



Lument Finance Trust

Q3 2021 Earnings Supplemental
November 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, 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

Q3 2021 Key Updates

Financial Results	<ul style="list-style-type: none">Q3 2021 GAAP net income attributable to common stockholders of \$1.2 million, or \$0.05 per share of common stock. Q3 2021 Distributable Earnings⁽¹⁾ of \$1.4 million, or \$0.06 per share of common stockQ3 2021 Book Value Per Share of Common Stock of \$4.37⁽²⁾
Highlights	<ul style="list-style-type: none">During Q3 2021, the Company acquired and/or funded \$309.1 million of new loans at a weighted average interest rate of L + 3.39% and a weighted average LIBOR floor of 0.16%. 100%⁽³⁾ of the new acquisitions were loans backed by multifamily assets. The Company experienced \$117.6 million of loan payoffs during the quarterSubsequent to September 30, 2021 and through November 5th, the Company acquired an additional \$98.5 million of loans from an affiliate of our Manager. These loans have a weighted average interest rate of L + 3.26% and a weighted average LIBOR floor of 0.10%On September 14th, the Company announced the declaration of a cash dividend of \$0.09 per share of common stock and \$0.4921875 per share of 7.875% Cumulative Redeemable Series A Preferred Stock with respect to the third quarter of 2021
Investment Portfolio Overview	<ul style="list-style-type: none">100% of the loans in the CRE investment portfolio were current as of September 30, 2021. During the “COVID era,” we have not granted a single forbearance nor have we experienced a single loan defaultAs of September 30, 2021, 99.9%⁽³⁾ of LFT’s investment portfolio consisted of floating-rate CRE loans. 89.4%⁽³⁾ of the portfolio was multifamily. The \$803.0 million CRE loan portfolio had a weighted average remaining term of 21 months⁽⁴⁾, a weighted average interest rate of L + 3.46% and a weighted average LIBOR floor of 0.83%
Financing	<ul style="list-style-type: none">The floating-rate CRE loan portfolio is financed with \$833.8 million of investment grade notes issued through LMNT 2021-FL1, a CRE CLOLMNT 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

Q3 2021 Balance Sheet Summary

Balance Sheet (thousands)	September 30, 2021 ⁽¹⁾
Commercial mortgage loans held-for-investment	\$803,074
Mortgage servicing rights, at fair value	619
Cash and cash equivalents	44,080
Restricted cash ⁽²⁾	148,066
Accrued interest receivable	3,083
Investment Related Receivable	48,890
Other assets	2,206
Total assets	\$1,050,018
Collateralized loan obligations ⁽³⁾	\$826,145
Credit facility ⁽³⁾	46,805
Other liabilities	7,906
Total liabilities	\$880,857
Total equity	\$169,162
Total liabilities / total equity	5.21x
Book Value Per Share of Common Stock⁽⁴⁾	\$4.37

Note:

(1) Refer to footnote 1 on page 16 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, and the unpaid principal balance of the credit facility is \$47.8 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.

