



Lument Finance Trust

Investor Presentation

May 2023

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, 2022, 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 May 11th, 2023. 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 29 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 11 nationwide multifamily lender⁽¹⁾
- \$47 billion servicing portfolio (as of March 31st, 2022)
- Lument's combined predecessor companies rank 1st in HUD senior housing and healthcare lending over the past decade, with approximately 1,100 closings totaling over \$8.8 billion since 2010
- Top 4 Freddie Mac Small Loan Lender (2022)
- Top 5 Fannie Mae Small Loan lender (2022)
- Rank #1 FHA MAP lender, with over 880 direct loans closed totaling over \$7.15 billion in the past decade



Note: (1) According to 2022 MBA Originator Survey. Based on Fannie, Freddie, and FHA volumes.

Lument: A Platform Built for the Benefit of Investors

Diverse Opportunity Set via Lument Origination Platform

- ~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

- 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:
 - 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

- 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

- 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 March 31st, 2022.

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 \$85.1 billion of assets under management, administration and servicing. 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. 345 on 2022 Forbes Global 2000⁽¹⁾: World's Largest Public Companies

Publicly Traded

- Listed on the Tokyo (8591) and New York (NYSE: IX) stock exchanges
- Approximately \$19 billion market capitalization ⁽²⁾

Capital Reach

- Balance sheet assets exceeding \$114 billion⁽²⁾
- Approximately \$412 billion in assets under management across the globe ⁽²⁾

Rated

- Long-term debt credit rating of A- by S&P's, Fitch's and A3 by Moody's ⁽²⁾



Note: (1) Forbes utilizes the latest-12-months' financial data available as of April 22, 2022 to calculate the metrics used for ranking.
(2) As of March 2022.

Lument: Experienced Leadership Team



JAMES FLYNN

Director & CEO, Lument Finance Trust
Chief Executive 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



JAMES HENSON

General Counsel, Lument

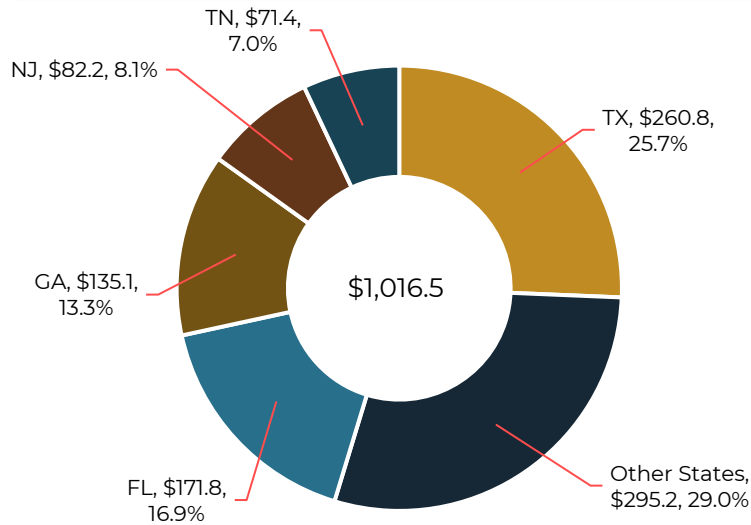
Lument Finance Trust: Target Investments

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% LTV / 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

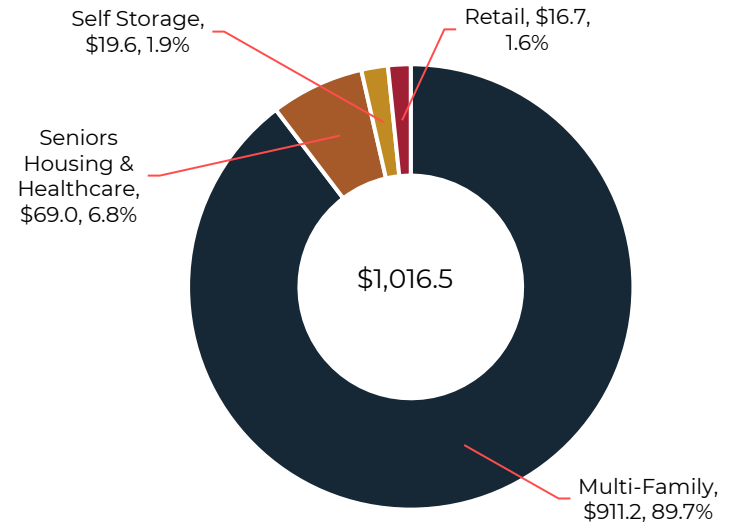
Investment Portfolio

- On March 31, 2023, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$1.0 billion. 89.7%⁽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 or office assets and has limited exposure to retail and self-storage assets.

