

Hunt Companies Finance Trust

Q3 2020 Earnings Supplemental

November 2020

www.huntcompaniesfinancetrust.com

Disclaimer

This presentation, any related webcast/conference call, and other oral statements made by our representatives from time to time may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the current views of Hunt Companies Finance Trust, Inc. (NYSE: HCFT) (“HCFT” or the “Company”) with respect to, among other things, the Company’s operations and financial performance. You can identify these forward-looking statements by the use of words such as “outlook,” “indicator,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “projects,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. The Company believes these factors include but are not limited to those described under the section entitled “Risk Factors” in its Annual Report for fiscal year 2019 on Form 10-K and other periodic filings with the Securities and Exchange Commission (“SEC”), when evaluating these forward-looking statements. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak. It is not possible to predict or identify all such risks. Additional information concerning these and other risk factors are contained in our 2019 Form 10-K which is available on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events or circumstances.

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

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 OREC Investment Management, a subsidiary of ORIX Corporation USA

Emphasis on floating-rate investments

KEY INVESTMENT HIGHLIGHTS

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

Business Update

PORTFOLIO

- No hospitality assets and limited office and retail exposure
- LIBOR Floors on 100% of our loans that are “in the money”
- 100% of the loans in our CRE investment portfolio made their October payments
- During the “COVID era”, we have not granted a single forbearance nor have we experienced a single loan default

CLO FINANCING

- Existing CLOs provide non mark-to-market financing
- We currently do not finance any of our assets with repurchase facilities and, as such, we are not subject to margin calls

LIQUIDITY

- To date, we have maintained consistent liquidity and feel our current level is adequate
- Unrestricted cash of \$9.7 million as of September 30th, 2020 vs. \$8.9 million as of June 30, 2020

LENDING ENVIRONMENT

- Real estate volume driving the bridge lending market picked up post-Labor Day, but has not returned to robust pre-COVID levels
- We are actively screening transactions, but continue to be mindful of (i) local ordinance constraints on lender protection and the impact of eviction moratoriums and (ii) interim cashflow disruptions while the rental market contends with COVID-related economic realities such as increased concessions and potential tenant delinquencies
- As a result, our originations have a heightened focus on sponsor qualifications and markets with more resilient demand drivers

Q3 2020 Key Updates

FINANCIAL RESULTS

- Q3 2020 GAAP Net Income of \$2.55 million, or \$0.10 per share
- Q3 2020 Core Earnings of \$2.76 million, or \$0.11 per share
- Q3 2020 Book Value Per Share of \$4.59

HIGHLIGHTS

- As previously announced, the Company increased the quarterly dividend by 13% from \$0.075 per share to \$0.085 per share with respect to Q3
- During Q3 2020, the Company acquired and/or funded \$10.6 million of new loans and participations at a weighted average spread of LIBOR + 4.16%
 - The weighted-average LIBOR floor of the Q3 acquisitions was 1.08%
 - 100% of the new acquisitions were multifamily assets
 - The Company experienced \$21.5 million of loan payoffs during the quarter. \$9.2 million of these loans were held in FL1, which is past its reinvestment period, and \$12.3 million in FL2

INVESTMENT PORTFOLIO OVERVIEW

- As of 9/30/2020, 99.8% of HCFT's investment portfolio consisted of floating-rate CRE loans
 - The \$598.9 million CRE loan portfolio had a weighted average remaining term of 14 months⁽¹⁾ and a weighted average coupon of L + 3.54%
 - The portfolio had a weighted-average LIBOR floor of 1.61%
 - Over 90% of the portfolio was multifamily
- The Company's only remaining legacy investment consists of \$1.1 million of mortgage servicing rights

CAPITALIZATION

- The floating-rate CRE loan portfolio is financed with \$482.4 million of investment grade notes issued through two CRE CLOs
- As of 9/30/2020, the Company had \$9.7 million of unrestricted cash and \$14.5 million of available CLO reinvestment capacity

Note: (1) If all extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 38 months

Q3 2020 Earnings Summary

Summary Income Statement (thousands)	Three Months Ended September 30, 2020
Net interest income	\$4,832
Total other income (loss)	(162)
Operating expenses	(2,261)
Benefit (provision) from income taxes	143
Preferred dividends	(4)
Net income attributable to common stockholders	\$2,547
Reclassification adjustment for net gain (loss) included in net income	0
Comprehensive income attributable to common stockholders	\$2,547
Weighted average shares outstanding during the period	24,943,383
Net income per share	\$0.10
Comprehensive income per share	\$0.10

GAAP Comprehensive Income to Core Earnings Reconciliation (thousands)	Three Months Ended September 30, 2020
Comprehensive income attributable to common stockholders	\$2,547
Adjustments:	
Unrealized losses (gains) on mortgage servicing rights	350
Recognized compensation expense related to restricted stock	3
Adjustment for (provision for) income taxes	(143)
Core earnings⁽¹⁾	\$2,758
Weighted average shares outstanding during the period	24,943,383
Core earnings per share	\$0.11
Dividend per share	\$0.085