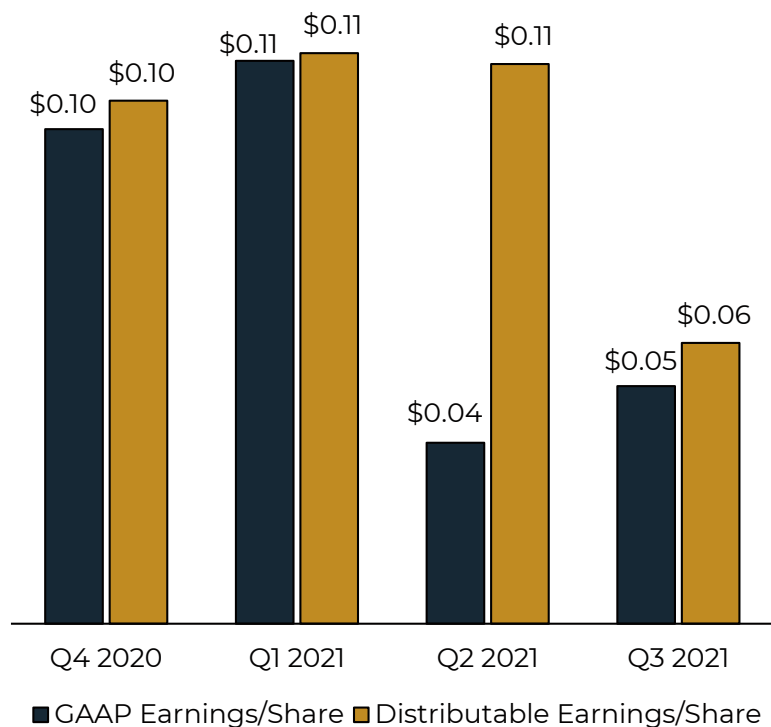
Q3 2021 Income Statement Summary

Summary Income Statement (thousands)	Three Months Ended September 30, 2021	GAAP Net Income to Distributable Earnings Reconciliation (thousands)	Three Months Ended September 30, 2021
Net interest income	\$4,733	Net Income attributable to common stockholders	\$1,176
Total other income (loss)	47	Adjustments:	
Operating expenses	(2,397)	Unrealized losses on mortgage servicing rights	60
Benefit (provision) from income taxes	(8)	Purchase premium payoffs	151
Preferred dividends	(1,198)	Recognized compensation expense related to restricted stock	5
Net income attributable to common stockholders	\$1,176	Adjustment for income taxes	8
		Distributable Earnings ⁽¹⁾	\$1,400
		Weighted average shares outstanding during the period, basic and diluted	24,947,883
Weighted average shares outstanding during the period, basic and diluted	24,947,883	Distributable Earnings per share of common stock	\$0.06
Net income attributable to common stockholders per share	\$0.05	Dividend per share of common stock	\$0.09

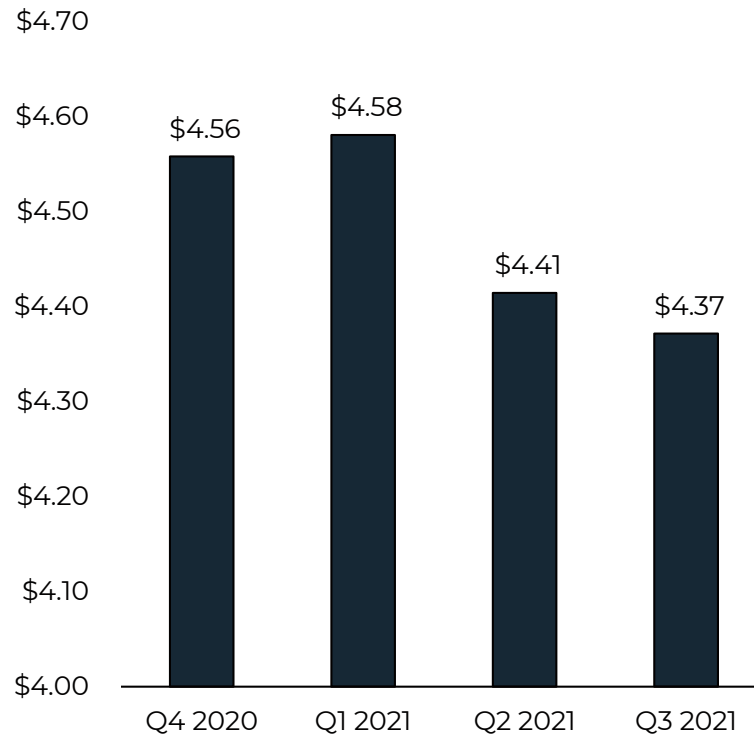
Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.

