



Lument Finance Trust

Investor Presentation

August 2021

Disclaimer

This presentation contains 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 Lument Finance Trust, Inc. (NYSE: LFT) (“LFT,” the “Company,” “we,” “our,” or “us”) 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,” or “anticipates,” or the negative version of these words or other comparable words or other statements that do not relate strictly to historical or factual matters. 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 on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”). 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 2020 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 forward-looking statements contained in this presentation speak only as of August 9, 2021. 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, including Distributable Earnings. While we believe the non-GAAP information included in this presentation provides supplemental information to assist investors in analyzing our operating results and to assist investors in comparing our operating 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. Please refer to this presentation’s Appendix for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

Company Overview

- The Company is an externally-managed real estate investment trust focused on investing in, financing and managing a portfolio of commercial real estate debt investments
 - The Company is externally managed by Lument Investment Management, an affiliate of ORIX Corporation USA
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Key Investment Highlights

Strong Sponsorship/Ownership

- Access to extensive loan origination platform through affiliation with Lument, a premier national mortgage originator and asset manager
- Experienced management team with average of 23 years of industry experience across multiple economic cycles
- Affiliation with ORIX Corporation USA, an established international financial firm

Attractive Investment Profile

- Emphasis on middle market multifamily investments which are well positioned for the current environment
- Strong credit and asset management capabilities with zero delinquencies or defaults during the COVID era
- Attractive financing sources via non-recourse, non mark-to-market CRE CLOs

Leveraging the Depth of the Lument Platform

The Company leverages Lument's broad platform and significant expertise when originating and underwriting investments

- Lument is a nationally recognized leader in multifamily and seniors housing and care finance
- Combining the industry expertise of legacy brands Hunt Real Estate Capital, RED Capital Group, and Lancaster Pollard, Lument offers a comprehensive set of custom capital solutions to its clients across commercial real estate with a strong focus in multifamily, affordable housing, and seniors housing and healthcare

Significant Multifamily Expertise

- Top 10 non-bank multifamily lender
- \$47+ billion servicing portfolio (as of December 31, 2020)
- Lument's combined predecessor companies rank first in HUD senior housing and healthcare lending over the past decade, with more than 1,000 closings totaling over \$8.6 billion
- Top 5 Fannie Mae Small Loan lender (2020)
- Top 5 Freddie Mac Small Loan Lender (2020)
- Top ranked FHA MAP lender



Lument: A Platform Built for the Benefit of Investors

Diverse Opportunity Set via Lument Origination Platform	<ul style="list-style-type: none">• 550+ employees across 30+ offices provide clients of Lument and its affiliates with a mix of markets, assets, and deal types that span the breadth of commercial and multifamily real estate• Majority of deals are directly originated which creates differentiated access to investment opportunities
Proprietary Underwriting and Proactive Surveillance	<ul style="list-style-type: none">• Seasoned underwriting staff analyze opportunities on a deal-by-deal basis, and are further supported by a proprietary database of more than 20,000 deals• “Boots-on-the-ground” approach to underwriting, surveillance, and asset management allows for:<ul style="list-style-type: none">• Real-time intelligence that helps inform investment process• Enhanced view of trends and warning signals across markets and asset types• Lument’s \$47+ billion servicing portfolio⁽¹⁾ includes a Fitch-rated servicing unit
Cradle-to-Grave Capital Source	<ul style="list-style-type: none">• Robust borrower relationships combined with an efficient underwriting process allows Lument to be a go-to capital provider, which in turn keeps the Company’s pipeline of investment opportunities active and diverse• Flexibility to act as a capital provider up and down the capital stack both reinforces value to borrower clients and offers a multitude of investment opportunities to the Company
Backing from Well-Capitalized Parent Company	<ul style="list-style-type: none">• Backing from ORIX Corporation USA, an established international parent• ORIX Corporation (TSE: 8591 and NYSE: IX) operates in 37 countries and regions• In-house operations, asset management, legal, compliance, HR, etc.

Note: ⁽¹⁾ As of December 31, 2020.

Affiliation with ORIX

ORIX Corporation USA, a subsidiary of ORIX Corporation, is the parent of the Company's investment manager and is also a meaningful Company shareholder

ORIX CORPORATION USA – AT A GLANCE

ORIX Corporation USA provides investment capital and asset management services to clients in the corporate, real estate and municipal finance sectors. ORIX USA and its family of companies have \$87 billion of assets under management, administration and servicing as of December 31, 2020. ORIX USA and its subsidiaries include a team of more than 1,200 employees spanning more than 50 offices across the U.S. and Brazil. Its parent company, ORIX Corporation, is a publicly owned, Tokyo-based international financial services company.

Global Reach

- Operating in 37 countries and regions
- More than 2,100 locations
- Ranked No. 292 on 2020 Forbes Global 2000: World's Largest Public Companies

Publicly Traded

- Listed on the Tokyo (8591) and New York (NYSE: IX) stock exchanges
- Approximately \$20 billion market capitalization as of March 2020

Capital Reach

- Balance sheet assets exceeding \$128 billion (As of December 2020)
- Approximately \$400 billion in assets under management across the globe (As of December 2020)

Rated

- Long-term debt credit rating of A- by S&P's, Fitch's and A3 by Moody's (As of April 2020)