Note: (1) See Appendix for definition of Core Earnings per the Management Agreement

Q3 2020 Balance Sheet Summary

Balance Sheet (thousands)	Q3 2020
Commercial mortgage loans held-for-investment	\$598,933
Mortgage servicing rights, at fair value	1,097
Cash and cash equivalents	9,720
Restricted cash ⁽¹⁾	14,549
Investment related receivable ⁽²⁾	9,247
Accrued interest receivable	2,280
Other assets	2,000
Total assets	\$637,828
Collateralized loan obligations ⁽³⁾	\$479,705
Credit facility	39,513
Other liabilities	4,132
Total liabilities	\$523,349
Total equity	\$114,478
Total liabilities / total equity	4.57x
Book value per share	\$4.59

Note:

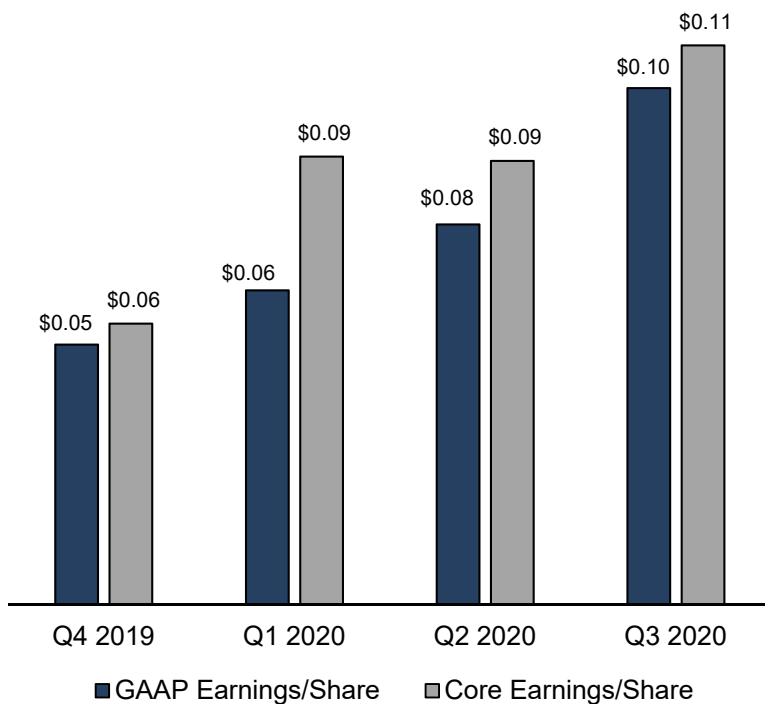
(1) Restricted cash held by CRE CLO securitization trusts and available for investment in eligible mortgage assets

(2) Investment related receivable includes 1 unsettled loan in Hunt CRE 2017-FL1 with a principal amount due of \$9.2 million which will be used to pay down the Class A Notes of the CLO

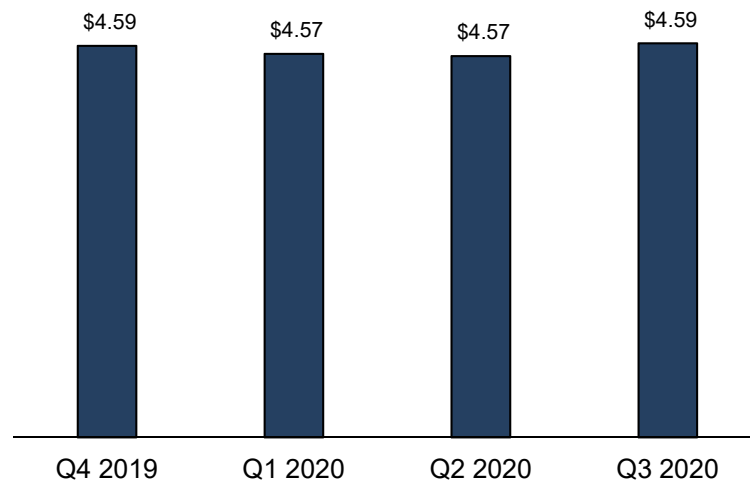
(3) Outstanding notional amount of bonds issued from both CLOs is \$482.4 million. For GAAP purposes, these liabilities are carried at their outstanding unpaid principal balance, net of any unamortized discounts and debt issuance costs

