

## LUMENT FINANCE TRUST, INC.

### AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Board of Directors (the “**Board**”) of Lument Finance Trust, Inc. (the “**Company**”) effective as of April 22, 2024. References in this Charter to the Company shall mean Lument Finance Trust, Inc. and, unless the context otherwise dictates, each of its direct and indirect subsidiaries.

#### I. Purpose

The primary purpose of the Audit Committee (the “**Committee**”) is to (i) assist the Board with its oversight responsibilities regarding: (a) the integrity of the Company’s financial statements; (b) the Company’s compliance with legal and regulatory requirements; (c) the independent auditor’s qualifications and independence; (d) the performance of the Company’s internal audit function and independent auditor; and (e) its oversight of risk management (unless such oversight has been delegated to another committee of the Board); (ii) prepare the audit committee report required by the rules of the Securities and Exchange Commission (the “**SEC**”) to be included in the Company’s annual proxy statement, and (iii) be directly responsible for the appointment, compensation, retention and oversight of the work of the Company’s independent auditor, who shall report directly to the Committee, and have the sole authority to approve all audit engagement fees and terms, as well as non-audit engagements with the independent auditor.

In addition to the powers and responsibilities expressly delegated to the Committee in this Audit Committee Charter (this “**Charter**”), the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it reasonably deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the discretionary powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Notwithstanding the foregoing, management of the Company (and not the Committee) is responsible for the preparation, presentation and integrity of the Company’s financial statements as well as the Company’s financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditor is responsible for performing an audit of the Company’s annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles (“**GAAP**”) and reviewing the Company’s quarterly financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosure are in accordance with GAAP and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts including the Company’s internal auditor or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services (the “**internal auditor**”) and the Company’s independent auditor from which the Committee receives

information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

Further, auditing literature defines the term “review” to include a particular set of required procedures to be undertaken by independent auditors. The members of the Committee are not independent auditors, and the term “review” as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

## **II. Membership**

The Committee shall consist of no fewer than three members of the Board. Each Committee member shall be financially literate as determined by the Board in its business judgment or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee shall have accounting or related financial management expertise as determined by the Board in its business judgment. In addition, at least one member of the Committee shall be an “audit committee financial expert” within the definition adopted by the SEC. A person who satisfies this definition of “audit committee financial expert” will also be presumed to have accounting or related financial management expertise.

Each Committee member shall satisfy the independence requirements of the New York Stock Exchange and of Rule 10A-3(b)(1) (“**Rule 10A-3**”) promulgated under the Securities Exchange Act of 1934 (the “**Exchange Act**”). No Committee member may simultaneously serve on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and such determination is disclosed in the Company’s annual proxy statement or on the Company’s website. If such determination is disclosed on the Company’s website, the Company must disclose that fact in its annual proxy statement or annual report, as applicable, and provide the website address.

The initial members of the Committee, including the Chair of the Committee (the “**Chair**”), shall be appointed by the Board. Future members of the Committee, including the Chair, shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Each Committee Member shall serve until their successors are duly appointed or their earlier resignation or removal from the Committee. Committee members may be removed from the Committee at any time, with or without cause, by the Board. Any resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

## **III. Meetings and Procedures**

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

The Committee shall meet at least once during each fiscal quarter and more frequently as the Committee deems desirable. Periodically, the Committee shall meet alone and separately with management, with the internal auditor, and with the independent auditor.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, representatives of the independent auditor, the internal auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director that is not a member of the Committee.

The Committee may retain any independent counsel, experts or advisors (accounting, financial or otherwise) that the Committee believes to be necessary or appropriate. The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or performing other audit, review or attest services; for payment of compensation to any advisors employed by the Committee; and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may conduct or authorize investigations into any matters within the scope of the powers and responsibilities delegated to the Committee.

#### **IV. Powers and Responsibilities**

##### *Interaction with the Independent Auditor or Other Registered Public Accounting Firm*

*A. Appointment and Oversight.* The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm (including resolution of any disagreements between Company management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Each such registered public accounting firm shall report directly to the Committee.

*B. Pre-Approval of Services.* The Committee shall pre-approve any engagement of the independent auditor or other registered public accounting firm to render audit or non-audit services, subject to the *de minimis* exceptions for non-audit services described in Section 10(A)(i)(1)(B) of the Exchange Act and to other available exceptions established by the SEC. Notwithstanding the foregoing, the Committee may delegate to one or more of its members the authority to approve in advance all significant audit or non-audit services to be provided by the independent auditor or other registered public accounting firm so long as such approval is presented to the full Committee at the next scheduled Committee meeting. The Committee may establish preapproval policies and procedures governing such delegation, provided the policies and procedures are detailed as to the particular service, the Committee

is informed of each service provided and such policies and procedures do not include delegation of the Committee's responsibilities under the Exchange Act to the Company's management.

*C. Independence of Independent Auditor.* The Committee shall, at least annually, review the independence and quality control procedures of the independent auditor and the experience and qualifications of the independent auditor's senior personnel that are providing audit services to the Company. In conducting its review:

1. The Committee shall, at least annually, obtain and review a report prepared by the independent auditor describing (a) the accounting firm's internal quality- control procedures and (b) any material issues raised by the most recent internal quality- control review, or peer review, of the accounting firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the accounting firm, and any steps taken to deal with any such issues.