Lument: Experienced Leadership Team



JAMES FLYNN

Director & CEO, Lument Finance Trust
Chief Executive Officer, Lument



MIKE LARSEN

President, Lument Finance Trust
Chief Operating Officer, Lument



JAMES BRIGGS

CFO, Lument Finance Trust
Chief Accounting Officer, Lument



PRECILLA TORRES

Head of Real Estate Investment
Strategies, Lument



VIC CLARK

Head of Conventional
Multifamily Production,
Lument



BARRY FULLER

Head of Loan Servicing and
Asset Management, Lument



PHIL GIBSON

Chief Credit Officer, Real Estate
Investment Strategies, Lument



JAMES HENSON

General Counsel, Lument



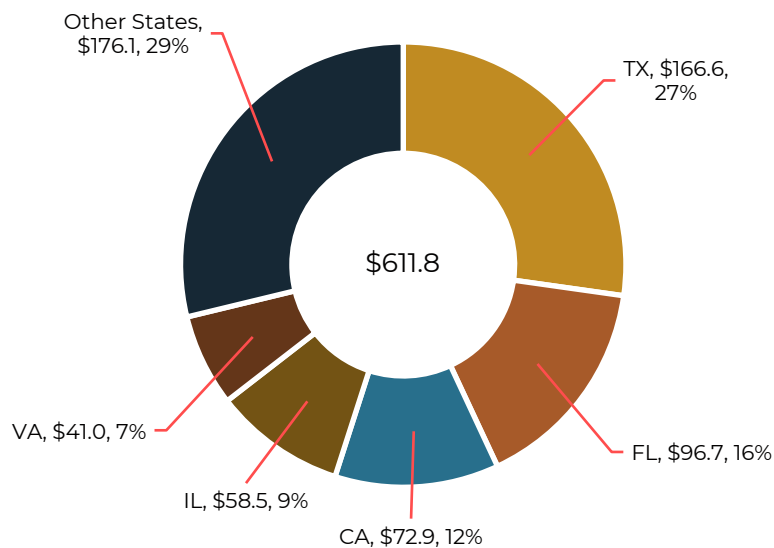
Lument Finance Trust: Target Investments

Loan Size	\$5 million to \$50+ million
Collateral	Primarily first lien real estate debt on stabilized or transitional assets
Property Type	Multifamily, retail, office, industrial, and self storage
Geographies	Within the United States
Loan to Value	Typically up to 80% LTC / up to 75% of stabilized value
Rate	LIBOR + 3.00% and higher
Term	3 to 5 years
Amortization	Typically interest only
Recourse	Typically non-recourse except for standard carve-outs

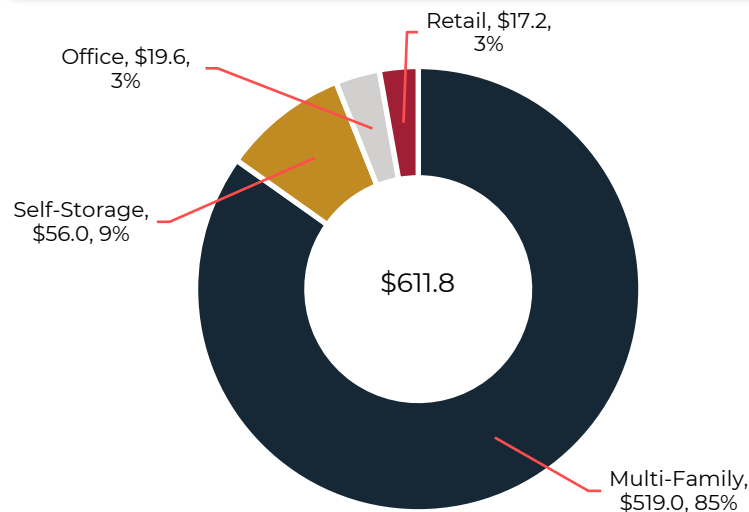
Lument Finance Trust: Investment Portfolio

- At June 30, 2021, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$611.8 million. 85%⁽¹⁾ of the portfolio was invested in loans backed by multifamily assets
- The Company anticipates that the majority of loan activity will continue to be related to multifamily assets. The Company does not own any hospitality assets and has limited exposure to retail and office assets
- LIBOR floors exist on 98%⁽¹⁾ of the loans in the portfolio
- During the “COVID era,” the Company has not granted a single forbearance nor has it experienced a single loan default

Geographic Concentration⁽²⁾



Property Type⁽²⁾

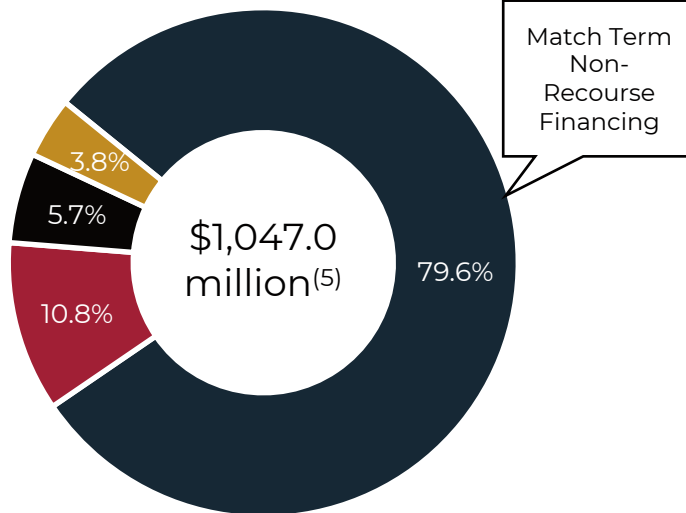


Note: (1) Based on carrying value.
(2) \$ in millions, based on carrying value.

Lument Finance Trust: Capital Structure Overview

- The Company does not currently utilize repurchase or warehouse facility financing and therefore is not subject to margin calls on any of its assets from repo or warehouse lenders
- Primary sources of financing include a match-term non-MTM CRE CLO (LMNT 2021-FL1), preferred stock and a corporate term loan

