



Lument Finance Trust

Investor Presentation

November 2022

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, 2021, 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 November 8th, 2022. 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 27 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 debt investments which are well positioned for the current environment
- Strong credit and asset management capabilities
- Attractive financing source via non-recourse, non mark-to-market CRE CLO

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 nationwide multifamily lender
- \$50 billion servicing portfolio (as of December 31, 2021)
- 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 (2021)
- Top 3 Freddie Mac Small Loan Lender (2021)
- 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">• 600+ 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 \$50 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 28 countries and regions• In-house operations, asset management, legal, compliance, HR, etc.

Note: (1) As of December 31, 2021.

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 \$85 billion of assets under management, administration and servicing as of December 2021. ORIX USA and its subsidiaries include a team of more than 1,300 employees spanning more than 30 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 28 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 \$24 billion market capitalization as of December 2021

Capital Reach

- Balance sheet assets exceeding \$124 billion (As of December 2021)
- Approximately \$469 billion in assets under management across the globe (As of December 2021)

Rated

- Long-term debt credit rating of A- by S&P's, Fitch's and A3 by Moody's (As of end of December 2021)



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



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

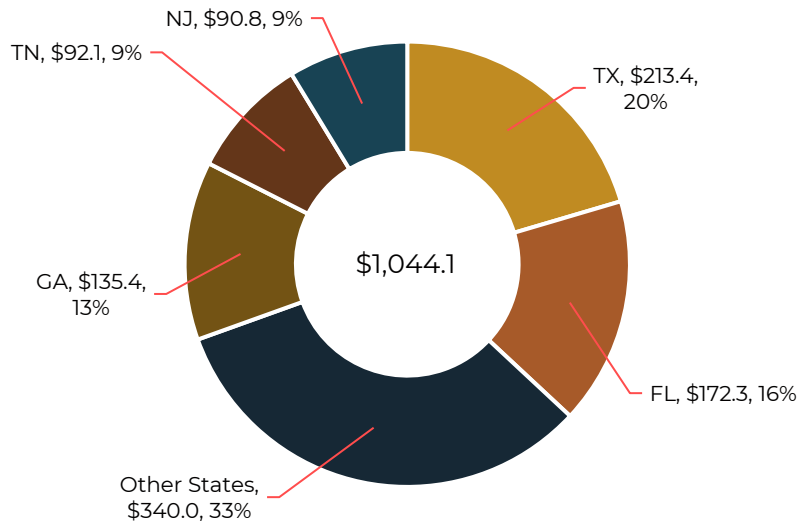
Lument Finance Trust: Target Investments

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	SOFR/LIBOR + 3.00% and higher
Term	3 to 5 years
Amortization	Typically interest only
Recourse	Typically non-recourse except for standard carve-outs

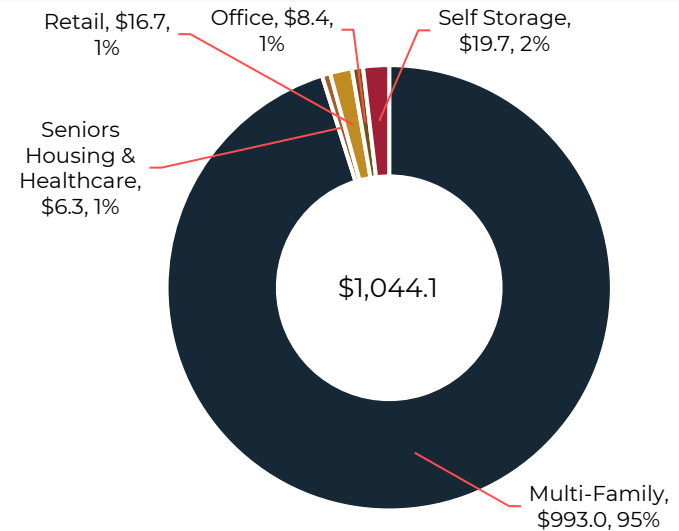
Investment Portfolio

- At September 30, 2022, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$1.0 billion. 95%⁽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, office, and self-storage assets.