Operating Performance Trending

GAAP Earnings & Core Earnings Per Share of Common Stock

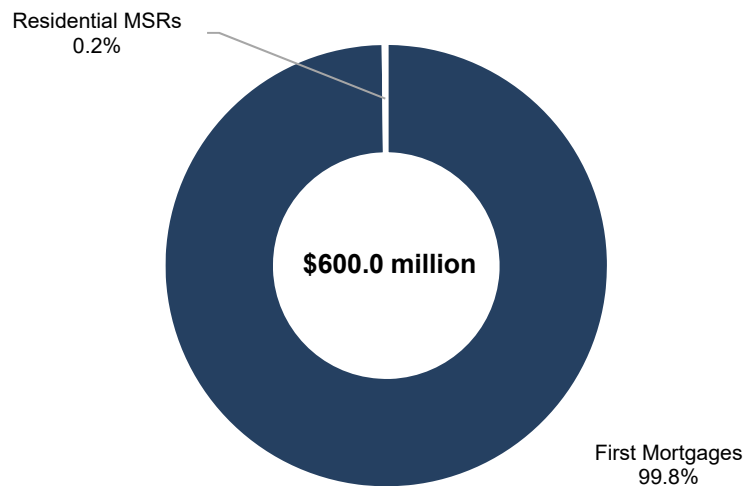


Book Value Per Share

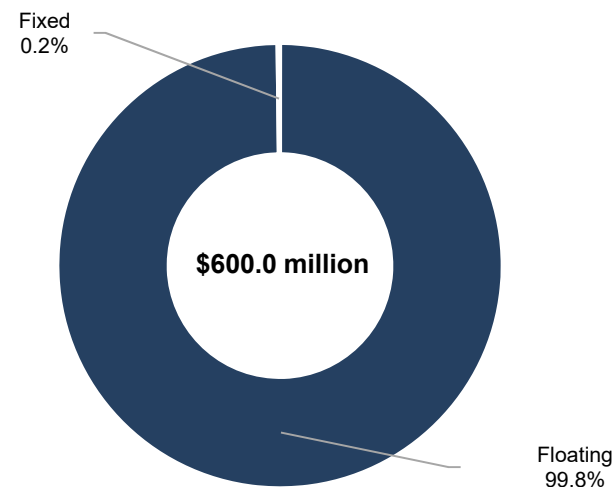


Q3 2020 Summary of Investment Portfolio

Investment Type



Interest Rate Type



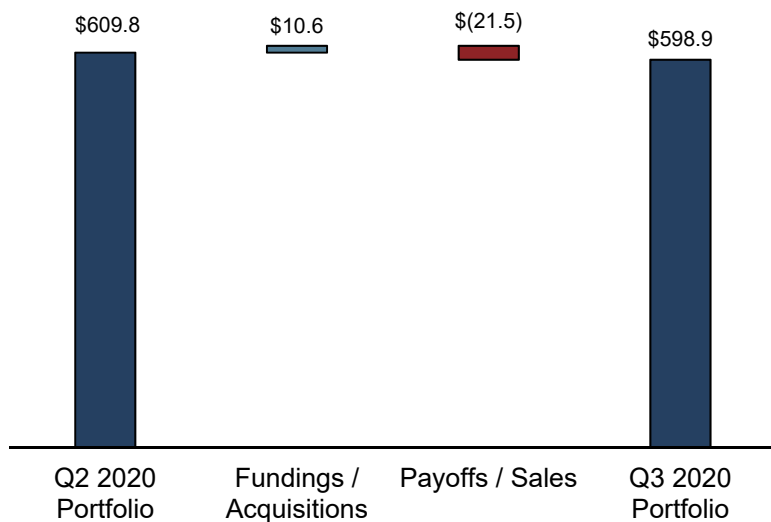
Investment Portfolio as of September 30, 2020 (thousands)	UPB / Notional	Net Carrying Value	Weighted Average Coupon	Weighted Average Remaining Term (months)	Weighted Average LTV at Loan Origination	Weighted Average Stabilized LTV at Loan Origination
First Mortgages	\$598,933	\$598,933	L + 3.54%	14 ⁽¹⁾	74.24%	69.36%
Residential MSRs	\$239,180	\$1,097	0.25%	274 ⁽²⁾		
Total	\$838,113	\$600,030				

Note: (1) If all extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 38 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 274 months

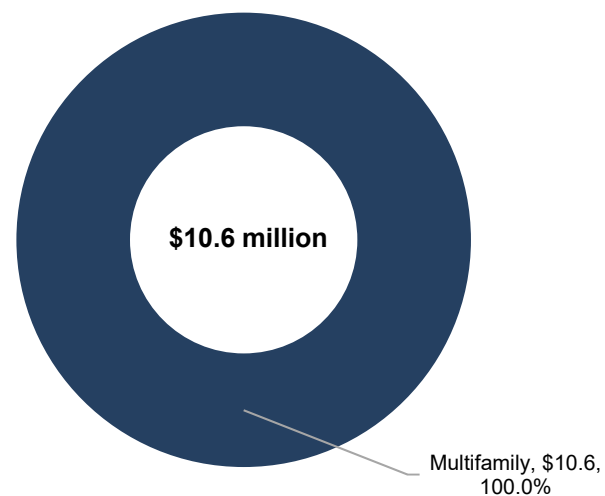
Q3 2020 CRE Loan Portfolio Activity

- The CRE loan portfolio decreased by \$10.9 million in Q3
 - The Company acquired \$9.5 million of loans at par from an affiliate of the Manager and funded an additional \$1.1 million of future funding participations
 - The Company experienced \$21.5 million of payoffs, \$9.2 million of which was held in FL1 which is past its reinvestment period and \$12.3 million in FL2