Capital Structure Composition



- CLO Financing
- Preferred Equity
- Common Equity
- Term Loan

Capital Structure Detail

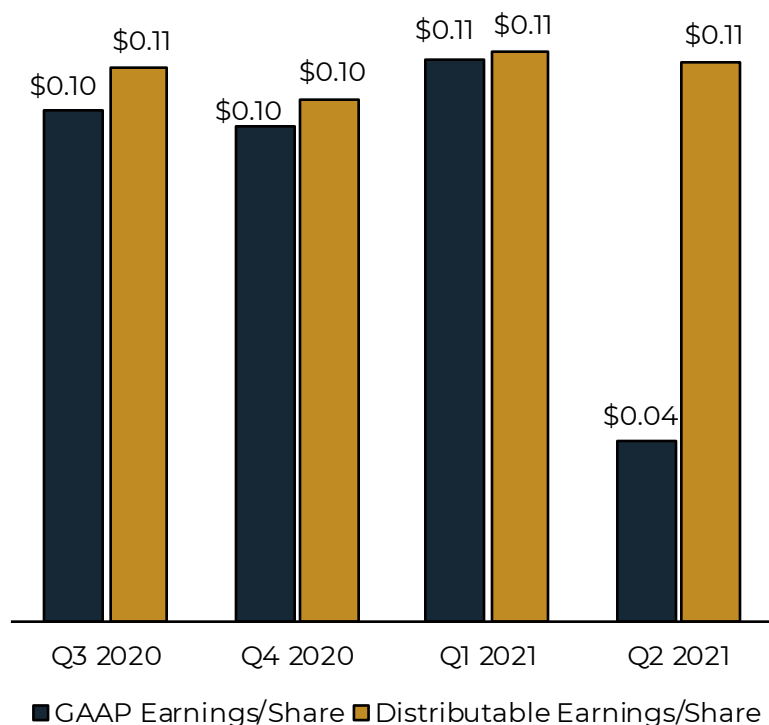
(\$ in millions)

<u>Collateralized Loan Obligations</u>	<u>Rate</u>	<u>Advance Rate</u>	<u>Amount</u>
LMNT 2021-FL1 ⁽¹⁾	L + 1.43%	83.4%	\$833.8
<u>Credit Facilities</u>			
Term Loan ⁽²⁾	7.25%		\$40.3
Total Debt			\$874.0
<u>Equity</u>			
Preferred Equity ⁽³⁾	7.875%		\$60.0
Book Value of Common Equity ⁽⁴⁾			\$113.0
Total Capitalization⁽⁵⁾			\$1,047.0

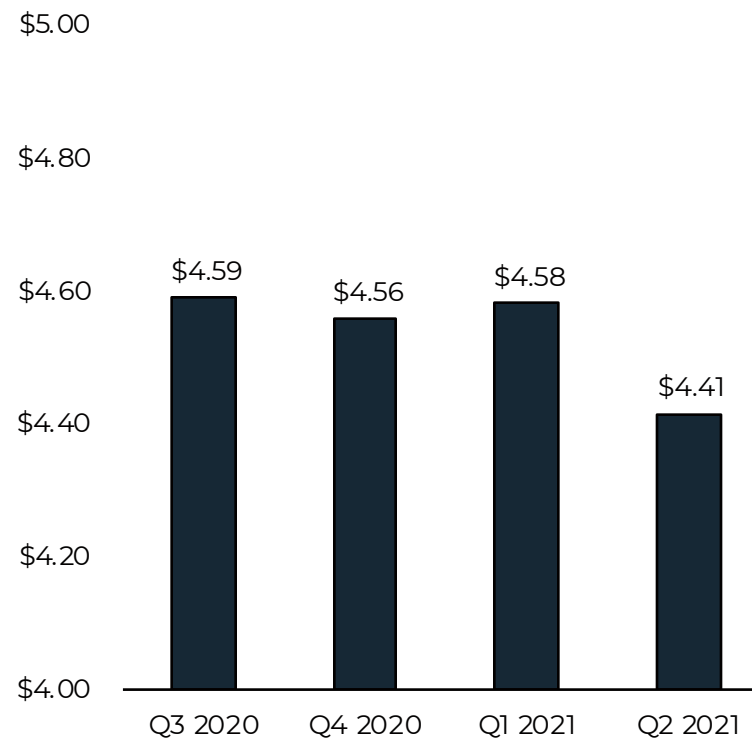
Note: (1) CLO financing shown at par value. GAAP carrying value of \$826.1 million includes \$7.7 million of unamortized debt issuance costs for LMNT 2021-FL1.
 (2) Term loan shown at par value. GAAP carrying value of \$39.6 million includes \$0.6 million of unamortized debt issuance costs.
 (3) Preferred equity shown at \$60 million liquidation preference.
 (4) Noncontrolling interest was \$99,500 as of 6/30/2021 and is included in common equity above.
 (5) LFT total capitalization is a non-GAAP measure which excludes certain Balance Sheet items; Please see Appendix for reconciliation to GAAP.

Track Record of Earnings Growth and Book Value Stability

GAAP Earnings & Distributable Earnings⁽¹⁾
Per Share of Common Stock



Book Value Per Share of Common Stock⁽²⁾



Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.
(2) See Appendix for definition of Book Value Per Share of Common Stock.

Conclusion



LUMENT FINANCE TRUST

Key Investment Highlights

Strong Sponsorship/Ownership

- Access to extensive loan origination platform through affiliation with Lument, a premier national mortgage originator and asset manager
- Experienced management team with average of 23 years of industry experience across multiple economic cycles
- Affiliation with ORIX Corporation USA, the US subsidiary of ORIX Corporation, a publicly traded Tokyo-based international financial services firm

Attractive Investment Profile

- Emphasis on middle market multifamily investments which are well positioned for the current environment
- Strong credit and asset management capabilities with zero delinquencies or defaults during the COVID era
- Attractive financing source via non-recourse, non mark-to-market CRE CLO