Geographic Concentration⁽²⁾



Property Type⁽²⁾

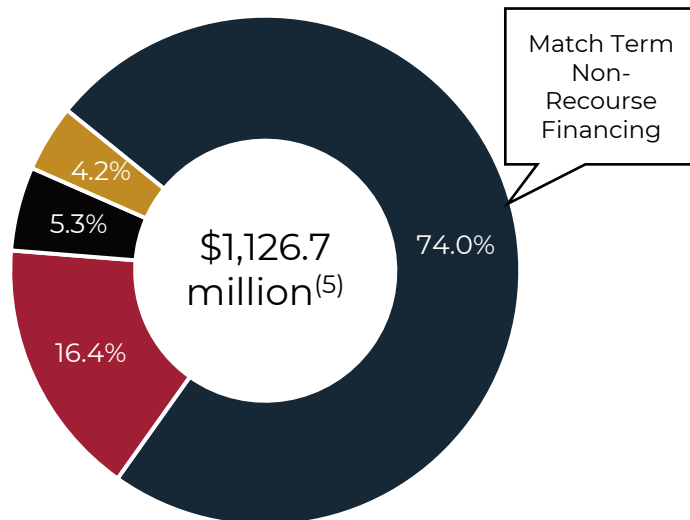


Note: (1) Based on carrying value.
(2) \$ In millions, based on carrying value.

Q3 2022 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

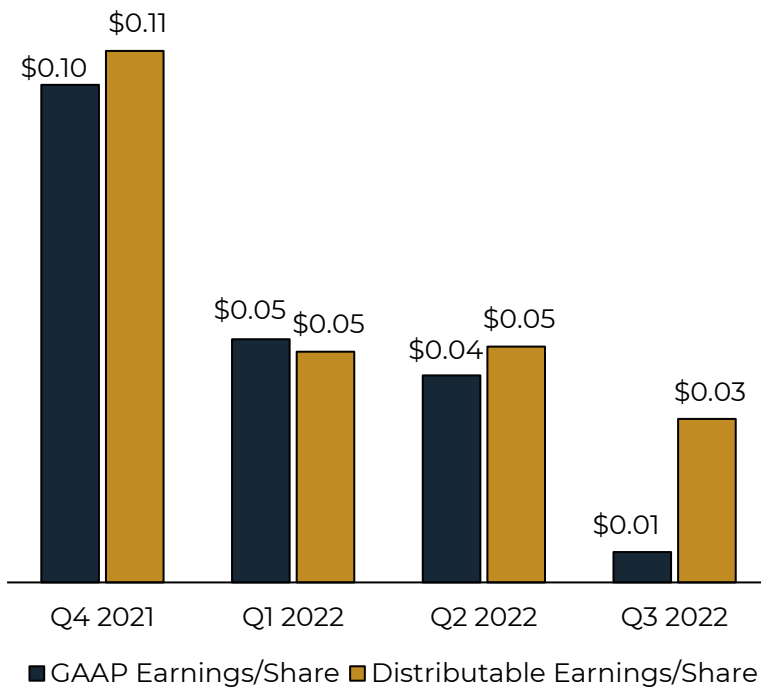
(\$ in millions)

<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⁾			\$185.2
Total Capitalization⁽⁵⁾			\$1,126.7

Note: (1) CLO financing shown at par value. GAAP carrying value of \$828.0 million includes \$5.1 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 \$0.8 million of unamortized debt issuance costs.
 (3) Preferred equity shown at \$60 million liquidation preference.
 (4) Noncontrolling interest was \$99,500 as of 9/30/2022 and is excluded from 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.

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.

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
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Attractive Investment Profile

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Appendix

Q3 2022 Financial Updates

Q3 2022 Updates

Financial Results	<ul style="list-style-type: none">Q3 2022 Distributable Earnings⁽¹⁾ of \$1.7 million, or \$0.03 per share of common stock. Q3 2022 GAAP net income attributable to common stockholders of \$0.3 million, or \$0.01 per share of common stock.Q3 2022 Book Value Per Share of Common Stock of \$3.55⁽²⁾
Highlights	<ul style="list-style-type: none">During Q3 2022, the Company acquired \$47.5 million of new loans at a weighted average interest rate of SOFR + 3.97% and a weighted average LIBOR/SOFR floor of 0.75%86.7% of new loan acquisitions⁽³⁾ were backed by multifamily assets and 13.3% by seniors housing & healthcare assets. The Company experienced \$35.5 million of loan payoffs during the quarterOn September 15, 2022, the Company announced the declaration of a cash dividend of \$0.06 per share of common stock and \$0.49219 per share of 7.875% Cumulative Redeemable Series A Preferred Stock with respect to the third quarter of 2022
Investment Portfolio Overview	<ul style="list-style-type: none">As of September 30, 2022, 100%⁽³⁾ of LFT's investment portfolio consisted of floating-rate CRE loans. 95%⁽³⁾ of the portfolio was multifamilyThe \$1.0 billion CRE loan portfolio had a weighted average remaining term of 21 months⁽⁴⁾ and a weighted average interest rate of LIBOR/SOFR + 3.39%
Capitalization	<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 CLO

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 43 months.