Geographic Concentration⁽²⁾



Property Type⁽²⁾

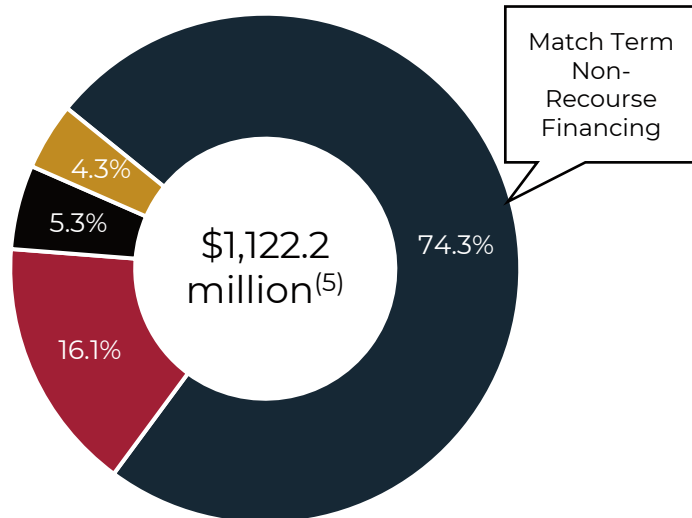


Note: (1) Based on carrying value.
(2) \$ In millions, based on carrying value.

Q1 2023 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

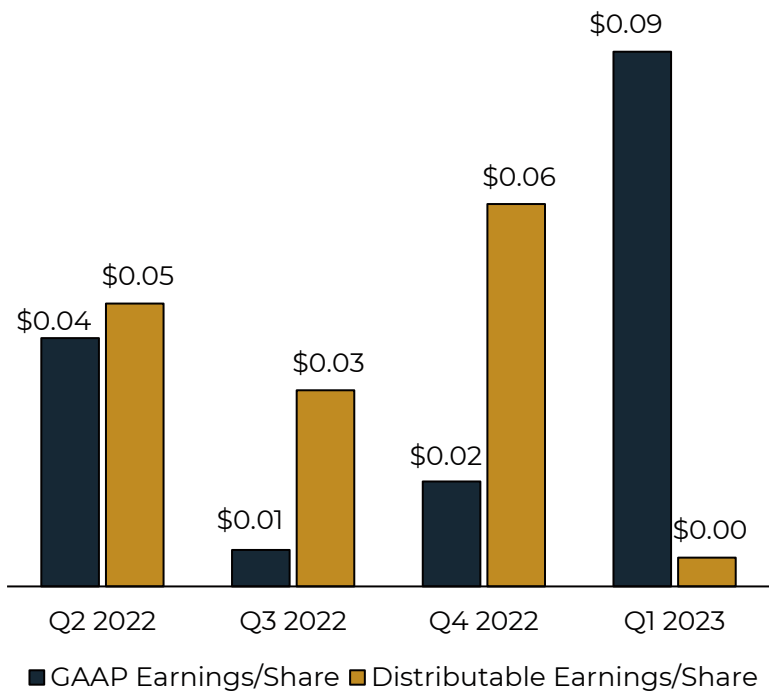
(\$ in millions)

<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⁾			\$180.7
Total Capitalization⁽⁵⁾			\$1,122.2

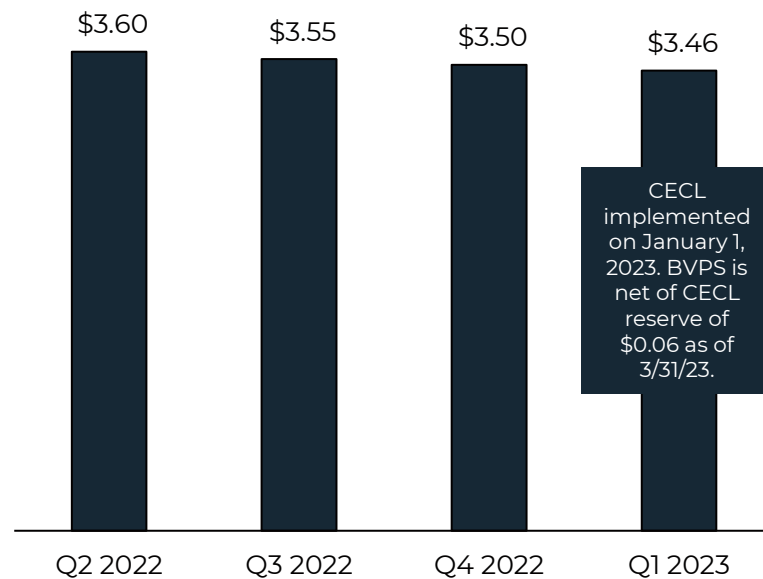
Note: (1) CLO financing shown at par value. GAAP carrying value of \$829.9 million includes \$3.8 million of unamortized debt issuance costs for LMNT 2021-FL1.
 (2) Term loan shown at par value. GAAP carrying value of \$47.0 million includes \$0.7 million of unamortized debt issuance costs.
 (3) Preferred equity shown at \$60 million liquidation preference.
 (4) Noncontrolling interest was \$99,500 as of 3/31/2023 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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Appendix