Earnings and Book Value Per Share of Common Stock

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



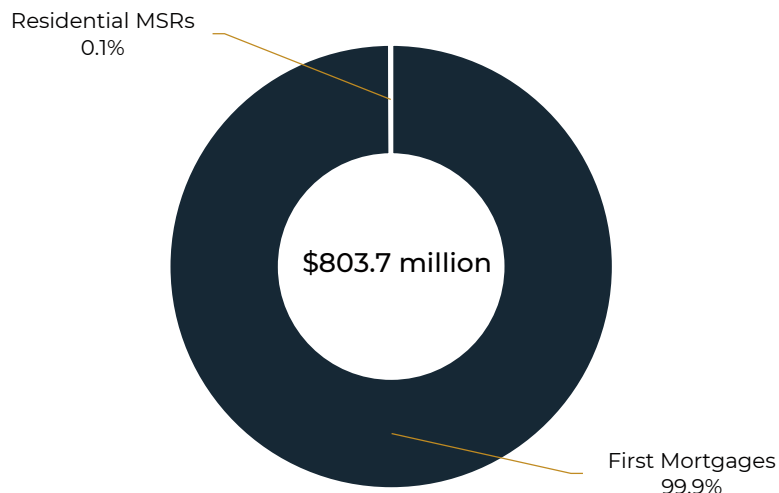
Book Value Per Share of Common Stock⁽²⁾



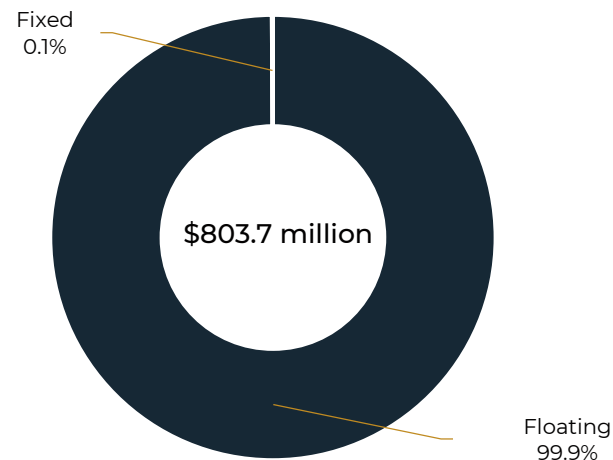
Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.
(2) See Appendix for definition of Book Value Per Share of Common Stock.

Q3 2021 Summary of Investment Portfolio

Investment Type



Interest Rate Type



Investment Portfolio as of
September 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	\$803,074	\$803,074	L + 3.46%	21 ⁽¹⁾	72.34% ⁽²⁾	64.30% ⁽²⁾
Residential MSRs	\$110,145	\$619	0.25%	257 ⁽³⁾		
Total	\$913,219	\$803,693				

Note:

(1) If all extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 43 months.

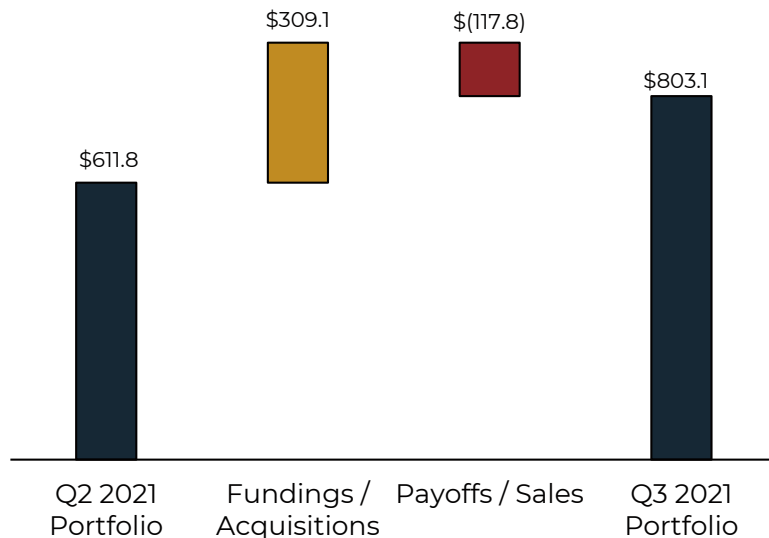
(2) Underwritten LTVs on an "as-is" and "as-stabilized" basis as of the date the loan was originated by an affiliate. LTV has not been updated for any subsequent draws or loan modifications and is not reflective of any changes in value which may have occurred subsequent to the origination date.

(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 257 months.

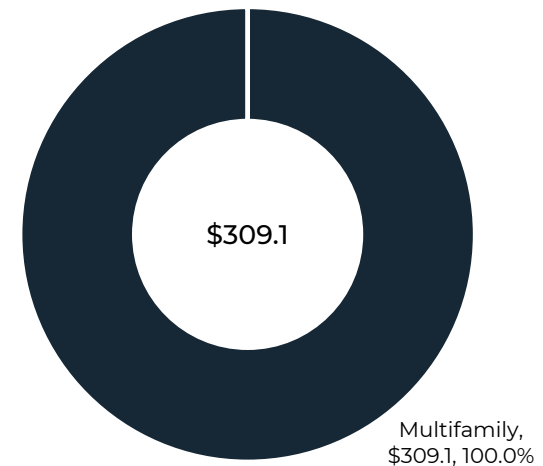
Q3 2021 Balance Sheet Summary

- The CRE loan portfolio increased by \$191.3 million in Q3 2021.
- We acquired and/or funded \$309.1 million of loans at par from an affiliate of the Manager and we experienced \$117.8 million of loan payoffs