Q3 2022 Income Statement Summary

Summary Income Statement (thousands)	Three Months Ended September 30, 2022
Net interest income	\$5,483
Total other income (loss)	(1,421)
Operating expenses	(2,660)
Benefit (provision) from income taxes	98
Preferred dividends	(1,185)
Net income attributable to common stockholders	\$315
Weighted average shares outstanding during the period, basic and diluted	52,231,152
Net income attributable to common stockholders per share	\$0.01

GAAP Net Income to Distributable Earnings Reconciliation (thousands)	Three Months Ended September 30, 2022
Net Income attributable to common stockholders	\$315
Adjustments:	
Unrealized (gains) losses on mortgage servicing rights	(37)
Recognized compensation expense related to restricted stock	3
Unrealized provision for loan losses	1,521
Provision for (benefit from) income taxes	(98)
Distributable Earnings ⁽¹⁾	\$1,704
Weighted average shares outstanding during the period, basic and diluted	52,231,152
Distributable Earnings per share of common stock	\$0.03
Dividend per share of common stock	\$0.06

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

Q3 2022 Balance Sheet Summary

Balance Sheet (thousands)	September 30, 2022 ⁽¹⁾
Commercial mortgage loans held-for-investment (net of allowance for loan losses)	\$1,044,081
Cash and cash equivalents	48,485
Restricted cash ⁽²⁾	28,222
Accrued interest receivable	4,259
Investment related receivable	602
Other assets ⁽³⁾	3,018
Total assets	\$1,128,667
Collateralized loan obligations ⁽⁴⁾	\$828,673
Credit facility ⁽⁴⁾	46,908
Other liabilities	7,819
Total liabilities	\$883,400
Total equity	245,267
Total liabilities / total equity	3.60x
Book Value Per Share of Common Stock ⁽⁵⁾	\$3.55

Note:

(1) See Appendix for detailed consolidated balance sheet, including 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) Includes mortgage servicing rights, carried at fair value of \$0.8 million.

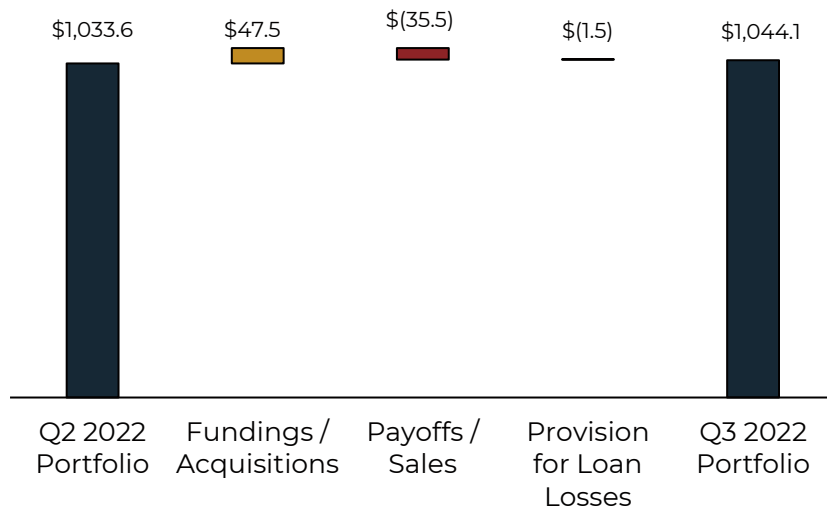
(4) Outstanding notional amount of bonds issued by LMNT 2021-FL1 is \$833.8 million, and the unpaid principal balance of the credit facility is \$47.8 million. For GAAP purposes, these liabilities are carried at their outstanding unpaid principal balance, net of any unamortized discounts and debt issuance costs.

