized gain (loss) on multi-family loans held in securitization trusts	—	957,549	694,339	(5,861,373)
Change in unrealized gain (loss) on residential loans held in securitization trusts	—	—	—	5,650,199
Servicing income, net	243,265	285,745	676,944	702,127
Other income	—	27,942	—	88,434
Total other income (loss)	(201,595)	1,361,131	(622,133)	(10,898,997)
<b>Expenses:</b>				
Management fee	557,833	586,926	1,677,456	1,767,252
General and administrative expenses	904,413	796,600	3,266,757	3,148,945
Operating expenses reimbursable to manager	175,174	548,132	1,232,211	1,865,057
Other operating expenses	19,212	136,400	204,228	742,059
Compensation expense	46,585	54,683	146,672	201,845
Total expenses	1,703,217	2,122,741	6,527,324	7,725,158
Net income (loss) before provision for income taxes	1,891,072	4,353,026	4,899,689	(5,822,037)
(Provision for) income taxes	266,676	—	126,996	—
Net income (loss)	2,157,748	4,353,026	5,026,685	(5,822,037)
Dividends to preferred stockholders	(3,792)	(880,509)	(488,056)	(2,631,744)
Deemed dividend on preferred stock related to redemption	—	—	(3,093,028)	—
Net income (loss) attributable to common stockholders	\$ 2,153,956	\$ 3,472,517	\$ 1,445,601	\$ (8,453,781)
<b>Earnings (loss) per share:</b>				
Net income (loss) attributable to common stockholders (basic and diluted)	\$ 2,153,956	\$ 3,472,517	\$ 1,445,601	\$ (8,453,781)
Weighted average number of shares of common stock outstanding	23,687,664	23,687,273	23,687,664	23,588,688
Basic and diluted income (loss) per share	\$ 0.09	\$ 0.15	\$ 0.06	\$ (0.36)
Dividends declared per share of common stock	\$ 0.08	\$ 0.06	\$ 0.22	\$ 0.22

# Reconciliation of GAAP to Core Earnings

## GAAP to Core Earnings Reconciliation

**Three months Ended**  
**September 30, 2019**

### *Reconciliation of GAAP to non-GAAP Information*

Net Income (loss) attributable to common shareholders

\$ 2,153,956

### *Adjustments for non-core earnings*

Realized (Gain) Loss on sale of investments, net

-

Unrealized (Gain) Loss on mortgage servicing rights

444,860

Unrealized (Gain) Loss on multi-family loans held in securitization trusts

-

Subtotal

444,860

### *Other Adjustments*

Recognized compensation expense related to restricted common stock

335

Adjustment for consolidated securities

-

Adjustment for one-time charges

-

Adjustment for (provision for) income taxes

(266,676)

Adjustment for deemed dividend related to preferred stock redemption

Subtotal

(266,341)

Core Earnings

\$ 2,332,475

Weighted average shares outstanding - Basic and Diluted

23,687,664

Core Earnings per weighted share outstanding - Basic and Diluted

\$ 0.10

# Detailed Walk of Capitalization

<i>(in 000's)</i>	9/30/2019
Total GAAP liabilities and stockholders' equity	\$657,351
<i>Adjustments for Capitalization</i>	
( - ) Accrued interest payable	(815)
( - ) Dividends payable	(1,780)
( - ) Fees and expenses payable to Manager	(736)
( - ) Other accounts payable and accrued expenses	(85)
( + ) Other capitalized financing & issuance costs	5,717
<b><u>HCFT Capitalization</u></b>	<b><u>\$659,652</u></b>

# Key Definitions

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“Adjusted Book Value Per Share” means a non-GAAP metric of common stockholders’ equity per share calculated as: a) total stockholders’ equity computed in accordance with GAAP less the value of the issued and outstanding preferred stock at its stated liquidation preference of \$25.00 per share, divided by b) the weighted average number of shares of common stock issued and outstanding during the period.

“Core Earnings” means the net income (loss) attributable to the holders of Common Shares or, without duplication, owners of the Company’s Subsidiaries, computed in accordance with GAAP, including realized losses not otherwise included in GAAP net income (loss) and excluding (i) non-cash equity compensation expense, (ii) incentive compensation payable to the Manager, (iii) depreciation and amortization, (iv) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (v) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items after discussions Hunt Investment Management, LLC and the Company’s board of directors and approval by a majority of the Company’s independent directors.

“Stockholder’s Equity” means: (a) the sum of the net proceeds from any issuances of the Company’s equity securities (excluding preferred securities solely for purposes of Incentive Compensation but including preferred securities for all other purposes of this Agreement) since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance; plus (b) the Company’s retained earnings at the end of such fiscal quarter (without taking into account any non-cash equity compensation expense or other non-cash items described below incurred in current or prior periods); less (c) any amount that the Company pays for repurchases of its Common Shares; and (d) excluding (i) any unrealized gains, losses or other non-cash items that have impacted the Company’s Stockholders’ Equity as reported in the Company’s financial statements prepared in accordance with GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (ii) adjustments relating to one-time events pursuant to changes in GAAP and certain other noncash charges after discussions between the Hunt Investment Management, LLC and the Company’s board of directors and approval by a majority of the Company’s independent directors.