Net Funding Activity^(1,2)



Q3 2021 Loan Acquisitions and Fundings^(1,2)

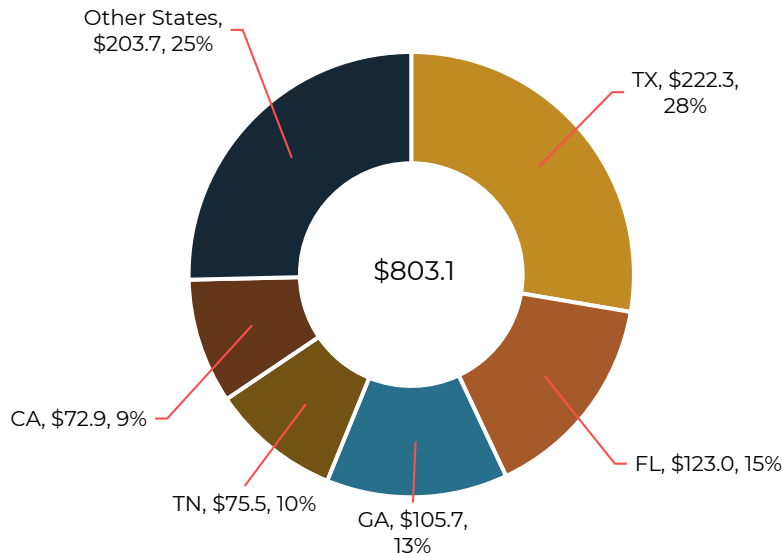


Note: (1) \$ In millions.
(2) Based on carrying value.

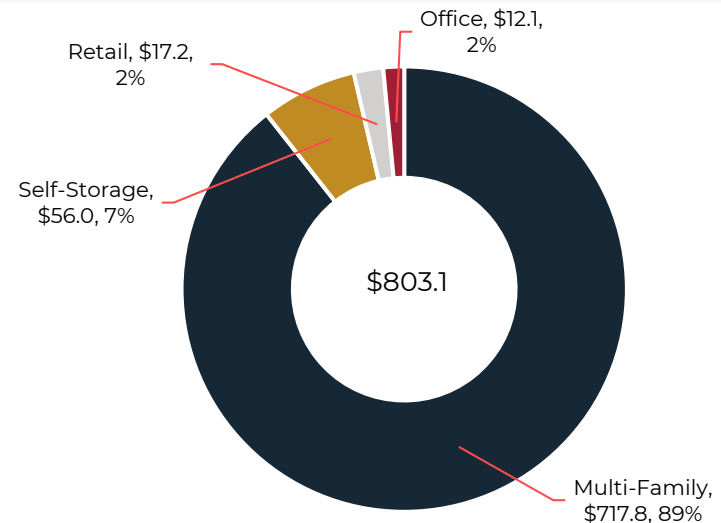
Investment Portfolio

- At September 30, 2021, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$803.1 million. 89%⁽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 99%⁽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⁾

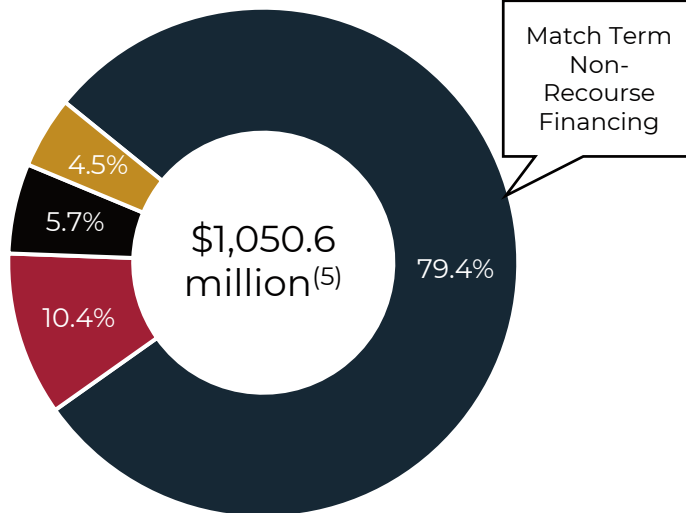


Note: (1) Based on carrying value.
(2) \$ In millions, based on carrying value.