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

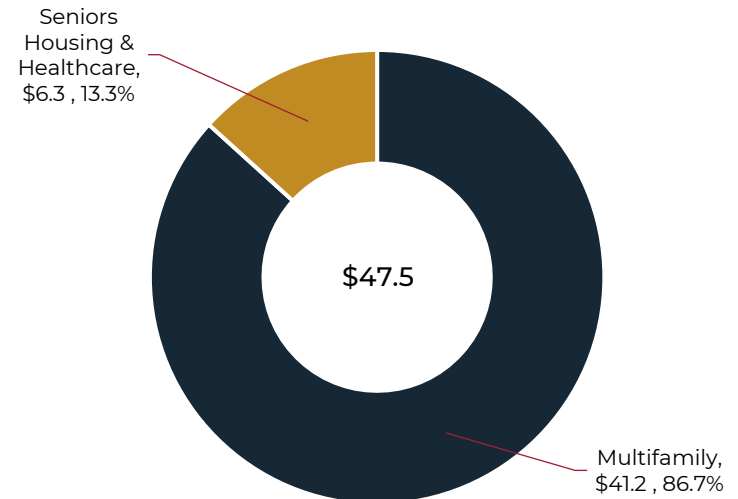
Q3 2022 Balance Sheet Summary

- We acquired \$47.5 million of loans at par from an affiliate of the Manager and we experienced \$35.5 million of loan payoffs. Additionally, we booked a provision for loan loss of \$1.5 million during Q3.

Net Portfolio Activity^(1,2)



Q3 2022 Loan Acquisitions and Fundings^(1,2) by Property Type

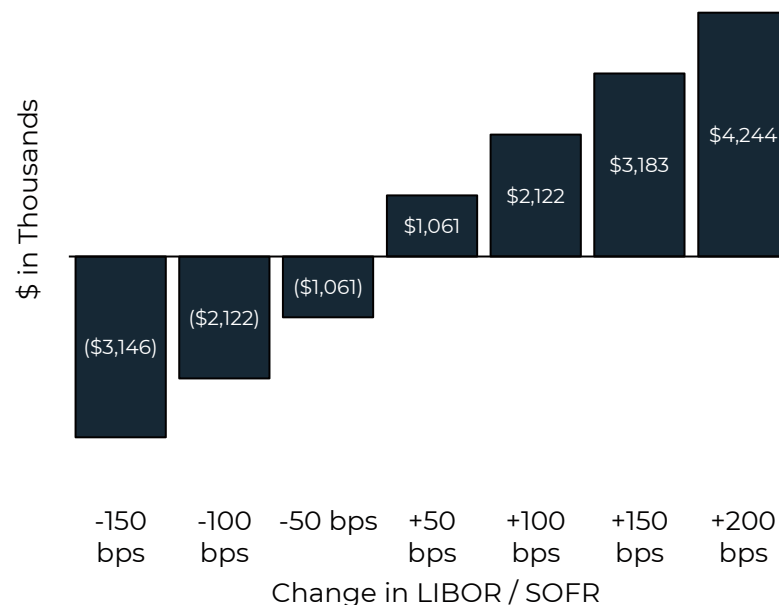
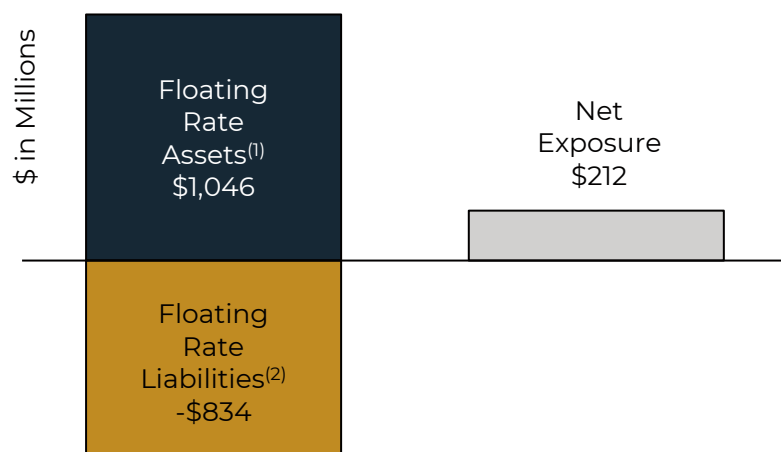


Net Interest Income Sensitivity to Shifts in One-Month LIBOR and Term SOFR

- 100% floating-rate loan portfolio
- 83.5% of portfolio is indexed to one-month LIBOR and 16.5% of portfolio is indexed to 30-day term SOFR

Floating-Rate Exposure

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



Note:

(1) Comprised of the Company's portfolio of floating-rate CRE loans: 83.5% indexed to one-month LIBOR and 16.5% indexed to 30-day term SOFR.