Appendix

Q2 2021 Financial Updates

Q2 2021 Key Updates

Financial Results	<ul style="list-style-type: none"> Q2 2021 GAAP net income attributable to common stockholders of \$955 thousand, or \$0.04 per share of common stock. Q2 2021 Distributable Earnings⁽¹⁾ of \$2.8 million, or \$0.11 per share of common stock Q2 2021 Book Value Per Share of Common Stock of \$4.41⁽²⁾. Book Value Per Share of Common Stock is net of \$2.7 million (\$0.11 per share) of preferred stock offering costs
Highlights	<ul style="list-style-type: none"> On May 5th, the Company closed a public offering of 2.4 million shares of 7.875% Series A Cumulative Redeemable Preferred Stock at a public offering price of \$25.00 per share On June 14th, the Company closed LMNT 2021-FL1, a \$1 billion CRE CLO, and redeemed its two existing CRE CLOs. Approximately \$833.8 million of investment grade-rated notes were issued and sold at a weighted average spread of 143 basis points over one-month LIBOR, excluding fees and transaction costs. The securitization has a 30-month reinvestment period During Q2 2021, the Company acquired and/or funded \$303.4 million of new loans and participations at a weighted average interest rate of L + 3.79%. 82%⁽³⁾ of the new acquisitions and fundings were loans backed by multifamily assets. The Company experienced \$175.8 million of loan payoffs during the quarter Subsequent to quarter end, on July 29th, the Company deployed \$249.5 million of restricted cash to acquire 12 loans from an affiliate of our Manager with a weighted average interest rate of L + 3.37% and a weighted average LIBOR floor of 0.16%
Investment Portfolio Overview	<ul style="list-style-type: none"> 100% of the loans in the CRE investment portfolio were current as of as of June 30, 2021. During the “COVID era”, we have not granted a single forbearance nor have we experienced a single loan default As of June 30, 2021, 99.9%⁽³⁾ of LFT’s investment portfolio consisted of floating-rate CRE loans. 85%⁽³⁾ of the portfolio was multifamily. The \$611.8 million CRE loan portfolio had a weighted average remaining term of 14 months⁽⁴⁾, a weighted average interest rate of L + 3.66% and a weighted average LIBOR floor of 1.32%
Financing	<ul style="list-style-type: none"> The floating-rate CRE loan portfolio is financed with a \$833.8 million of investment grade notes issued through LMNT 2021-FL1, a CRE CLO LMNT 2021-FL1 provides 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

Note: (1) We believe that Distributable Earnings provides meaningful information to consider in addition to our net income (loss) and cash flows from operating activities determined in accordance with GAAP. Distributable Earnings mirrors how we calculated Core Earnings in the past. Please see Appendix for reconciliation to GAAP.
(2) See Appendix for definition of Book Value Per Share of Common Stock.
(3) Based on carrying value.
(4) If all extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 35 months.

Q2 2021 Income Statement Summary

Summary Income Statement (thousands)	Three Months Ended June 30, 2021
Net interest income	\$5,254
Total other income (loss)	(1,789)
Operating expenses	(1,839)
Benefit (provision) from income taxes	54
Preferred dividends	726
Net income attributable to common stockholders	\$955
Weighted average shares outstanding during the period, basic and diluted	24,944,075
Net income attributable to common stockholders per share	\$0.04

GAAP Net Income to Distributable Earnings Reconciliation (thousands)	Three Months Ended June 30, 2021
Net Income attributable to common stockholders	\$955
Adjustments:	
Unrealized losses (gains) on mortgage servicing rights	220
Loss on extinguishment of debt	1,664
Recognized compensation expense related to restricted stock	3
Adjustment for (provision for) income taxes	(54)
Distributable Earnings ⁽¹⁾	\$2,788
Weighted average shares outstanding during the period, basic and diluted	24,944,075
Distributable Earnings per share of common stock	\$0.11
Dividend per share of common stock	\$0.09

Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.

Q2 2021 Balance Sheet Summary

Balance Sheet (thousands)	June 30, 2021 ⁽¹⁾
Commercial mortgage loans held-for-investment	\$611,820
Mortgage servicing rights, at fair value	679
Cash and cash equivalents	14,577
Restricted cash ⁽²⁾	330,261
Accrued interest receivable	2,812
Investment Related Receivable	79,458
Other assets	2,357
Total assets	\$1,041,963
Collateralized loan obligations ⁽³⁾	\$826,070
Credit facility	39,635
Other liabilities	6,020
Total liabilities	\$871,726
Total equity	\$170,237
Total liabilities / total equity	5.12x
Book Value Per Share of Common Stock ⁽⁴⁾	\$4.41

Note:

(1) Refer to footnote 1 on page 22 for information on the Company's consolidated variable interest entities ("VIE's").

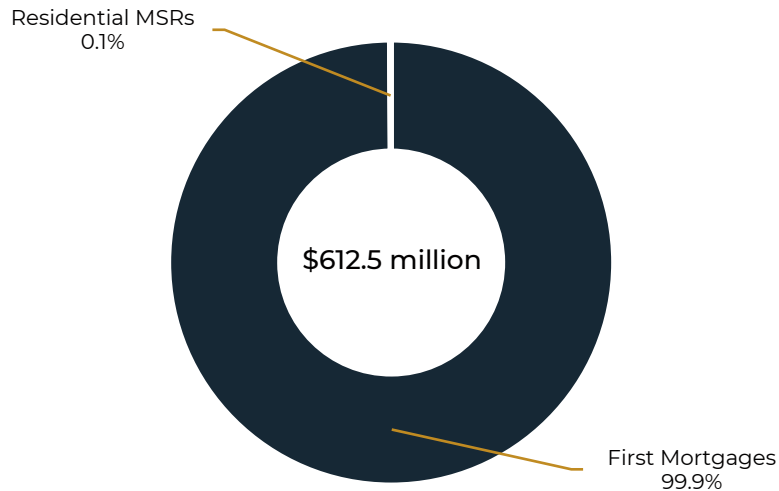
(2) Restricted cash held by LMNT 2021-FL1, the Company's CRE CLO, and available for investment in eligible mortgage assets.

(3) Outstanding notional amount of bonds issued by LMNT 2021-FL1 is \$833.8 million. For GAAP purposes, these liabilities are carried at their outstanding unpaid principal balance, net of any unamortized discounts and debt issuance costs.