Q1 2023 Financial Updates

Q1 2023 Updates

Financial Results

- Q1 2023 GAAP net income attributable to common stockholders of \$4.6 million, or \$0.09 per share of common stock. Q1 2023 Distributable Earnings⁽¹⁾ of \$0.2 million, or \$0.00 per share of common stock.
 - Distributable Earnings was negatively impacted by a \$4.3 million realized loss (\$0.08 per share) for a loan collateralized by an office property in Chicago.
- Q1 2023 Book Value Per Share of Common Stock of \$3.46⁽²⁾.

Highlights

- The Company experienced \$52.1 million of loan payoffs during the quarter.
- Q1 EPS and BVPS impacted by unrealized loss reserve from adoption of the Current Expected Credit Loss (“CECL”) accounting standard. In connection with the adoption, we recorded a \$3.6 million opening adjustment to accumulated earnings on January 1, 2023.
- On March 16, 2023, 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 first quarter of 2023.

Investment Portfolio Overview

- As of March 31, 2023, 100%⁽³⁾ of LFT’s investment portfolio consisted of floating-rate CRE loans. Approximately 90%⁽³⁾ of the portfolio was multifamily.
- The \$1.0 billion CRE loan portfolio had a weighted average remaining term of 17 months⁽⁴⁾ and a weighted average interest rate of LIBOR/SOFR + 3.43%.

Capitalization

- The floating-rate CRE loan portfolio is financed with \$833.8 million (outstanding principal amount) 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. Book Value Per Share of Common Stock as of 3/31/2023 includes a \$3.4 million CECL allowance. Excluding the CECL allowance, Book Value Per Share of Common Stock is \$3.52.
(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 39 months.

Q1 2023 Income Statement Summary

Summary Income Statement (thousands)	Three Months Ended March 31, 2023
Net interest income	\$8,246
Total other income (loss)	182
Operating expenses	(2,672)
Benefit (provision) from income taxes	10
Preferred dividends	(1,185)
Net income attributable to common stockholders	\$4,582
Weighted average shares outstanding during the period, basic and diluted	52,231,152
Net income attributable to common stockholders per share	\$0.09

GAAP Net Income to Distributable Earnings Reconciliation (thousands)	Three Months Ended March 31, 2023
Net Income attributable to common stockholders	\$4,582
Adjustments:	
Unrealized (gains) losses on mortgage servicing rights	49
Recognized compensation expense related to restricted stock	3
Unrealized provision for credit losses	(180)
Realized loss on commercial mortgage loans	(4,272)
Provision for (benefit from) income taxes	(10)
Distributable Earnings ⁽¹⁾	\$173
Weighted average shares outstanding during the period, basic and diluted	52,231,152
Distributable Earnings per share of common stock	\$0.00
Dividend per share of common stock	\$0.06

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

Q1 2023 Balance Sheet Summary

Balance Sheet (thousands)	March 31, 2023 ⁽¹⁾
Commercial mortgage loans held-for-investment (net of allowance for credit losses)	\$1,016,464
Cash and cash equivalents	98,573
Restricted cash ⁽²⁾	1,946
Accrued interest receivable	5,939
Investment related receivable	489
Other assets ⁽³⁾	3,013
Total assets	\$1,126,423
Collateralized loan obligations ⁽⁴⁾	829,934
Credit facility ⁽⁴⁾	47,032
Other liabilities	8,610
Total liabilities	\$885,576
Total equity	240,847
Total liabilities / total equity	3.68x
Book Value Per Share of Common Stock⁽⁵⁾	\$3.46

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.