(2) Comprised of outstanding securitization notes in the CRE CLO, which is indexed to one-month LIBOR.

(3) Assumes starting one-month LIBOR rate of 3.14% and 30-day term SOFR of 3.04%.

9/30/2022 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	12/16/2021	1/3/2025	Multi-Family	Daytona	FL	51,375,000	3.05%	37	71.70%
2	Loan 2	11/22/2019	1/5/2024	Multi-Family	Virginia Beach	VA	36,781,588	3.15%	50	77.10%
3	Loan 3	6/28/2021	7/6/2024	Multi-Family	Barrington	NJ	34,690,000	3.05%	36	78.13%
4	Loan 4	11/2/2021	11/6/2023	Multi-Family	Warner Robbins	GA	33,500,000	3.00%	24	51.40%
5	Loan 5	6/8/2021	7/5/2024	Multi-Family	Chattanooga	TN	33,360,000	3.65%	37	79.76%
6	Loan 6	6/8/2021	7/5/2024	Multi-Family	Miami	FL	30,576,666	3.20%	37	74.26%
7	Loan 7	5/20/2021	6/6/2024	Multi-Family	Marietta	GA	27,803,800	3.10%	37	77.02%
8	Loan 8	4/22/2021	11/6/2022	Multi-Family	Los Angeles	CA	27,750,000	3.25%	18	55.00%
9	Loan 9	6/7/2021	7/5/2024	Multi-Family	San Antonio	TX	26,400,000	3.40%	37	80.00%
10	Loan 10	8/26/2021	8/5/2024	Multi-Family	Clarkston	GA	24,832,000	3.50%	35	79.00%
11	Loan 11	11/15/2021	12/6/2024	Multi-Family	El Paso	TX	24,330,000	3.10%	37	75.96%
12	Loan 12	10/18/2021	11/6/2023	Multi-Family	Cherry Hill	NJ	23,348,000	3.00%	24	72.40%
13	Loan 13	8/26/2021	9/5/2024	Multi-Family	Union City	GA	21,957,240	3.35%	36	70.40%
14	Loan 14	11/16/2021	12/5/2024	Multi-Family	Dallas	TX	20,960,000	3.20%	37	73.54%
15	Loan 15	8/31/2021	9/6/2024	Multi-Family	Houston	TX	20,700,000	3.30%	36	74.20%
16	Loan 16	10/29/2021	11/5/2024	Multi-Family	Knoxville	TN	20,500,000	3.75%	36	69.97%
17	Loan 17	6/30/2021	7/5/2024	Multi-Family	Jacksonville	FL	20,188,700	3.50%	36	77.10%
18	Loan 18	10/13/2017	11/20/2023	Self Storage	Seattle	WA	19,648,818	3.60%	74	46.50%
19	Loan 19	11/5/2021	11/5/2024	Multi-Family	Orlando	FL	19,200,000	3.00%	36	78.05%
20	Loan 20	2/11/2022	3/5/2025	Multi-Family	Tampa	FL	18,599,480	3.60%	37	77.99%
21	Loan 21	11/23/2021	12/5/2024	Multi-Family	Orange	NJ	18,400,000	3.20%	36	78.00%
22	Loan 22	10/12/2021	11/5/2023	Multi-Family	Atlanta	GA	17,500,000	3.15%	25	42.90%
23	Loan 23	7/8/2021	8/5/2023	Multi-Family	Knoxville	TN	17,000,000	3.95%	25	69.67%
24	Loan 24	12/28/2018	1/6/2023	Retail	Austin	TX	16,672,623	4.60%	49	60.50%
25	Loan 25	9/30/2021	10/5/2024	Multi-Family	Hanahan	SC	16,663,000	3.15%	36	76.44%
26	Loan 26	2/1/2022	2/5/2025	Multi-Family	San Antonio	TX	15,400,000	3.45%	36	79.79%
27	Loan 27	4/12/2021	5/5/2024	Multi-Family	Cedar Park	TX	15,000,000	3.75%	37	66.70%
28	Loan 28	2/22/2022	3/5/2025	Multi-Family	Philadelphia	PA	15,000,000	3.80%	36	80.00%
29	Loan 29	12/2/2021	12/6/2023	Multi-Family	Colorado Springs	CO	14,857,637	3.00%	24	72.48%
30	Loan 30	12/1/2021	12/5/2024	Multi-Family	Horn Lake	MS	14,080,000	3.30%	36	75.70%
31	Loan 31	11/3/2021	11/6/2023	Multi-Family	Louisville	KY	13,720,000	3.35%	24	75.38%
32	Loan 32	6/15/2022	7/5/2025	Multi-Family	Denton	TX	13,575,000	3.90%	37	73.00%
33	Loan 33	5/28/2021	6/6/2023	Multi-Family	Houston	TX	13,332,734	3.35%	24	73.76%
34	Loan 34	5/26/2022	6/6/2024	Multi-Family	Brooklyn	NY	13,300,000	3.75%	24	64.30%
35	Loan 35	5/12/2021	6/5/2024	Multi-Family	Fort Worth	TX	13,026,000	3.35%	37	74.86%
36	Loan 36	8/16/2021	9/6/2024	Multi-Family	Columbus	OH	12,750,000	3.65%	37	75.00%