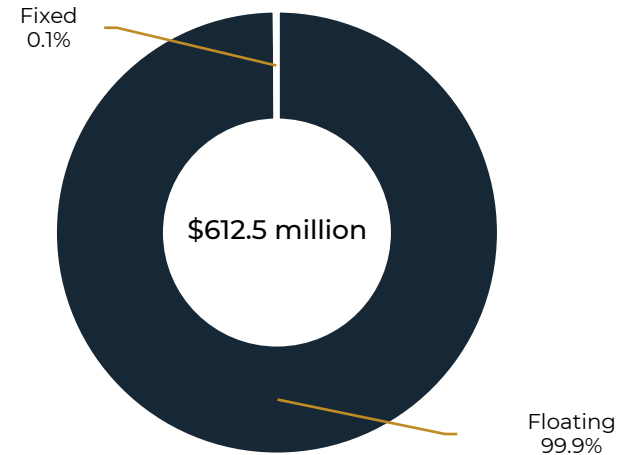
(4) See Appendix for definition of Book Value Per Share of Common Stock.

Q2 2021 Summary of Investment Portfolio

Investment Type



Interest Rate Type



Investment Portfolio as of
June 30, 2021
(thousands)

	UPB / Notional	Net Carrying Value	Weighted Average Coupon	Weighted Average Remaining Term (months)	Weighted Average As-Is LTV at Loan Origination	Weighted Average As-Stabilized LTV at Loan Origination
First Mortgages	\$611,527	\$611,820	L + 3.66%	14 ⁽¹⁾	69.64% ⁽²⁾	58.14% ⁽²⁾
Residential MSRs	\$127,453	\$679	0.25%	261 ⁽³⁾		
Total	\$738,980	\$612,499				

Note:

(1) If all extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 35 months.

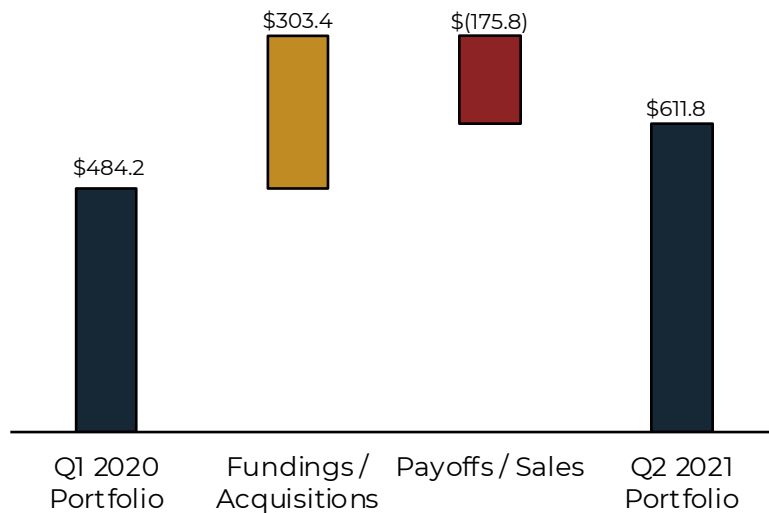
(2) Underwritten LTVs on an "as-is" and "as-stabilized" basis as of the date the loan was originated by an affiliate. LTV has not been updated for any subsequent draws or loan modifications and is not reflective of any changes in value which may have occurred subsequent to the origination date.

(3) 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 term of the portfolio to be less than 261 months.

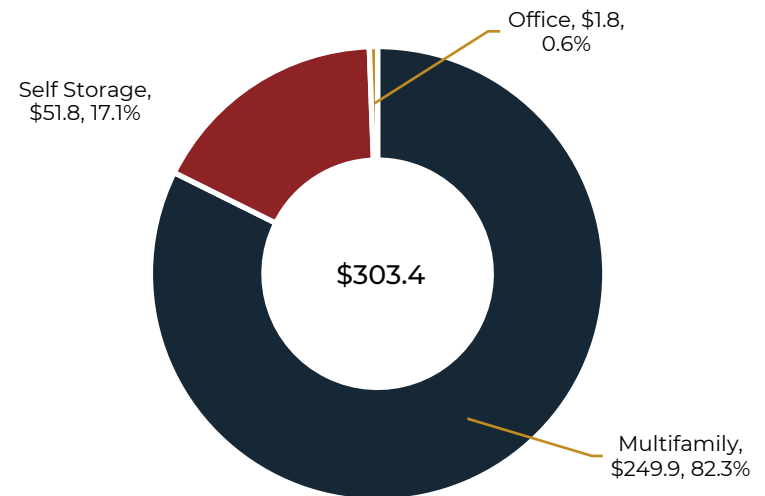
Q2 2021 Balance Sheet Summary

- The CRE loan portfolio increased by \$127.6 million in Q2 2021 as we refinanced our existing CRE CLOs (Hunt CRE 2017-FL1 and Hunt CRE 2018-FL2) into a combined \$1 billion CRE CLO (LMNT 2021-FL1)
- We acquired and/or funded \$303.4 million of loans in Q2 2021
- We experienced \$175.8 million of loan payoffs in Q2 2021. \$96.3 million of these payoffs occurred prior to the refinance of Hunt CRE 2017-FL1 and Hunt CRE 2018-FL2 on June 14, 2021 and \$79.4 million occurred after the refinance

Net Funding Activity^(1,2)

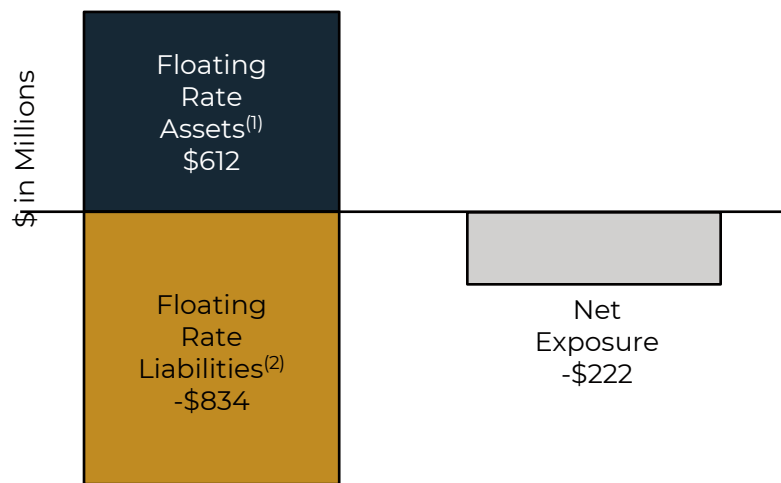


Q1 2021 Loan Acquisitions and Fundings^(1,2)