Net Funding Activity⁽¹⁾



Q3 2020 Loan Acquisitions⁽¹⁾

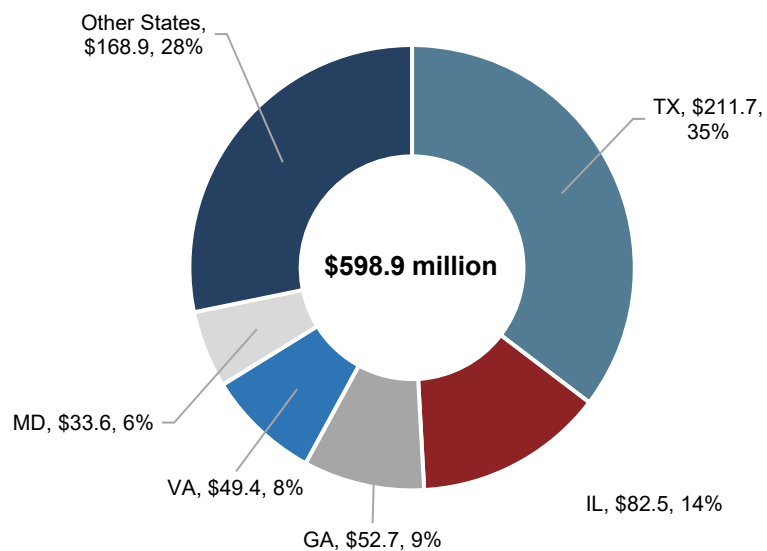


Note: (1) \$ In millions

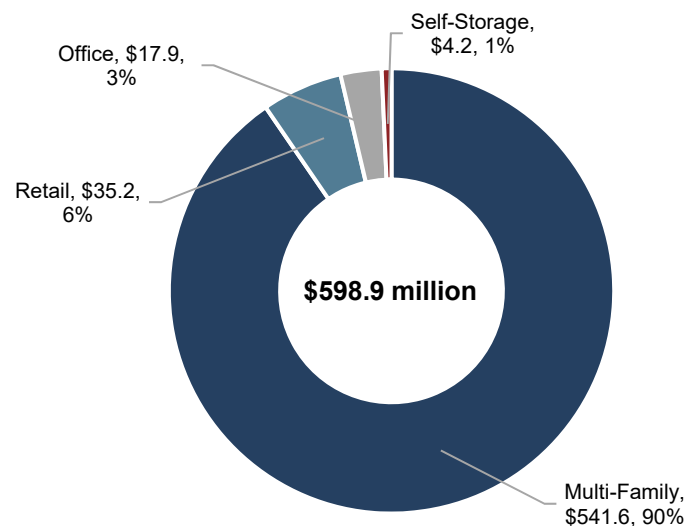
Q3 2020 CRE Loan Portfolio Snapshot

- As of 9/30/2020, the Company owned a portfolio of floating-rate CRE loans with an aggregate UPB of \$599 million
- As of 9/30/2020, all loans were current