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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.



9/30/2022 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⁾
37	Loan 37	12/13/2021	1/5/2024	Multi-Family	Evansville	IN	12,600,000	3.30%	25	74.30%
38	Loan 38	10/1/2021	10/4/2024	Multi-Family	East Nashville	TN	12,100,000	3.35%	36	79.08%
39	Loan 39	6/28/2022	7/4/2025	Multi-Family	Colorado Springs	CO	11,470,000	3.90%	36	73.06%
40	Loan 40	10/28/2021	11/6/2024	Multi-Family	Tampa	FL	11,202,535	2.95%	36	75.70%
41	Loan 41	9/30/2021	10/6/2023	Multi-Family	Clearfield	UT	10,795,000	3.15%	24	67.98%
42	Loan 42	4/23/2021	5/6/2024	Multi-Family	Tualatin	OR	10,497,000	3.20%	36	73.90%
43	Loan 43	7/23/2018	12/6/2022	Office	Chicago	IL	10,258,668	3.75%	49	72.74%
44	Loan 44	12/29/2021	1/3/2025	Multi-Family	Phoenix	AZ	10,239,800	3.65%	36	75.90%
45	Loan 45	12/2/2021	12/6/2024	Multi-Family	Tomball	TX	9,975,000	3.40%	36	68.50%
46	Loan 46	11/23/2021	12/5/2024	Multi-Family	Atlanta	GA	9,856,000	3.35%	36	79.50%
47	Loan 47	1/14/2022	2/5/2025	Multi-Family	Houston	TX	9,609,250	3.60%	37	78.76%
48	Loan 48	10/21/2021	11/5/2024	Multi-Family	Madison	TN	9,100,000	3.20%	37	68.42%
49	Loan 49	11/30/2021	12/5/2024	Multi-Family	Lindenwood	NJ	8,400,000	3.55%	36	76.40%
50	Loan 50	5/12/2021	6/5/2024	Multi-Family	Lakeland	FL	8,220,000	3.35%	37	76.80%
51	Loan 51	6/22/2022	7/3/2025	Multi-Family	Des Moines	IA	8,175,500	4.00%	36	72.03%
52	Loan 52	4/7/2021	5/6/2024	Multi-Family	Phoenix	AZ	7,963,794	3.60%	37	69.46%
53	Loan 53	6/24/2022	7/6/2025	Multi-Family	Monks Corner	SC	7,934,160	4.15%	36	67.80%
54	Loan 54	10/29/2021	11/5/2024	Multi-Family	Riverside	MO	7,934,000	3.40%	36	76.60%
55	Loan 55	11/16/2021	12/6/2023	Multi-Family	Cape Coral	FL	7,680,000	3.25%	25	79.18%
56	Loan 56	9/28/2021	10/4/2024	Multi-Family	Chicago	IL	7,286,000	3.65%	36	75.90%
57	Loan 57	2/18/2022	3/5/2025	Multi-Family	Drexel Hills	PA	7,200,000	3.95%	37	78.09%
58	Loan 58	3/31/2021	4/5/2024	Multi-Family	Tucson	AZ	6,893,000	3.55%	36	72.75%
59	Loan 59	3/18/2022	4/5/2024	Seniors Housing & Healthcare	Twinsburg	OH	6,300,000	4.00%	24	68.00%
60	Loan 60	7/1/2021	7/5/2024	Multi-Family	Harker Heights	TX	6,290,000	3.60%	36	72.30%
61	Loan 61	4/27/2022	5/5/2025	Multi-Family	North Brunswick	NJ	6,000,000	3.40%	36	79.90%
62	Loan 62	5/21/2021	6/6/2024	Multi-Family	Youngtown	AZ	5,994,000	3.65%	37	71.40%
63	Loan 63	10/26/2021	11/6/2023	Multi-Family	Indianapolis	IN	5,812,000	3.85%	24	77.08%
64	Loan 64	6/10/2019	7/6/2023	Multi-Family	San Antonio	TX	5,295,605	2.90%	49	62.92%
65	Loan 65	4/30/2021	5/5/2024	Multi-Family	Daytona Beach	FL	5,285,500	3.65%	36	77.40%
66	Loan 66	12/13/2021	1/5/2024	Multi-Family	Evansville	IN	5,250,000	3.30%	25	73.90%
67	Loan 67	7/14/2021	8/6/2024	Multi-Family	Birmingham	AL	5,248,000	3.70%	37	71.69%
68	Loan 68	11/19/2021	12/5/2024	Multi-Family	Huntsville	AL	5,040,000	3.75%	37	78.75%
69	Loan 69	11/30/2018	11/30/2022	Multi-Family	Anderson	SC	4,446,000	3.25%	48	53.70%
70	Loan 70	12/28/2021	1/3/2025	Multi-Family	Houston	TX	2,800,000	3.25%	36	71.20%
Total / Average							1,045,929,099	3.39%	35	72.17%