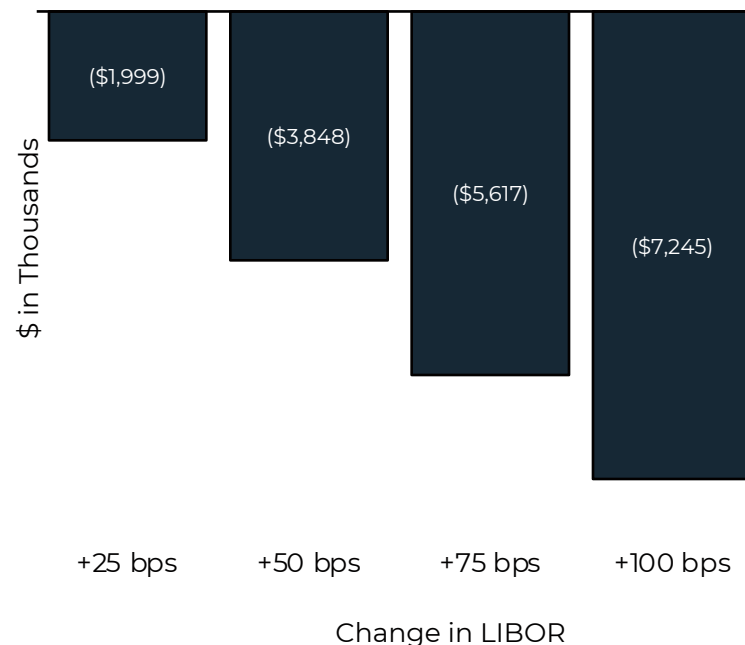


Interest Rate Sensitivity as of June 30, 2021

Floating-Rate Exposure



Annual Net Interest Income Sensitivity to Shifts in One-Month LIBOR^(3,4)



Note: (1) Comprised of the Company's portfolio of floating-rate CRE loans.
 (2) Comprised of outstanding securitization notes in the CRE CLO.
 (3) Assumes starting one-month LIBOR rate of 0.1003%.
 (4) Negative LIBOR will not have further impacts on P&L.

6/30/2021 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Current Balance	Note Spread	Initial Term (months)	As-Is LTV at Origination ⁽¹⁾
1	Loan 1	6/5/2018	9/6/2021	Multi-Family	Palatine	IL	39,454,344	4.30%	39	68.50%
2	Loan 2	11/22/2019	8/6/2022	Multi-Family	Virginia Beach	VA	36,781,588	2.75%	32	77.10%
3	Loan 3	11/30/2018	12/6/2021	Multi-Family	Nacogdoches	TX	36,719,999	4.05%	36	70.39%
4	Loan 4	11/26/2019	12/6/2021	Multi-Family	Doraville	GA	31,115,334	2.75%	24	76.10%
5	Loan 5	2/25/2021	9/6/2021	Multi-Family	Sacramento	CA	28,000,000	3.50%	6	63.60%
6	Loan 6	4/22/2021	5/6/2022	Multi-Family	Los Angeles	CA	27,750,000	3.25%	12	55.00%
7	Loan 7	12/10/2019	7/6/2022	Multi-Family	San Antonio	TX	27,411,724	3.15%	31	71.90%
8	Loan 8	1/15/2020	7/6/2022	Multi-Family	Chattanooga	TN	25,094,805	2.95%	30	80.60%
9	Loan 9	12/20/2018	1/1/2022	Multi-Family	Fort Myers	FL	24,320,000	4.75%	36	65.70%
10	Loan 10	3/31/2021	4/5/2023	Multi-Family	Jacksonville	FL	22,000,000	3.65%	24	77.70%
11	Loan 11	11/20/2019	11/20/2023	Self Storage	Seattle	WA	19,648,818	3.60%	48	46.50%
12	Loan 12	12/28/2018	1/6/2022	Retail	Austin	TX	17,172,623	4.10%	36	60.50%
13	Loan 13	4/12/2021	5/5/2024	Multi-Family	Cedar Park	TX	15,000,000	3.75%	37	66.70%
14	Loan 14	10/11/2019	10/11/2022	Self Storage	Pompano Beach	FL	14,500,000	3.75%	36	75.00%
15	Loan 15	2/28/2018	2/28/2022	Multi-Family	Portland	OR	14,280,165	7.50%	48	75.90%
16	Loan 16	8/8/2019	8/6/2022	Multi-Family	Fort Worth	TX	13,671,010	3.00%	36	75.83%
17	Loan 17	7/23/2018	8/6/2021	Office	Chicago	IL	13,148,199	3.75%	37	72.74%
18	Loan 18	5/12/2021	6/5/2024	Multi-Family	Fort Worth	TX	13,026,000	3.35%	37	74.86%
19	Loan 19	3/12/2021	4/5/2024	Multi-Family	Mesa	AZ	12,375,000	3.55%	37	75.00%
20	Loan 20	12/23/2019	12/23/2021	Multi-Family	Memphis	TN	11,857,066	4.00%	24	62.80%
21	Loan 21	2/8/2019	2/7/2024	Self Storage	Federal Way	WA	10,676,822	4.75%	60	65.80%
22	Loan 22	4/23/2021	5/6/2024	Multi-Family	Tualatin	OR	10,497,000	3.20%	36	73.90%

Continued on the following page

Note: (1) 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.