Geographic Concentration⁽¹⁾

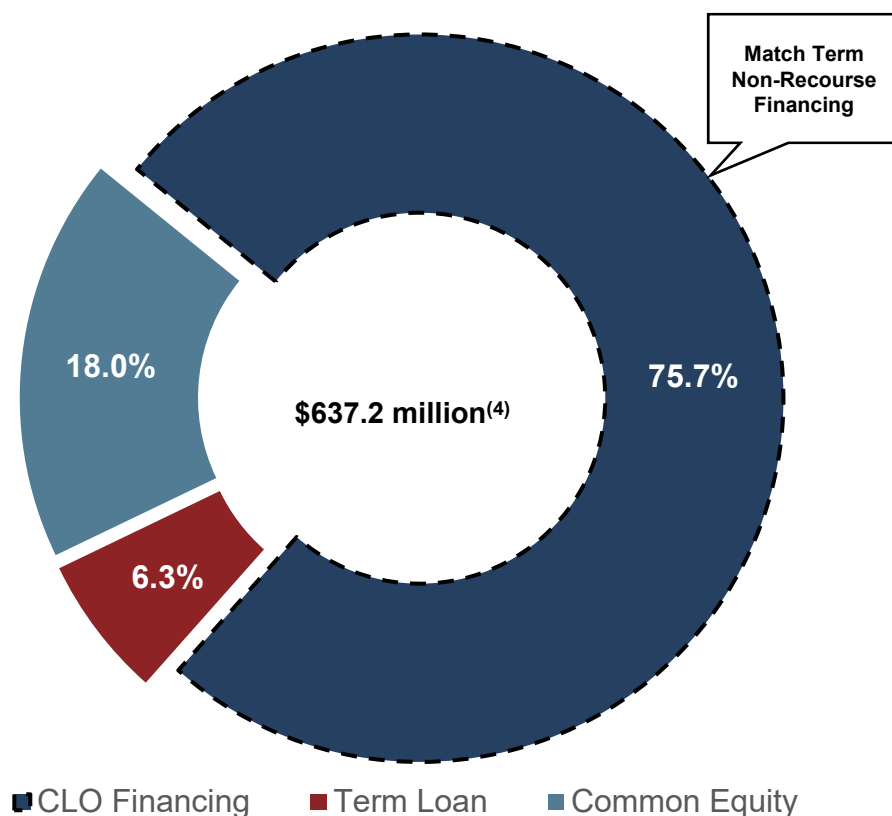


Property Type⁽¹⁾



Capital Structure Overview

Capital Structure Composition



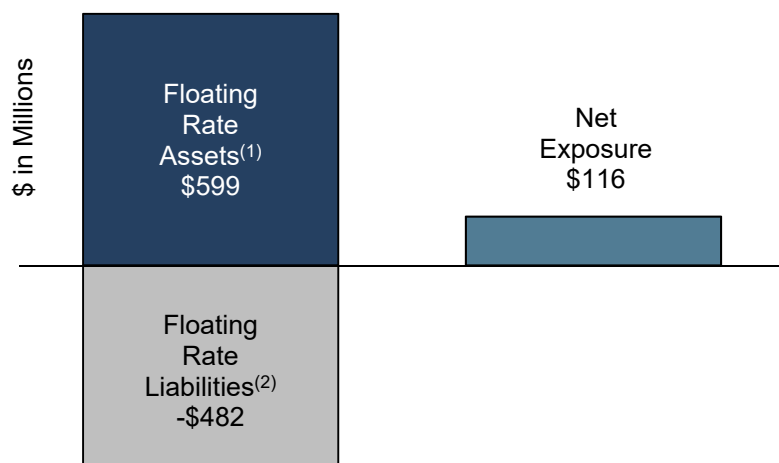
Capital Structure Detail

(\$ in millions)			Amount (\$)
Collateralized Loan Obligations			
Hunt CRE 2017-FL1 ⁽¹⁾	L + 1.42%	81.8%	\$263.0
Hunt CRE 2018-FL2 ⁽¹⁾	L + 1.44%	77.0%	\$219.4
Total Collateralized Loan Obligations	L + 1.43%		\$482.4
Credit Facilities			
Term Loan ⁽²⁾	7.25%		\$40.3
Total Debt			\$522.7
Equity			
Book Value of Common Equity ⁽³⁾			\$114.5
Total Capitalization⁽⁴⁾			\$637.2

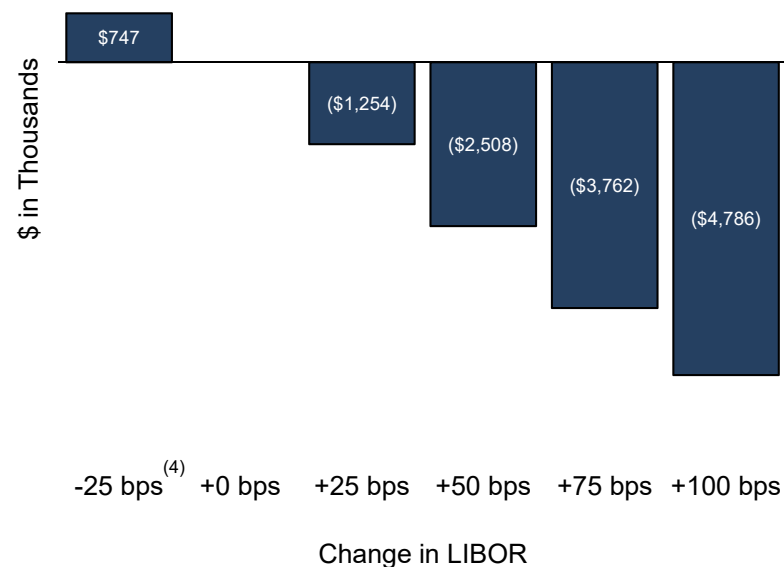
Note: (1) CLO financing shown at par value. GAAP carrying value of \$479.7 million includes \$0.5 million of unamortized discounts for Hunt CRE 2017-FL1 and \$2.3 million of unamortized debt issuance costs for Hunt CRE 2018-FL2
 (2) Term loan shown at par value. GAAP carrying value of \$39.5 million includes \$0.7 million of unamortized debt issuance costs
 (3) Noncontrolling interest was \$99,500 as of 9/30/2020 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, 2020