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, 2022 ⁽¹⁾	December 31, 2021 ⁽¹⁾
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 48,485,316	\$ 14,749,046
Restricted cash	28,222,095	3,530,006
Commercial mortgage loans held-for-investment, at amortized cost	1,045,953,691	1,001,825,294
Allowance for loan losses	(1,872,937)	—
Commercial mortgage loans held-for-investment, net of allowance for loan losses	1,044,080,754	1,001,825,294
Mortgage servicing rights, at fair value	817,907	551,997
Accrued interest receivable	4,259,025	3,977,752
Investment related receivable	601,972	22,400,000
Other assets	2,199,881	1,889,258
Total assets	<u>\$ 1,128,666,950</u>	<u>\$ 1,048,923,353</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Collateralized loan obligations, net	828,673,313	826,782,543
Secured term loan, net	46,908,234	46,845,502
Accrued interest payable	1,662,145	704,055
Dividends payable	4,135,161	3,242,809
Fees and expenses payable to Manager	1,648,799	1,825,142
Other accounts payable and accrued expenses	372,789	147,802
Total liabilities	<u>883,400,441</u>	<u>879,547,853</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 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	57,254,935	57,254,935
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 52,231,152 and 24,947,883 shares issued and outstanding, at September 30, 2022 and December 31, 2021, respectively	522,252	249,434
Additional paid-in capital	314,609,303	233,833,749
Cumulative distributions to stockholders	(156,405,599)	(143,449,310)
Accumulated earnings	29,186,118	21,387,192
Total stockholders' equity	<u>245,167,009</u>	<u>169,276,000</u>
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 245,266,509</u>	<u>\$ 169,375,500</u>
Total liabilities and equity	<u>\$ 1,128,666,950</u>	<u>\$ 1,048,923,353</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, 2022 and December 31, 2021, assets of consolidated VIEs totaled \$1,004,040,687 and \$1,003,896,995, respectively and the liabilities of consolidated VIEs totaled \$830,248,911 and \$827,390,435 respectively. See Note 4 for further discussion.