6/30/2021 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Current Balance	Note Spread	Initial Term (months)	As-Is LTV at Origination ⁽¹⁾
23	Loan 23	3/26/2021	4/6/2022	Multi-Family	Alhambra	CA	9,623,000	3.25%	12	49.01%
24	Loan 24	9/10/2020	10/6/2021	Multi-Family	Winchester	OH	9,527,000	4.25%	13	61.90%
25	Loan 25	11/13/2019	12/6/2021	Multi-Family	Holly Hill	FL	8,620,367	2.90%	25	77.80%
26	Loan 26	5/12/2021	6/5/2024	Multi-Family	Lakeland	FL	8,220,000	3.35%	37	76.80%
27	Loan 27	1/13/2020	2/6/2022	Multi-Family	Fort Lauderdale	FL	8,037,399	3.15%	25	78.40%
28	Loan 28	4/7/2021	5/6/2024	Multi-Family	Phoenix	AZ	7,963,794	3.60%	37	69.46%
29	Loan 29	3/12/2018	4/6/2022	Multi-Family	Waco	TX	7,912,000	4.75%	49	72.90%
30	Loan 30	3/19/2021	4/6/2024	Multi-Family	Glendora	CA	7,513,000	3.60%	37	72.20%
31	Loan 31	2/3/2020	2/3/2024	Self Storage	Fort Worth	TX	6,959,953	3.75%	48	63.80%
32	Loan 32	3/31/2021	4/5/2024	Multi-Family	Tucson	AZ	6,893,000	3.55%	36	72.75%
33	Loan 33	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	6,888,915	3.40%	37	77.70%
34	Loan 34	11/30/2018	11/6/2021	Office	Decatur	GA	6,488,831	4.10%	35	56.80%
35	Loan 35	12/9/2019	1/6/2022	Multi-Family	Fort Worth	TX	6,344,748	3.15%	25	77.70%
36	Loan 36	8/28/2019	8/6/2022	Multi-Family	Austin	TX	6,054,427	3.25%	35	69.90%
37	Loan 37	6/22/2018	7/6/2022	Multi-Family	Chicago	IL	5,900,550	4.10%	49	80.53%
38	Loan 38	12/13/2019	1/6/2022	Multi-Family	Jacksonville	FL	5,632,870	2.90%	25	74.90%
39	Loan 39	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	5,295,605	2.90%	37	62.92%
40	Loan 40	4/30/2021	5/5/2024	Multi-Family	Daytona Beach	FL	5,285,500	3.65%	36	77.40%
41	Loan 41	12/29/2020	1/6/2022	Multi-Family	Fayetteville	NC	4,920,000	3.95%	12	70.30%
42	Loan 42	11/30/2018	11/30/2021	Multi-Family	Anderson	SC	4,446,000	3.25%	36	53.70%
43	Loan 43	5/31/2019	6/6/2022	Multi-Family	Austin	TX	4,275,035	3.50%	36	74.09%
44	Loan 44	11/12/2019	12/6/2021	Self Storage	Chesapeake	VA	4,225,000	3.15%	25	64.50%
Total / Average							611,527,493	3.66%	32	69.64%

Note: (1) 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

	June 30, 2021 ⁽¹⁾	December 31, 2020 ⁽¹⁾
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 14,576,852	\$ 11,375,960
Restricted cash	330,260,821	57,999,396
Commercial mortgage loans held-for-investment, at amortized cost	611,820,226	547,345,334
Mortgage servicing rights, at fair value	678,788	919,678
Accrued interest receivable	2,811,728	2,015,617
Investment related receivable	79,457,686	—
Other assets	2,356,934	1,833,794
Total assets	<u>\$ 1,041,963,035</u>	<u>\$ 621,489,779</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Collateralized loan obligations, net	826,070,345	463,060,090
Secured term loan, net	39,635,259	39,556,198
Accrued interest payable	666,277	432,936
Dividends payable	2,967,184	3,242,640
Fees and expenses payable to Manager	1,527,809	1,156,340
Other accounts payable and accrued expenses	859,151	338,423
Total liabilities	<u>871,726,025</u>	<u>507,786,627</u>
COMMITMENTS AND CONTINGENCIES (NOTES 10 & 11)		
EQUITY:		
Preferred Stock: par value \$0.01 per share; 50,000,000 shares authorized; 7.875% Series A cumulative redeemable, \$60,000,000 aggregate liquidation preference, 2,400,000 and 0 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	57,258,435	—
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 24,947,883 and 24,943,383 shares issued and outstanding, at June 30, 2021 and December 31, 2020, respectively	249,434	249,389
Additional paid-in capital	233,856,352	233,850,271
Cumulative distributions to stockholders	(136,575,566)	(131,355,978)
Accumulated earnings	15,348,855	10,859,970
Total stockholders' equity	170,137,510	113,603,652
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 170,237,010</u>	<u>\$ 113,703,152</u>
Total liabilities and equity	<u>\$ 1,041,963,035</u>	<u>\$ 621,489,779</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 June 30, 2021 and December 31, 2020, assets of consolidated VIEs totaled \$1,002,544,374 and \$591,318,506, respectively and the liabilities of consolidated VIEs totaled \$826,663,669 and \$463,411,967 respectively. See Note 4 for further discussion.