Q3 2021 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

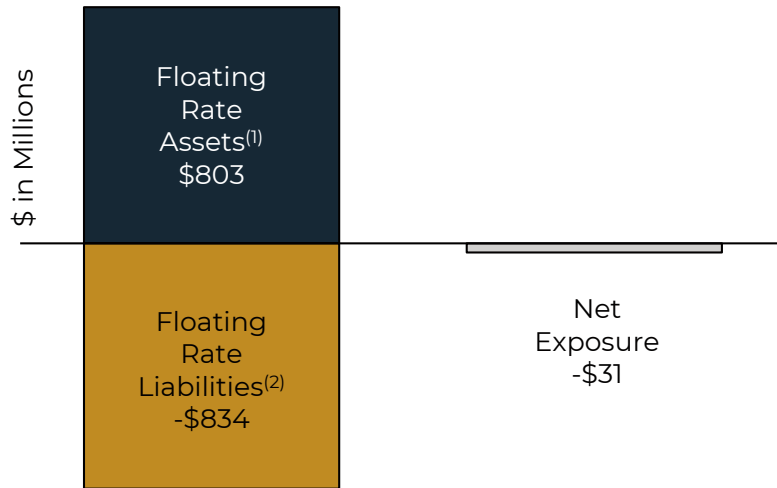
(\$ in millions)

<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%		\$47.8
Total Debt			\$881.5
<u>Equity</u>			
Preferred Equity ⁽³⁾	7.875%		\$60.0
Book Value of Common Equity ⁽⁴⁾			\$109.1
Total Capitalization⁽⁵⁾			\$1,050.6

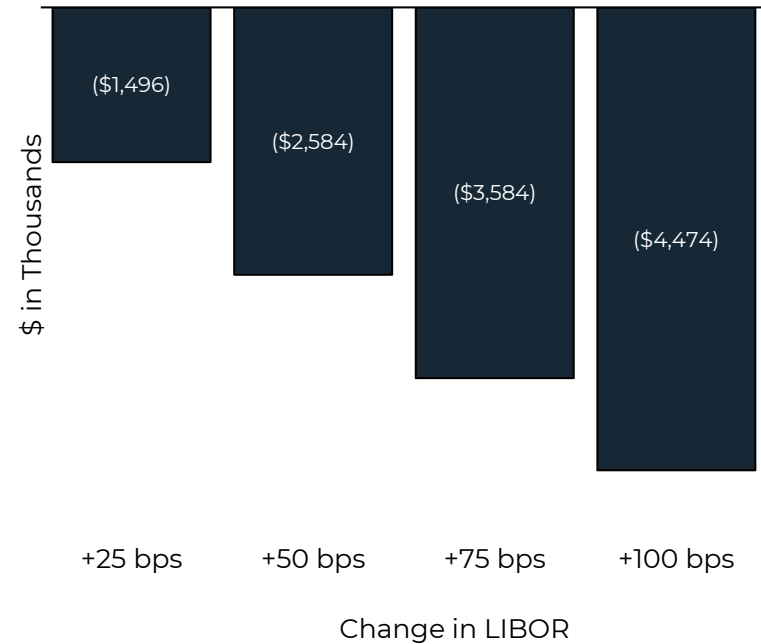
Note: (1) CLO financing shown at par value. GAAP carrying value of \$826.1 million includes \$7.6 million of unamortized debt issuance costs for LMNT 2021-FL1.
 (2) Term loan shown at par value. GAAP carrying value of \$46.8 million includes \$0.9 million of unamortized debt issuance costs.
 (3) Preferred equity shown at \$60 million liquidation preference.
 (4) Noncontrolling interest was \$99,500 as of 9/30/2021 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.

Interest Rate Sensitivity as of September 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 0.08025%.
 (4) Negative LIBOR will not have further impacts on P&L.