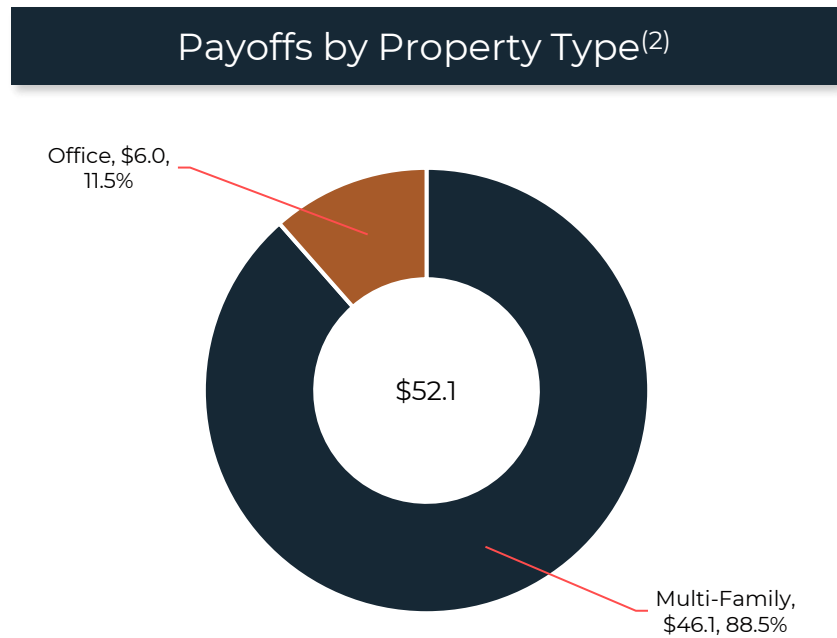
(3) Includes mortgage servicing rights, carried at fair value of \$0.7 million.

(4) Outstanding principal amount of investment grade notes 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.

Q1 2023 Loan Activity

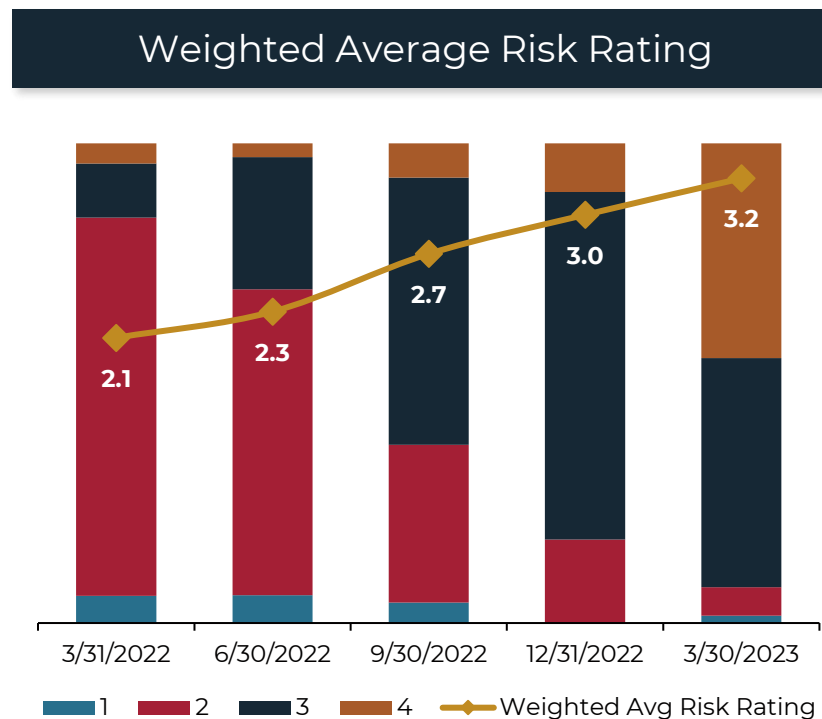
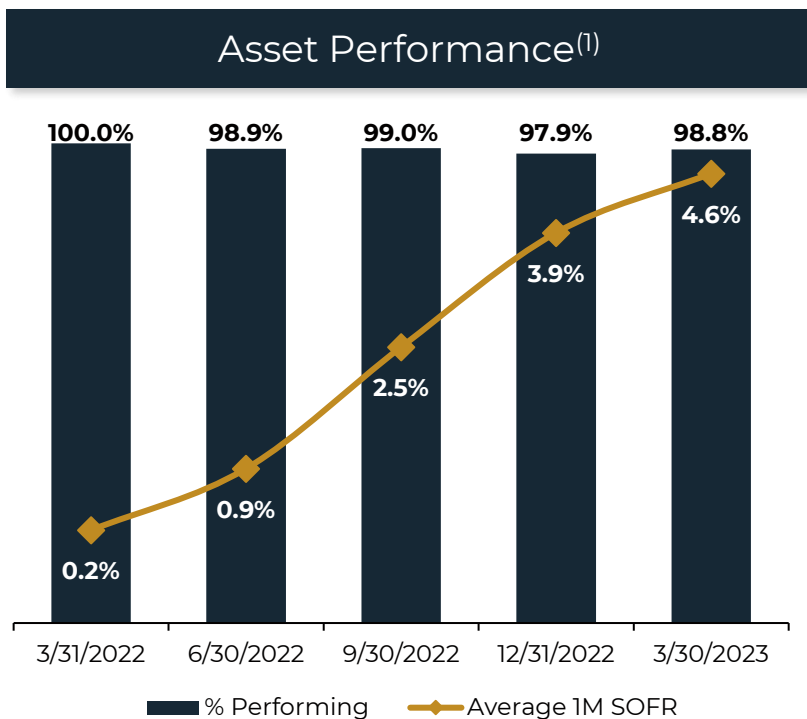
- The Company experienced \$52.1 million of loan payoffs during the quarter.
- Represents annual payoff rate of 20.5%⁽¹⁾ of the portfolio as of 3/31/2023.
- There were no new loan acquisitions during Q1 2023.