Floating-Rate Exposure

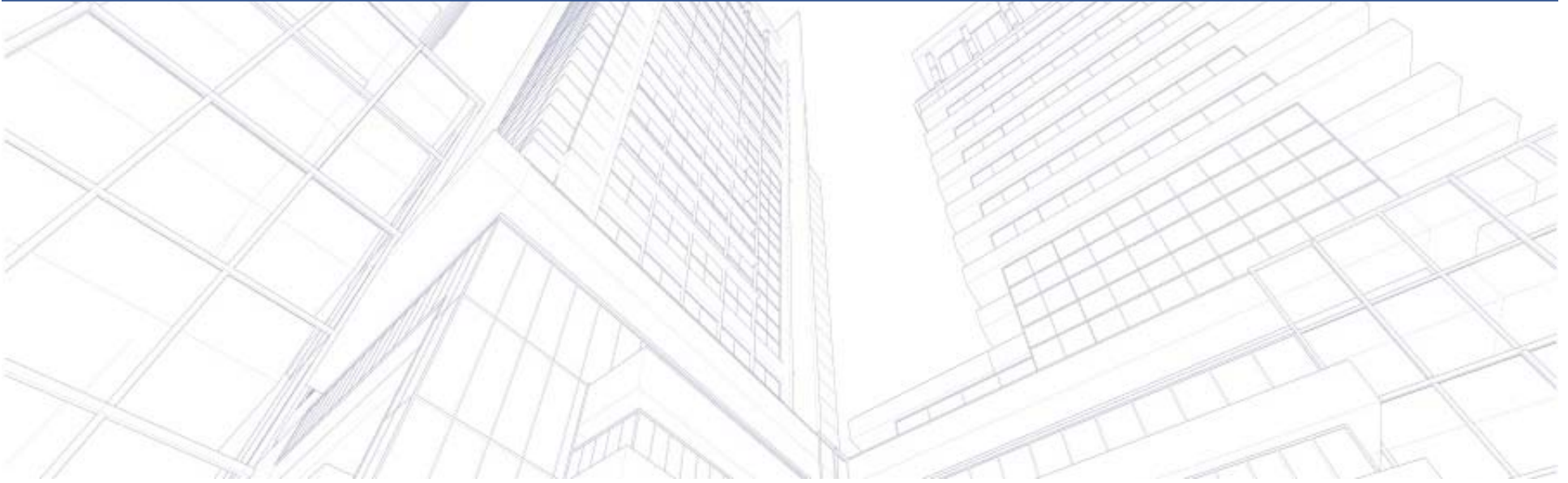


Annual Net Interest Income Sensitivity to Shifts in One-Month LIBOR⁽³⁾



Note: (1) Comprised of the Company's portfolio of floating-rate CRE loans
 (2) Comprised of outstanding securitization notes in the CRE CLOs
 (3) Assumes starting one-month LIBOR rate of 0.1490%
 (4) Negative LIBOR will not have further impacts on P&L

Appendix



9/30/2020 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Current Balance	Note Spread ⁽¹⁾	Initial Term (months)	As-Is LTV at Origination ⁽²⁾
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	Nacogdoches	TX	35,441,348	4.05%	24	70.39%
3	Loan 3	7/9/2018	8/6/2021	Multi-Family	Pikesville	MD	33,650,982	3.25%	36	77.59%
4	Loan 4	8/8/2018	8/6/2021	Multi-Family	Dallas	TX	32,526,660	3.65%	36	81.23%
5	Loan 5	11/22/2019	8/6/2022	Multi-Family	Virginia Beach	VA	26,500,000	2.75%	33	77.10%
6	Loan 6	5/18/2018	6/4/2021	Multi-Family	Woodridge	IL	25,355,116	3.75%	37	76.43%
7	Loan 7	12/10/2019	7/6/2022	Multi-Family	San Antonio	TX	24,540,507	3.15%	30	71.90%
8	Loan 8	1/15/2020	7/6/2022	Multi-Family	Chattanooga	TN	24,180,000	2.95%	30	80.60%
9	Loan 9	5/31/2018	6/6/2021	Multi-Family	Omaha	NE	20,853,067	3.70%	37	77.26%
10	Loan 10	11/26/2019	12/6/2021	Multi-Family	Doraville	GA	20,000,000	2.75%	25	76.10%
11	Loan 11	12/6/2018	12/6/2021	Multi-Family	Greensboro	NC	18,703,039	3.35%	37	79.78%
12	Loan 12	12/28/2018	1/6/2022	Retail	Austin	TX	18,000,000	3.90%	37	71.40%
13	Loan 13	7/10/2019	8/6/2022	Multi-Family	Amarillo	TX	17,754,112	2.90%	37	76.37%
14	Loan 14	12/28/2018	1/6/2022	Retail	Austin	TX	17,172,624	4.10%	37	60.50%
15	Loan 15	3/13/2019	4/6/2022	Multi-Family	Baytown	TX	16,707,856	3.10%	37	80.47%
16	Loan 16	6/28/2018	7/6/2021	Multi-Family	Greenville	SC	15,245,253	3.90%	37	76.29%
17	Loan 17	8/29/2019	8/6/2022	Multi-Family	Austell	GA	14,632,203	3.40%	36	72.50%
18	Loan 18	7/23/2018	8/6/2021	Office	Chicago	IL	12,828,794	3.75%	37	72.74%
19	Loan 19	8/8/2019	8/6/2022	Multi-Family	Fort Worth	TX	12,649,099	3.00%	36	75.83%
20	Loan 20	1/9/2018	2/6/2021	Multi-Family	North Highlands	CA	10,158,934	3.95%	37	79.03%
21	Loan 21	3/29/2019	4/6/2021	Multi-Family	Portsmouth	VA	10,000,000	3.25%	25	61.35%
22	Loan 22	5/25/2018	6/6/2021	Multi-Family	Phoenix	AZ	9,794,371	3.90%	37	69.41%