Appendix

9/30/2021 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	11/22/2019	8/6/2022	Multi-Family	Virginia Beach	VA	36,781,588	2.75%	32	77.10%
2	Loan 2	11/30/2018	12/6/2021	Multi-Family	Nacogdoches	TX	17,733,821	4.05%	36	70.39%
3	Loan 3	11/26/2019	12/6/2021	Multi-Family	Atlanta	GA	31,115,334	2.75%	24	76.10%
4	Loan 4	2/25/2021	3/6/2022	Multi-Family	Sacramento	CA	28,000,000	3.50%	12	63.60%
5	Loan 5	4/22/2021	5/6/2022	Multi-Family	Los Angeles	CA	27,750,000	3.25%	12	55.00%
6	Loan 6	12/10/2019	7/6/2022	Multi-Family	San Antonio	TX	27,411,724	3.15%	31	71.90%
7	Loan 7	1/15/2020	7/6/2022	Multi-Family	Chattanooga	TN	25,094,805	2.95%	30	80.60%
8	Loan 8	3/31/2021	4/5/2023	Multi-Family	Jacksonville	FL	22,000,000	3.65%	24	77.70%
9	Loan 9	10/13/2017	11/20/2023	Self Storage	Seattle	WA	19,648,818	3.60%	74	46.50%
10	Loan 10	12/28/2018	1/6/2022	Retail	Austin	TX	17,172,623	4.10%	36	60.50%
11	Loan 11	4/12/2021	5/5/2024	Multi-Family	Cedar Park	TX	15,000,000	3.75%	37	66.70%
12	Loan 12	10/11/2019	10/11/2022	Self Storage	Pompano Beach	FL	14,500,000	3.75%	36	75.00%
13	Loan 13	2/28/2018	2/28/2022	Multi-Family	Portland	OR	14,257,251	7.50%	48	75.90%
14	Loan 14	8/8/2019	8/6/2022	Multi-Family	Fort Worth	TX	13,671,010	3.00%	36	75.83%
15	Loan 15	7/23/2018	8/6/2022	Office	Chicago	IL	12,148,199	3.75%	49	72.74%
16	Loan 16	3/12/2021	4/5/2024	Multi-Family	Mesa	AZ	12,375,000	3.55%	37	75.00%
17	Loan 17	2/8/2019	2/7/2024	Self Storage	Federal Way	WA	10,676,822	4.75%	60	65.80%
18	Loan 18	4/23/2021	5/6/2024	Multi-Family	Tualatin	OR	10,497,000	3.20%	36	73.90%
19	Loan 19	3/26/2021	4/6/2022	Multi-Family	Alhambra	CA	9,623,000	3.25%	12	49.01%
20	Loan 20	11/13/2019	12/6/2021	Multi-Family	Holly Hill	FL	8,620,367	2.90%	25	77.80%
21	Loan 21	1/13/2020	2/6/2022	Multi-Family	Fort Lauderdale	FL	8,037,399	3.15%	25	78.40%
22	Loan 22	4/7/2021	5/6/2024	Multi-Family	Phoenix	AZ	7,963,794	3.60%	37	69.46%
23	Loan 23	3/12/2018	4/6/2022	Multi-Family	Waco	TX	7,912,000	4.75%	49	72.90%
24	Loan 24	3/19/2021	4/6/2024	Multi-Family	Glendora	CA	7,513,000	3.60%	37	72.20%
25	Loan 25	2/3/2020	2/3/2024	Self Storage	Fort Worth	TX	6,959,953	3.75%	48	63.80%
26	Loan 26	3/31/2021	4/5/2024	Multi-Family	Tucson	AZ	6,893,000	3.55%	36	72.75%
27	Loan 27	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	6,888,915	3.40%	37	77.70%

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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.