Note: (1) Annualized Q1 payoff rate.
(2) \$ In millions, based on carrying value.

Portfolio Credit

- 98.8% of the Company's portfolio is performing, which reflects our strong credit and asset management capabilities.
- Increase in weighted average risk rating driven by rising interest rates and broader economic uncertainties.



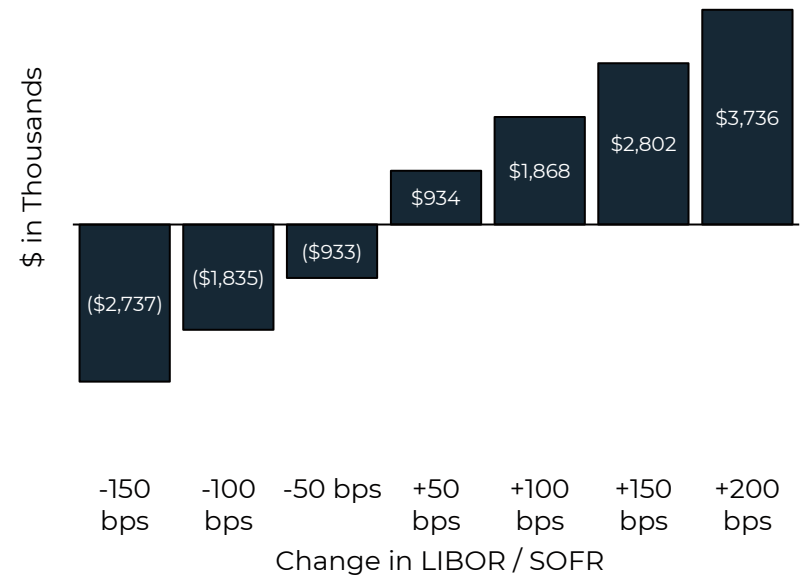
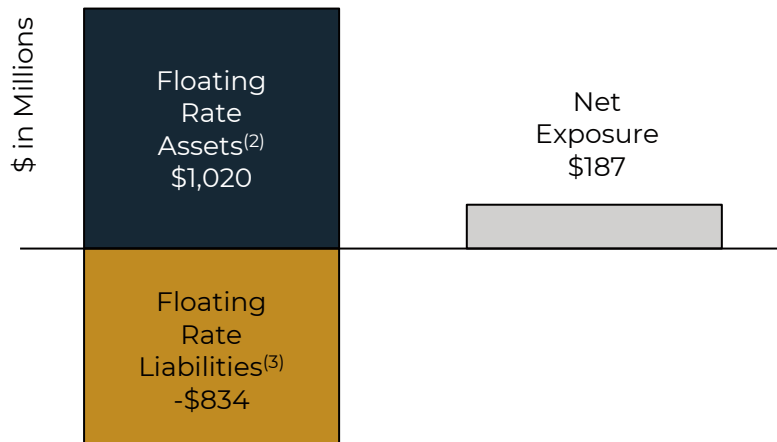
Note: (1) An asset is defined as performing if it is not in default, or not on non-accrual status.