2. The Committee shall, at least annually, obtain and review a written statement prepared by the independent auditor describing all relationships between the independent auditor and its related entities and the Company and its related entities, consistent with the applicable independence rules adopted by the SEC and the Public Company Accounting Oversight Board, and consider the impact that any relationships or services may have on the objectivity and independence of the independent auditor. The Committee shall discuss with the independent auditor any relationships disclosed in such written statement and the independent auditors independence from the Company, generally.

3. The Committee shall confirm with the independent auditor that the independent auditor is in compliance with the partner rotation requirements established by the SEC.

4. The Committee shall consider whether the Company should adopt a rotation of the annual audit among independent auditing firms.

5. The Committee shall, if applicable, consider whether the independent auditor's provision of any permitted information technology services or other non-audit services to the Company is compatible with maintaining the independence of the independent auditor.

#### *Annual Financial Statements and Annual Audit*

*D. Meetings with Management, the Independent Auditor and the Internal Auditor.*

1. The Committee shall meet with management, the independent auditor and the internal auditor in connection with each annual audit to discuss the scope of the audit, the procedures to be followed and the staffing of the audit.

2. While the fundamental responsibility for the Company's financial statements and disclosures rests with management and the independent auditor, the Committee shall review and discuss with management and the independent auditor: (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including

analyses of the effects of alternative GAAP methods on the Company's financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

3. The Committee shall meet to review and discuss the annual audited financial statements (including the related notes) with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual report on Form 10-K.

*E. Separate Meetings with the Independent Auditor.*

1. The Committee shall meet periodically and separately with the independent auditor (without management present) to review any problems or difficulties the independent auditor may have encountered during the course of the audit work, including any restrictions on the scope of activities or access to requested information or any significant disagreements with management and management's responses to such matters. The Committee shall be responsible for resolving disagreements regarding financial reporting practices. The Committee shall obtain from the independent auditor assurances that Section 10A(b) of the Exchange Act has not been implicated.

2. The Committee shall discuss with the independent auditor the report that such auditor is required to make to the Committee regarding: (a) all accounting policies and practices to be used in the audit that the independent auditor identifies as critical; (b) all alternative treatments of financial information within GAAP that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditor; and (c) all other material written communications between the independent auditor and management of the Company.

3. The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 16, "Communication with Audit Committees," as then in effect.

*F. Recommendation to Include Financial Statements in Annual Report.* The Committee shall, based on its reviews and discussions with respect to the annual financial statements and the independent auditors, determine whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year subject to the audit.

*Quarterly Financial Statements*

*G. Meetings with Management and the Independent Auditor.* The Committee shall review and discuss the quarterly financial statements (including the related notes) with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's quarterly report on Form 10-Q.

*Internal Audit*

*H. Appointment.* The Committee shall review the appointment and replacement of the internal auditor.

*I. Separate Meetings with the Internal Auditor.* The Committee shall meet periodically with the Company's internal auditor (separately from management and the independent auditor) to discuss the responsibilities, budget and staffing of the Company's internal audit function and any issues that the internal auditor believes warrant audit committee attention. The Committee shall discuss with the internal auditor any significant reports to management prepared by the internal auditor and any responses from management.

*Other Specific Powers and Responsibilities*

*J.* The Committee shall discuss with management and the independent auditor the Company's earnings press releases (with particular focus on any "pro forma" or "adjusted" non-GAAP information), as well as any financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which the Company may provide earnings guidance.

*K.* The Committee shall discuss with management and the independent auditor any related-party transactions brought to the Committee's attention which could reasonably be expected to have a material impact on the Company's financial statements; and shall review and discuss with the independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

*L.* To review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) on an ongoing basis in accordance with the Company's Related Party Transactions Policy and Procedures.

*M.* The Committee shall discuss with management and the independent auditor any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Company's financial statements, financial reporting process, accounting policies or internal audit function.

*N.* The Committee shall discuss with the Company's General Counsel, if any, or outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements.

*O.* The Committee shall request assurances from management, the independent auditor and the Company's internal auditors that the Company's non-U.S. subsidiaries and non-U.S. affiliated entities, if any, are in conformity with applicable legal requirements, including disclosure of affiliated party transactions.

*P.* The Committee shall discuss with management the Company's policies with respect to risk assessment and risk management. The Committee shall discuss with management the Company's

significant financial risk exposures and the actions management has taken to monitor and control such exposures.

*Q.* The Committee shall review and discuss with Lument Investment Management, LLC (the “**Manager**”) and ORIX Corporation USA risks relating to cybersecurity threats and policies and procedures of the Manager and its affiliates, on which the Company relies, to identify, assess and manage risks relating to cybersecurity threats.

*R.* The Committee shall set clear hiring policies for employees or former employees of the Company’s independent auditor.

*S.* The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The Committee shall also implement procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters, as set forth in the Company’s Code of Business Conduct and Ethics.

*T.* The Committee shall provide the Company with the report of the Committee with respect to the audited financial statements for inclusion in each of the Company’s annual proxy statements.

*U.* The Committee, through its Chair, shall report regularly to, and review with, the Board any issues that arise with respect to the quality or integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditor, the performance of the Company’s internal audit function or any other matter the Committee determines is necessary or advisable to report to the Board.

*V.* The Committee shall, at least annually, evaluate the performance of the Committee and its members and review the Committee’s compliance with this Charter.

*W.* The Committee shall, at least annually, review and reassess this Charter and submit any recommended changes to the Board for its consideration.