Consolidated Statement of Income

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenues:				
Interest income:				
Commercial mortgage loans held-for-investment	\$ 8,227,979	\$ 8,472,153	\$ 15,698,096	\$ 17,637,958
Cash and cash equivalents	12,778	7,620	17,078	35,787
Interest expense:				
Collateralized loan obligations	(2,211,947)	(2,915,638)	(4,397,189)	(7,153,527)
Secured term loan	(774,363)	(780,441)	(1,546,228)	(1,560,882)
Net interest income	5,254,447	4,783,694	9,771,757	8,959,336
Other income (loss):				
Unrealized (loss) on mortgage servicing rights	(220,435)	(375,176)	(240,890)	(1,252,925)
Loss on extinguishment of debt	(1,663,926)	—	(1,663,926)	—
Servicing income, net	95,766	204,380	219,922	398,527
Other income	—	—	—	2
Total other income (loss)	(1,788,595)	(170,796)	(1,684,894)	(854,396)
Expenses:				
Management and incentive fees	725,465	590,211	1,446,464	1,175,032
General and administrative expenses	520,013	978,842	1,200,327	1,744,734
Operating expenses reimbursable to Manager	496,599	346,653	809,053	807,774
Other operating expenses	48,054	833,998	82,807	1,134,924
Compensation expense	49,491	52,762	98,626	106,894
Total expenses	1,839,622	2,802,466	3,637,277	4,969,358
Net income before provision for income taxes	1,626,230	1,810,432	4,449,586	3,135,582
(Provision for) benefit from income taxes	54,012	68,271	39,299	294,792
Net income	1,680,242	1,878,703	4,488,885	3,430,374
Dividends accrued to preferred stockholders	(725,667)	(3,750)	(729,375)	(7,500)
Net income attributable to common stockholders	\$ 954,575	\$ 1,874,953	\$ 3,759,510	\$ 3,422,874
Earnings per share:				
Net income attributable to common stockholders (basic and diluted)	\$ 954,575	\$ 1,874,953	\$ 3,759,510	\$ 3,422,874
Weighted average number of shares of common stock outstanding	24,944,075	24,939,575	24,943,731	24,925,529
Basic and diluted income per share	\$ 0.04	\$ 0.08	\$ 0.15	\$ 0.14
Dividends declared per share of common stock	\$ 0.09	\$ 0.08	\$ 0.18	\$ 0.15

Reconciliation of GAAP to Distributable Earnings

GAAP to Distributable Earnings Reconciliation	For the Three Months Ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
<i>Reconciliation of GAAP to non-GAAP Information</i>				
Net income attributable to common stockholders	\$954,575	\$2,804,935	\$2,464,678	\$2,547,218
<i>Adjustments for non-Distributable earnings</i>				
Unrealized loss on mortgage servicing rights	220,435	20,455	177,476	350,127
Loss on extinguishment of debt	1,663,926	-	-	-
Subtotal	1,884,361	20,455	177,476	350,127
<i>Other Adjustments</i>				
Recognized compensation expense related to restricted common stock	3,241	2,885	2,949	6,512
Provision for income taxes	(54,012)	14,713	(38,861)	(142,595)
Subtotal	(50,771)	17,598	(35,912)	(139,646)
Distributable Earnings	\$2,788,165	\$2,842,988	\$2,606,242	\$2,757,699
Weighted average shares outstanding, basic and diluted	24,944,075	24,943,383	24,943,383	24,943,383
Distributable Earnings per share of common stock, basic and diluted	\$0.11	\$0.11	\$0.10	\$0.11

Detailed Walk of Capitalization

(in 000's)

Total GAAP liabilities and stockholders' equity

6/30/2021

\$1,041,963

Adjustments for Capitalization

(-) Accrued interest payable

(666)

(-) Dividends payable

(2,967)

(-) Fees and expenses payable to Manager

(1,528)

(-) Other accounts payable and accrued expenses

(859)

(+) Other capitalized financing & issuance costs

11,036

LFT Capitalization

\$1,046,979

Book Value Per Share of Common Stock

<i>(in 000's)</i>	Book Value per Share of Common Stock
Total stockholders' equity	\$170,137
(-) Preferred equity	(60,000) ⁽¹⁾
Common equity	110,137
Shares outstanding	24,947,883
Book Value Per Share of Common Stock	\$4.41

Note: (1) Reflects 2.4 million shares of the Company's 7.875% Series A Cumulative Redeemable Preferred Stock outstanding at a \$25 liquidation preference per share.

Key Definitions

“Book Value Per Share of Common Stock” is 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, basic and diluted.

“Distributable Earnings” is a non-GAAP measure, which we define as GAAP net income (loss) attributable to holders' of common stock, 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, (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 that applicable repotting period, regardless of whether such items are included in other comprehensive income (loss) or net income (loss), 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 approved by a majority of the Company's independent directors. We also add back one-time charges such as acquisition costs and one-time gains/losses on the early extinguishment of debt and redemption of preferred stock. Distributable Earnings mirrors how we calculate Core Earnings pursuant to the terms of our management agreement between our Manager and us, or our Management Agreement, for purposes of calculating the incentive fee payable to our Manager. While Distributable Earnings excludes the impact of any unrealized provisions for credit losses, any loan losses are charged off and realized through Distributable Earnings when deemed non-recoverable. Non-recoverability is determined (i) upon the resolution of a loan (i.e. when the loan is repaid, fully or partially, or in the case of foreclosures, when the underlying asset is sold), or (ii) with respect to any amount due under any loan, when such amount is determined to be non-collectible.

We believe that Distributable Earnings provides meaningful information to consider in addition to our net income (loss) and cash flows from operating activities determined in accordance with GAAP. We believe Distributable Earnings is a useful financial metric for existing and potential future holders of our common stock as historically, over time, Distributable Earnings has been a strong indicator of our dividends per share. As a REIT, we generally must distribute annually at least 90% of our taxable income, subject to certain adjustments, and therefore we believe our dividends are one of the principal reasons stockholders may invest in our common stock. Refer to Note 16 to our consolidated financial statements for further discussion of our distribution requirements as a REIT. Furthermore, Distributable Earnings help us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations, and is a performance metric we consider when declaring our dividends.

Distributable Earnings does not represent net income (loss) or cash generated from operating activities and should not be considered as an alternative to GAAP net income (loss), or an indication of GAAP cash flows from operations, a measure of our liquidity, or an indication of funds available for our cash needs. In addition, our methodology for calculating Distributable Earnings may differ from the methodologies employed by other companies to calculate the same or similar performance measures, and accordingly, our reported Distributable Earnings may not be comparable to the Distributable Earnings reported by other companies.



L U M E N T

August 2021