Consolidated Statement of Income

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues:				
Interest income:				
Commercial mortgage loans held-for-investment	\$ 14,743,563	\$ 9,465,332	\$ 37,386,399	\$ 25,163,428
Cash and cash equivalents	4,969	5,724	14,736	22,802
Interest expense:				
Collateralized loan obligations	(8,317,893)	(3,891,089)	(17,607,021)	(8,288,278)
Secured term loan	(947,509)	(846,988)	(2,807,362)	(2,393,216)
Net interest income	5,483,130	4,732,979	16,986,752	14,504,736
Other (loss) income:				
Provision for loan losses	(1,521,023)	—	(1,872,937)	—
Unrealized gain (loss) on mortgage servicing rights	37,312	(59,776)	265,910	(300,666)
Loss on extinguishment of debt	—	—	—	(1,663,926)
Servicing income, net	62,451	106,392	185,685	326,314
Total other (loss) income	(1,421,260)	46,616	(1,421,342)	(1,638,278)
Expenses:				
Management and incentive fees	1,096,144	807,967	3,111,413	2,254,431
General and administrative expenses	851,528	935,817	2,664,680	2,136,144
Operating expenses reimbursable to Manager	555,307	511,117	1,594,662	1,320,170
Other operating expenses	83,574	91,378	237,572	174,185
Compensation expense	73,016	50,991	178,797	149,617
Total expenses	2,659,569	2,397,270	7,787,124	6,034,547
Net income before provision for income taxes	1,402,301	2,382,325	7,778,286	6,831,911
Benefit from (provision for) income taxes	97,974	(7,857)	20,640	31,442
Net income	1,500,275	2,374,468	7,798,926	6,863,353
Dividends accrued to preferred stockholders	(1,185,042)	(1,198,167)	(3,555,042)	(1,927,542)
Net income attributable to common stockholders	\$ 315,233	\$ 1,176,301	\$ 4,243,884	\$ 4,935,811
Earnings per share:				
Net income attributable to common stockholders (basic and diluted)	\$ 315,233	\$ 1,176,301	\$ 4,243,884	\$ 4,935,811
Weighted average number of shares of common stock outstanding	52,231,152	24,947,883	47,031,833	24,944,790
Basic and diluted income per share	\$ 0.01	\$ 0.05	\$ 0.09	\$ 0.20
Dividends declared per share of common stock	\$ 0.06	\$ 0.09	\$ 0.18	\$ 0.27



Reconciliation of GAAP to Distributable Earnings

GAAP to Distributable Earnings Reconciliation	For the Three Months Ended			
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<i>Reconciliation of GAAP to non-GAAP Information</i>				
Net income attributable to common stockholders	\$315,233	\$2,158,810	\$1,769,841	\$2,478,911
<i>Adjustments for non-Distributable earnings</i>				
Unrealized losses (gains) on mortgage servicing rights	(37,312)	(81,216)	(147,382)	56,106
Unrealized provision for loan losses	1,521,023	351,914	-	-
Subtotal	1,483,711	270,698	(147,382)	56,106
<i>Other Adjustments</i>				
Recognized compensation expense related to restricted common stock	3,433	4,476	4,638	4,741
Adjustment for income taxes	(97,974)	25,669	51,665	109,336
Subtotal	(94,541)	30,145	56,303	114,077
Distributable Earnings	1,704,403	\$2,459,653	\$1,678,762	\$2,649,094
Weighted average shares outstanding, basic and diluted	52,231,152	52,226,141	36,464,952	24,947,883
Distributable Earnings per share of common stock, basic and diluted	\$0.03	\$0.05	\$0.05	\$0.11

Detailed Walk of Capitalization as of 9/30/2022

<i>(in 000's)</i>	9/30/2022
Total GAAP liabilities and stockholders' equity	\$1,128,567
<i>Adjustments for Capitalization</i>	
(-) Accrued interest payable	(1,662)
(-) Dividends payable	(4,135)
(-) Fees and expenses payable to Manager	(1,649)
(-) Other accounts payable and accrued expenses	(373)
(+) Other capitalized financing & issuance costs	5,918
LFT Capitalization	\$1,126,667

Book Value Per Share of Common Stock as of 9/30/2022

<i>(in 000's)</i>	Book Value per Share of Common Stock
Total stockholders' equity	\$245,267
(-) Preferred equity	(60,000) ⁽¹⁾
(-) Non-controlling interest	(100)
Common equity	185,167
Shares outstanding	52,231,152
Book Value Per Share of Common Stock	\$3.55

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) depreciation and amortization, (iii) 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 (iv) 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

November 2022