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

- 100% floating-rate loan portfolio.
- 76.3% of portfolio is indexed to one-month LIBOR and 23.7% of portfolio is indexed to 30-day term SOFR⁽¹⁾.

Floating-Rate Exposure

Annual Net Interest Income Sensitivity to Shifts in One-Month LIBOR⁽⁴⁾ & Term SOFR



3/31/2023 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Unpaid Principal 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	3.27%	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 Robins	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	6/7/2021	7/5/2024	Multi-Family	San Antonio	TX	26,400,000	3.40%	37	80.00%
9	Loan 9	8/26/2021	8/5/2024	Multi-Family	Clarkston	GA	24,832,000	3.50%	35	79.00%
10	Loan 10	11/15/2021	12/6/2024	Multi-Family	El Paso	TX	24,330,000	3.10%	37	75.96%
11	Loan 11	10/18/2021	11/6/2023	Multi-Family	Cherry Hill	NJ	23,348,000	3.00%	24	72.40%
12	Loan 12	8/26/2021	9/5/2024	Multi-Family	Union City	GA	21,957,240	3.35%	36	70.40%
13	Loan 13	11/16/2021	12/5/2024	Multi-Family	Dallas	TX	20,960,000	3.20%	37	73.54%
14	Loan 14	8/31/2021	9/6/2024	Multi-Family	Houston	TX	20,700,000	3.30%	36	74.20%
15	Loan 15	11/29/2022	12/5/2025	Seniors Housing & Healthcare	Glendale	WI	20,360,000	4.00%	36	45.00%
16	Loan 16	6/30/2021	7/5/2024	Multi-Family	Jacksonville	FL	20,188,700	3.50%	36	77.10%
17	Loan 17	10/13/2017	11/20/2023	Self Storage	Seattle	WA	19,648,818	3.60%	74	46.50%
18	Loan 18	11/5/2021	11/5/2024	Multi-Family	Orlando	FL	19,200,000	3.00%	36	78.05%
19	Loan 19	11/21/2022	12/5/2025	Seniors Housing & Healthcare	Houston	TX	18,920,000	4.00%	37	67.00%
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%

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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.

3/31/2023 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Unpaid Principal Balance	Note Spread	Initial Term (months)	As-Is LTV at Origination ⁽¹⁾
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	11/10/2022	12/5/2025	Seniors Housing & Healthcare	Austin	TX	16,690,000	4.00%	37	65.00%
25	Loan 25	12/28/2018	4/6/2023	Retail	Austin	TX	16,672,623	4.60%	52	60.50%
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	11/21/2022	12/5/2025	Seniors Housing & Healthcare	Southlake	TX	14,030,000	4.00%	37	48.00%
32	Loan 32	11/3/2021	11/6/2023	Multi-Family	Louisville	KY	13,720,000	3.35%	24	75.38%
33	Loan 33	6/15/2022	7/5/2025	Multi-Family	Denton	TX	13,575,000	3.90%	37	73.00%
34	Loan 34	5/28/2021	6/6/2023	Multi-Family	Houston	TX	13,332,734	3.35%	24	73.76%
35	Loan 35	5/26/2022	6/6/2024	Multi-Family	Brooklyn	NY	13,300,000	3.75%	24	64.30%
36	Loan 36	5/12/2021	6/5/2024	Multi-Family	Fort Worth	TX	13,026,000	3.35%	37	74.86%
37	Loan 37	8/16/2021	9/6/2024	Multi-Family	Columbus	OH	12,674,255	3.65%	37	75.00%
38	Loan 38	12/13/2021	1/5/2024	Multi-Family	Evansville	IN	12,600,000	3.30%	25	74.30%
39	Loan 39	10/1/2021	10/4/2024	Multi-Family	East Nashville	TN	12,100,000	3.35%	36	79.08%
40	Loan 40	6/28/2022	7/4/2025	Multi-Family	Colorado Springs	CO	11,470,000	3.90%	36	73.06%
41	Loan 41	10/28/2021	11/6/2024	Multi-Family	Tampa	FL	11,202,535	2.95%	36	75.70%
42	Loan 42	9/30/2021	10/6/2023	Multi-Family	Clearfield	UT	10,795,000	3.15%	24	67.98%
43	Loan 43	4/23/2021	5/6/2024	Multi-Family	Tualatin	OR	10,497,000	3.20%	36	73.90%
44	Loan 44	12/29/2021	1/3/2025	Multi-Family	Phoenix	AZ	10,239,800	3.65%	36	75.90%