9/30/2021 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⁾
28	Loan 28	12/9/2019	1/6/2022	Multi-Family	Fort Worth	TX	6,344,748	3.15%	25	77.70%
29	Loan 29	8/28/2019	8/6/2022	Multi-Family	Austin	TX	6,054,427	3.25%	35	69.90%
30	Loan 30	12/13/2019	1/6/2022	Multi-Family	Jacksonville	FL	5,632,870	2.90%	25	74.90%
31	Loan 31	6/10/2019	7/6/2022	Multi-Family	San Antonio	TX	5,295,605	2.90%	37	62.92%
32	Loan 32	4/30/2021	5/5/2024	Multi-Family	Daytona Beach	FL	5,285,500	3.65%	36	77.40%
33	Loan 33	12/29/2020	1/6/2022	Multi-Family	Fayetteville	NC	4,920,000	3.95%	12	70.30%
34	Loan 34	11/30/2018	11/30/2021	Multi-Family	Anderson	SC	4,446,000	3.25%	36	53.70%
35	Loan 35	5/31/2019	6/6/2022	Multi-Family	Austin	TX	4,275,035	3.50%	36	74.09%
36	Loan 36	11/12/2019	12/6/2021	Self Storage	Chesapeake	VA	4,225,000	3.15%	25	64.50%
37	Loan 37	6/8/2021	7/5/2024	Multi-Family	Miami	FL	30,576,666	3.20%	37	74.26%
38	Loan 38	6/8/2021	7/5/2024	Multi-Family	Chattanooga	TN	33,360,000	3.65%	37	79.76%
39	Loan 39	6/7/2021	7/5/2024	Multi-Family	San Antonio	TX	26,400,000	3.40%	37	80.00%
40	Loan 40	5/28/2021	6/6/2023	Multi-Family	Houston	TX	13,332,734	3.35%	24	73.76%
41	Loan 41	5/21/2021	6/6/2024	Multi-Family	Youngtown	AZ	5,994,000	3.65%	37	71.40%
42	Loan 42	7/8/2021	8/5/2023	Multi-Family	Knoxville	TN	17,000,000	3.95%	25	69.67%
43	Loan 43	5/20/2021	6/6/2024	Multi-Family	Marietta	GA	27,803,800	3.10%	37	77.02%
44	Loan 44	7/1/2021	7/5/2024	Multi-Family	Harker Heights	TX	6,290,000	3.60%	36	72.30%
45	Loan 45	6/30/2021	7/5/2024	Multi-Family	Jacksonville	FL	20,188,700	3.50%	36	77.10%
46	Loan 46	6/28/2021	7/6/2024	Multi-Family	Barrington	NJ	34,690,000	3.05%	36	78.13%
47	Loan 47	6/30/2021	7/5/2024	Multi-Family	Porter	TX	28,650,000	3.25%	36	71.63%
48	Loan 48	7/14/2021	8/6/2024	Multi-Family	Birmingham	AL	5,248,000	3.70%	37	71.69%
49	Loan 49	5/12/2021	6/5/2024	Multi-Family	Lakeland	FL	8,220,000	3.35%	37	76.80%
50	Loan 50	5/12/2021	6/5/2024	Multi-Family	Fort Worth	TX	13,026,000	3.35%	37	74.86%
51	Loan 51	8/26/2021	9/5/2024	Multi-Family	Union City	GA	21,957,240	3.35%	36	70.40%
52	Loan 52	8/26/2021	8/5/2024	Multi-Family	Clarkston	GA	24,832,000	3.50%	35	79.00%
53	Loan 53	8/16/2021	9/6/2024	Multi-Family	Columbus	OH	12,750,000	3.65%	37	75.00%
Total / Average							803,043,750	3.46%	34	72.34%

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

	September 30, 2021 ⁽¹⁾	December 31, 2020 ⁽¹⁾
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 44,080,327	\$ 11,375,960
Restricted cash	148,066,240	57,999,396
Commercial mortgage loans held-for-investment, at amortized cost	803,074,256	547,345,334
Mortgage servicing rights, at fair value	619,012	919,678
Accrued interest receivable	3,082,676	2,015,617
Investment related receivable	48,890,010	—
Other assets	2,205,526	1,833,794
Total assets	<u>\$ 1,050,018,047</u>	<u>\$ 621,489,779</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Collateralized loan obligations, net	826,145,358	463,060,090
Secured term loan, net	46,805,417	39,556,198
Accrued interest payable	649,046	432,936
Dividends payable	3,246,601	3,242,640
Fees and expenses payable to Manager	1,628,539	1,156,340
Other accounts payable and accrued expenses	2,381,544	338,423
Total liabilities	<u>880,856,505</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 September 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 September 30, 2021 and December 31, 2020, respectively	249,434	249,389
Additional paid-in capital	233,849,892	233,850,271
Cumulative distributions to stockholders	(140,019,042)	(131,355,978)
Accumulated earnings	17,723,323	10,859,970
Total stockholders' equity	<u>169,062,042</u>	<u>113,603,652</u>
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 169,161,542</u>	<u>\$ 113,703,152</u>
Total liabilities and equity	<u>\$ 1,050,018,047</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 September 30, 2021 and December 31, 2020, assets of consolidated VIEs totaled \$1,003,113,182 and \$591,318,506, respectively and the liabilities of consolidated VIEs totaled \$826,707,857 and \$463,411,967 respectively. See Note 4 for further discussion.