Continued on the following page

Note:

(1) All loan spreads are indexed to one-month LIBOR

(2) LTV as of the date the loan was originated by an affiliate. LTV has not been updated for any subsequent draws or loan modifications and is not reflective of any changes in value which may have occurred subsequent to the origination date

9/30/2020 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Current Balance	Note Spread ⁽¹⁾	Initial Term (months)	As-Is LTV at Origination ⁽²⁾
23	Loan 23	9/10/2020	4/6/2021	Multi-Family	Winchester	OH	9,527,000	4.25%	7	61.90%
24	Loan 24	9/11/2019	10/6/2022	Multi-Family	Orlando	FL	9,135,000	2.80%	37	69.20%
25	Loan 25	2/15/2018	3/6/2021	Multi-Family	Atlanta	GA	9,047,396	4.25%	37	80.21%
26	Loan 26	8/30/2018	9/6/2021	Multi-Family	Blacksburg	VA	8,675,645	3.85%	37	66.55%
27	Loan 27	3/12/2018	4/6/2021	Multi-Family	Waco	TX	8,612,000	4.75%	37	72.90%
28	Loan 28	1/18/2019	2/6/2021	Multi-Family	Philadelphia	PA	8,238,438	3.95%	25	71.31%
29	Loan 29	8/7/2018	9/6/2021	Multi-Family	Birmingham	AL	8,235,825	3.50%	38	78.01%
30	Loan 30	2/23/2018	3/6/2021	Multi-Family	Little Rock	AR	8,070,000	4.25%	37	81.29%
31	Loan 31	1/13/2020	2/6/2022	Multi-Family	Fort Lauderdale	FL	7,930,194	3.15%	25	78.40%
32	Loan 32	11/13/2019	12/6/2021	Multi-Family	Holly Hill	FL	7,780,000	2.90%	25	77.80%
33	Loan 33	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	6,525,817	3.40%	37	77.70%
34	Loan 34	12/9/2019	1/6/2022	Multi-Family	Fort Worth	TX	6,230,000	3.15%	25	77.70%
35	Loan 35	3/29/2019	4/6/2021	Multi-Family	Raleigh	NC	5,992,424	3.50%	25	79.03%
36	Loan 36	8/28/2019	8/6/2022	Multi-Family	Austin	TX	5,966,157	3.25%	36	69.90%
37	Loan 37	6/22/2018	7/6/2021	Multi-Family	Chicago	IL	5,900,550	4.10%	37	80.53%
38	Loan 38	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	5,295,605	2.90%	37	62.92%
39	Loan 39	12/13/2019	1/6/2022	Multi-Family	Jacksonville	FL	5,070,339	2.90%	25	74.90%
40	Loan 40	11/30/2018	11/6/2021	Office	Decatur	GA	5,036,066	4.10%	36	56.80%
41	Loan 41	5/31/2019	6/6/2022	Multi-Family	Austin	TX	4,275,035	3.50%	37	74.09%
42	Loan 42	11/12/2019	12/6/2021	Self-Storage	Chesapeake	VA	4,225,000	3.15%	25	64.50%
43	Loan 43	12/13/2019	1/6/2022	Multi-Family	Marietta	GA	4,010,000	3.00%	25	77.90%
44	Loan 44	6/5/2018	6/4/2021	Multi-Family	Palatine	IL	2,835,666	4.30%	37	68.50%
Total / Average							598,933,122	3.54%	33	74.24%

Note:

(1) All loan spreads are indexed to one-month LIBOR

(2) LTV as of the date the loan was originated by an affiliate. LTV has not been updated for any subsequent draws or loan modifications and is not reflective of any changes in value which may have occurred subsequent to the origination date

Consolidated Balance Sheets

	September 30, 2020 ⁽¹⁾	December 31, 2019 ⁽¹⁾
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 9,720,138	\$ 10,942,115
Restricted cash	14,548,916	5,069,715
Commercial mortgage loans held-for-investment, at amortized cost	598,933,122	635,260,420
Mortgage servicing rights, at fair value	1,097,154	2,700,207
Deferred offering costs	—	40,000
Accrued interest receivable	2,280,494	2,342,354
Investment related receivable	9,247,423	—
Other assets	2,000,279	1,547,187
Total assets	<u>\$ 637,827,526</u>	<u>\$ 657,901,998</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Collateralized loan obligations, net	479,704,710	505,930,065
Secured term loan, net	39,512,924	39,384,041
Accrued interest payable	411,609	805,126
Dividends payable	2,123,980	1,776,912
Fees and expenses payable to Manager	1,115,577	991,981
Other accounts payable and accrued expenses	480,562	369,161
Total liabilities	<u>523,349,362</u>	<u>549,257,286</u>
COMMITMENTS AND CONTINGENCIES (NOTES 11 & 12)		
EQUITY:		
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 24,943,383 and 23,692,164 shares issued and outstanding, at September 30, 2020 and December 31, 2019, respectively	249,389	236,877
Additional paid-in capital	233,847,322	228,135,116
Cumulative distributions to stockholders	(128,109,631)	(122,236,981)
Accumulated earnings	8,391,584	2,410,200
Total stockholders' equity	114,378,664	108,545,212
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 114,478,164</u>	<u>\$ 108,644,712</u>
Total liabilities and equity	<u>\$ 637,827,526</u>	<u>\$ 657,901,998</u>