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3/31/2023 CRE Loan Portfolio Details

#	Loan Name	Closing Date	Maturity Date	Property Type	City	State	Unpaid Principal Balance	Note Spread	Initial Term (months)	As-Is LTV at Origination ⁽¹⁾
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	5/12/2021	6/5/2024	Multi-Family	Lakeland	FL	8,220,000	3.35%	37	76.80%
50	Loan 50	6/22/2022	7/3/2025	Multi-Family	Des Moines	IA	8,175,500	4.00%	36	72.03%
51	Loan 51	4/7/2021	5/6/2024	Multi-Family	Phoenix	AZ	7,963,794	3.60%	37	69.46%
52	Loan 52	6/24/2022	7/6/2025	Multi-Family	Monks Corner	SC	7,934,160	4.15%	36	67.80%
53	Loan 53	10/29/2021	11/5/2024	Multi-Family	Riverside	MO	7,934,000	3.40%	36	76.60%
54	Loan 54	11/16/2021	12/6/2023	Multi-Family	Cape Coral	FL	7,680,000	3.25%	25	79.18%
55	Loan 55	9/28/2021	10/4/2024	Multi-Family	Chicago	IL	7,286,000	3.65%	36	75.90%
56	Loan 56	2/18/2022	3/5/2025	Multi-Family	Drexel Hills	PA	7,200,000	3.95%	37	78.09%
57	Loan 57	12/19/2022	1/6/2025	Multi-Family	Asheville	NC	6,325,000	3.75%	24	41.10%
58	Loan 58	7/1/2021	7/5/2024	Multi-Family	Harker Heights	TX	6,290,000	3.60%	36	72.30%
59	Loan 59	4/27/2022	5/5/2025	Multi-Family	North Brunswick	NJ	6,000,000	3.40%	36	79.90%
60	Loan 60	5/21/2021	6/6/2024	Multi-Family	Youngtown	AZ	5,994,000	3.65%	37	71.40%
61	Loan 61	10/26/2021	11/6/2023	Multi-Family	Indianapolis	IN	5,812,000	3.85%	24	77.08%
62	Loan 62	4/30/2021	5/5/2024	Multi-Family	Daytona Beach	FL	5,285,500	3.65%	36	77.40%
63	Loan 63	12/13/2021	1/5/2024	Multi-Family	Evansville	IN	5,250,000	3.30%	25	73.90%
64	Loan 64	7/14/2021	8/6/2024	Multi-Family	Birmingham	AL	5,248,000	3.70%	37	71.69%
65	Loan 65	11/19/2021	12/5/2024	Multi-Family	Huntsville	AL	5,040,000	3.75%	37	78.75%
66	Loan 66	6/10/2019	7/6/2023	Multi-Family	San Antonio	TX	4,807,027	2.90%	49	62.92%
67	Loan 67	12/28/2021	1/3/2025	Multi-Family	Houston	TX	2,800,000	3.25%	36	71.20%
Total / Average							1,020,479,107	3.43%	36	71.40%

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

	March 31, 2023 ⁽¹⁾	December 31, 2022 ⁽¹⁾
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 98,572,560	\$ 43,858,515
Restricted cash	1,946,370	3,507,850
Commercial mortgage loans held-for-investment, at amortized cost	1,019,821,199	1,076,148,186
Less: Allowance for credit losses	(3,357,527)	(4,258,668)
Commercial mortgage loans held-for-investment, net of allowance for credit losses	1,016,463,672	1,071,889,518
Mortgage servicing rights, at fair value	746,528	795,656
Accrued interest receivable	5,939,175	5,797,991
Investment related receivable	488,578	—
Other assets	2,266,585	2,116,007
Total assets	<u>\$ 1,126,423,468</u>	<u>\$ 1,127,965,537</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Collateralized loan obligations, net	829,933,826	829,310,498
Secured term loan, net	47,032,485	46,971,042
Accrued interest payable	2,504,909	2,360,809
Dividends payable	4,135,077	4,131,369
Fees and expenses payable to Manager	1,604,000	1,606,333
Other liabilities ⁽²⁾	365,932	583,989
Total liabilities	<u>885,576,229</u>	<u>884,964,040</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 March 31, 2023 and December 31, 2022, respectively	57,254,935	57,254,935
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 52,231,152 shares issued and outstanding, at March 31, 2023 and December 31, 2022, respectively	522,252	522,252
Additional paid-in capital	314,587,702	314,598,384
Cumulative distributions to stockholders	(165,043,253)	(160,724,426)
Accumulated earnings	33,426,103	31,250,852
Total stockholders' equity	240,747,739	242,901,997
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 240,847,239</u>	<u>\$ 243,001,497</u>
Total liabilities and equity	<u>\$ 1,126,423,468</u>	<u>\$ 1,127,965,537</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 March 31, 2023 and December 31, 2022, assets of consolidated VIEs totaled \$1,002,563,861 and \$1,005,507,371, respectively and the liabilities of consolidated VIEs totaled \$832,342,571 and \$831,575,144 respectively. See Note 4 for further discussion.