Consolidated Statement of Income

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues:				
Interest income:				
Commercial mortgage loans held-for-investment	\$ 9,465,332	\$ 8,111,324	\$ 25,163,428	\$ 25,749,282
Cash and cash equivalents	5,724	5,674	22,802	41,461
Interest expense:				
Collateralized loan obligations	(3,891,089)	(2,495,996)	(8,288,278)	(9,649,523)
Secured term loan	(846,988)	(789,018)	(2,393,216)	(2,349,900)
Net interest income	4,732,979	4,831,984	14,504,736	13,791,320
Other income (loss):				
Unrealized (loss) on mortgage servicing rights	(59,776)	(350,127)	(300,666)	(1,603,052)
Loss on extinguishment of debt	—	—	(1,663,926)	—
Servicing income, net	106,392	187,989	326,314	586,516
Other income	—	—	—	2
Total other income (loss)	46,616	(162,138)	(1,638,278)	(1,016,534)
Expenses:				
Management and incentive fees	807,967	675,107	2,254,431	1,850,139
General and administrative expenses	935,817	786,651	2,136,144	2,531,385
Operating expenses reimbursable to Manager	511,117	441,349	1,320,170	1,249,123
Other operating expenses	91,378	309,125	174,185	1,444,049
Compensation expense	50,991	49,199	149,617	156,093
Total expenses	2,397,270	2,261,431	6,034,547	7,230,789
Net income before provision for income taxes	2,382,325	2,408,415	6,831,911	5,543,997
Benefit from income taxes	(7,857)	142,595	31,442	437,387
Net income	2,374,468	2,551,010	6,863,353	5,981,384
Dividends accrued to preferred stockholders	(1,198,167)	(3,792)	(1,927,542)	(11,292)
Net income attributable to common stockholders	\$ 1,176,301	\$ 2,547,218	\$ 4,935,811	\$ 5,970,092
Earnings per share:				
Net income attributable to common stockholders (basic and diluted)	\$ 1,176,301	\$ 2,547,218	\$ 4,935,811	\$ 5,970,092
Weighted average number of shares of common stock outstanding	24,947,883	24,943,383	24,944,790	24,931,254
Basic and diluted income per share	\$ 0.05	\$ 0.10	\$ 0.20	\$ 0.24
Dividends declared per share of common stock	\$ 0.09	\$ 0.08	\$ 0.27	\$ 0.24

Reconciliation of GAAP to Distributable Earnings

GAAP to Distributable Earnings Reconciliation	For the Three Months Ended			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
<i>Reconciliation of GAAP to non-GAAP Information</i>				
Net income attributable to common stockholders	\$1,176,301	\$954,575	\$2,804,935	\$2,464,678
<i>Adjustments for non-Distributable earnings</i>				
Unrealized loss on mortgage servicing rights	59,776	220,435	20,455	177,476
Purchase premium payoffs	150,990	-	-	-
Loss on extinguishment of debt	-	1,663,926	-	-
Subtotal	210,766	1,884,361	20,455	177,476
<i>Other Adjustments</i>				
Recognized compensation expense related to restricted common stock	4,741	3,241	2,885	2,949
Adjustment for income taxes	7,857	(54,012)	14,713	(38,861)
Subtotal	12,598	(50,771)	17,598	(35,912)
Distributable Earnings	\$1,399,665	\$2,788,165	\$2,842,988	\$2,606,242
Weighted average shares outstanding, basic and diluted	24,947,883	24,944,075	24,943,383	24,943,383
Distributable Earnings per share of common stock, basic and diluted	\$0.06	\$0.11	\$0.11	\$0.10

Detailed Walk of Capitalization

(in 000's)

Total GAAP liabilities and stockholders' equity

9/30/2021

\$1,050,018

Adjustments for Capitalization

(-) Accrued interest payable

(649)

(-) Dividends payable

(3,247)

(-) Fees and expenses payable to Manager

(1,629)

(-) Other accounts payable and accrued expenses

(2,382)

(+) Other capitalized financing & issuance costs

8,450

LFT Capitalization

\$1,050,562

Book Value Per Share of Common Stock

<i>(in 000's)</i>	Book Value per Share of Common Stock
Total stockholders' equity	\$169,062
(-) Preferred equity	(60,000) ⁽¹⁾
Common equity	109,062
Shares outstanding	24,947,883
Book Value Per Share of Common Stock	\$4.37

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 reporting 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.



November 2021