(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 September 30, 2020 and December 31, 2019, assets of consolidated VIEs related to Hunt CRE 2017-FL1, Ltd. and Hunt CRE 2018-FL2, Ltd. totaled \$608,690,756 and \$636,541,489, respectively and the liabilities of consolidated VIEs related to Hunt CRE 2017-FL1, Ltd. and Hunt CRE 2018-FL2, Ltd. totaled \$480,043,366 and \$506,662,238 respectively. See Note 5 for further discussion.

Consolidated Statements of Income

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenues:				
Interest income:				
Commercial mortgage loans held-for-investment	\$ 8,111,324	\$ 9,825,455	\$ 25,749,282	\$ 30,018,760
Multi-family loans held in securitization trusts	—	—	—	78,361
Cash and cash equivalents	5,674	6,551	41,461	6,551
Interest expense:				
Collateralized loan obligations	(2,495,996)	(5,244,001)	(9,649,523)	(16,147,178)
Secured term loan	(789,018)	(792,121)	(2,349,900)	(1,907,348)
Net interest income	4,831,984	3,795,884	13,791,320	12,049,146
Other loss:				
Realized (loss) on investments, net	—	—	—	(709,439)
Unrealized (loss) on mortgage servicing rights	(350,127)	(444,860)	(1,603,052)	(1,283,977)
Unrealized gain on multi-family loans held in securitization trusts	—	—	—	694,339
Servicing income, net	187,989	243,265	586,516	676,944
Other income	—	—	2	—
Total other (loss)	(162,138)	(201,595)	(1,016,534)	(622,133)
Expenses:				
Management and incentive fees	675,107	557,833	1,850,139	1,677,456
General and administrative expenses	786,651	904,413	2,531,385	3,266,757
Operating expenses reimbursable to Manager	441,349	175,174	1,249,123	1,232,211
Other operating expenses	309,125	19,212	1,444,049	204,228
Compensation expense	49,199	46,585	156,093	146,672
Total expenses	2,261,431	1,703,217	7,230,789	6,527,324
Net income before provision for income taxes	2,408,415	1,891,072	5,543,997	4,899,689
Benefit from income taxes	142,595	266,676	437,387	126,996
Net income	2,551,010	2,157,748	5,981,384	5,026,685
Dividends to preferred stockholders	(3,792)	(3,792)	(11,292)	(488,056)
Deemed dividend on preferred stock related to redemption	—	—	—	(3,093,028)
Net income attributable to common stockholders	\$ 2,547,218	\$ 2,153,956	\$ 5,970,092	\$ 1,445,601
Earnings per share:				
Net income attributable to common stockholders (basic and diluted)	\$ 2,547,218	\$ 2,153,956	\$ 5,970,092	\$ 1,445,601
Weighted average number of shares of common stock outstanding	24,943,383	23,687,664	24,931,524	23,687,664
Basic and diluted income per share	\$ 0.10	\$ 0.09	\$ 0.24	\$ 0.06
Dividends declared per share of common stock	\$ 0.09	\$ 0.08	\$ 0.24	\$ 0.22

Reconciliation of GAAP to Core Earnings

GAAP to Core Earnings Reconciliation	Three months Ended September 30, 2020
<i>Reconciliation of GAAP to non-GAAP Information</i>	
Net Income (loss) attributable to common shareholders	\$ 2,547,218
<i>Adjustments for non-core earnings</i>	
Unrealized (Gain) Loss on mortgage servicing rights	350,127
Subtotal	<u>350,127</u>
<i>Other Adjustments</i>	
Recognized compensation expense related to restricted common stock	2,949
Adjustment for (provision for) income taxes	(142,595)
Subtotal	<u>(139,646)</u>
Core Earnings	<u>\$ 2,757,699</u>
Weighted average shares outstanding - Basic and Diluted	24,943,383
Core Earnings per weighted share outstanding - Basic and Diluted	\$ 0.11

Detailed Walk of Capitalization

<i>(in 000's)</i>	9/30/2020
Total GAAP liabilities and stockholders' equity	\$637,828
<i>Adjustments for Capitalization</i>	
(-) Accrued interest payable	(412)
(-) Dividends payable	(2,124)
(-) Fees and expenses payable to Manager	(1,116)
(-) Other accounts payable and accrued expenses	(209)
(+) Other capitalized financing & issuance costs	3,401
<u>HCFT Capitalization</u>	<u>\$637,169</u>

Key Definitions

“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 with 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 with the Company’s board of directors and approval by a majority of the Company’s independent directors.