(2) Includes \$41,225 and \$0 of Current Expected Credit Loss ("CECL") allowance related to unfunded commitments on commercial mortgage loans, net as of March 31, 2023 and December 31, 2022, respectively.

Consolidated Statement of Income

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenues:		
Interest income:		
Commercial mortgage loans held-for-investment	\$ 21,944,661	\$ 10,009,064
Cash and cash equivalents	261,665	4,855
Interest expense:		
Collateralized loan obligations	(13,033,046)	(4,004,238)
Secured term loan	(926,912)	(922,643)
Net interest income	8,246,368	5,087,038
Other income:		
Reversal of credit losses, net	179,684	—
Change in unrealized (loss) gain on mortgage servicing rights	(49,129)	147,382
Servicing income, net	51,528	67,181
Total other income	182,083	214,563
Expenses:		
Management and incentive fees	1,087,262	924,617
General and administrative expenses	948,066	852,732
Operating expenses reimbursable to Manager	509,986	390,710
Other operating expenses	64,584	76,190
Compensation expense	62,108	50,888
Total expenses	2,672,006	2,295,137
Net income before provision for income taxes	5,756,445	3,006,464
Benefit from (provision for) income taxes	10,246	(51,665)
Net income	5,766,691	2,954,799
Dividends accrued to preferred stockholders	(1,184,958)	(1,184,958)
Net income attributable to common stockholders	\$ 4,581,733	\$ 1,769,841
Earnings per share:		
Net income attributable to common stockholders (basic and diluted)	\$ 4,581,733	\$ 1,769,841
Weighted average number of shares of common stock outstanding	52,231,152	36,464,952
Basic and diluted income per share	\$ 0.09	\$ 0.05
Dividends declared per share of common stock	\$ 0.06	\$ 0.06

Detailed Walk of Allowance for Loan Losses

	Three months ended	
	March 31, 2023	March 31, 2022
Allowance for credit losses at beginning of period	4,258,668	—
Cumulative-effect adjustment upon adoption of ASU 2016-13	3,549,501	—
(Reversal of) credit losses	(178,970)	—
Charge offs	(4,271,672)	—
Allowance for credit losses at end of period	<u>3,357,527</u>	<u>—</u>

Reconciliation of GAAP to Distributable Earnings

GAAP to Distributable Earnings Reconciliation	For the Three Months Ended			
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<i>Reconciliation of GAAP to non-GAAP Information</i>				
Net income attributable to common stockholders	\$4,581,733	\$879,776	\$315,233	\$2,158,810
<i>Adjustments for non-Distributable earnings</i>				
Unrealized losses (gains) on mortgage servicing rights	49,129	22,251	(37,312)	(81,216)
Realized loss on commercial mortgage loans	(4,271,672)	-	-	-
Unrealized provision for credit losses	(179,684)	2,385,731	1,521,023	351,914
Subtotal	(4,402,227)	2,407,982	1,483,711	270,698
<i>Other Adjustments</i>				
Recognized compensation expense related to restricted common stock	3,358	3,433	3,433	4,476
Adjustment for income taxes	(10,246)	31,728	(97,974)	25,669
Subtotal	(6,888)	35,161	(94,541)	30,145
Distributable Earnings	172,618	3,322,919	1,704,403	\$2,459,653
Weighted average shares outstanding, basic and diluted	52,231,152	52,231,152	52,231,152	52,226,141
Distributable Earnings per share of common stock, basic and diluted	\$0.00	\$0.06	\$0.03	\$0.05

Detailed Walk of Capitalization as of 3/31/2023

<i>(in 000's)</i>	3/31/2023
Total GAAP liabilities and stockholders' equity	\$1,126,324
<i>Adjustments for Capitalization</i>	
(-) Accrued interest payable	(2,505)
(-) Dividends payable	(4,135)
(-) Fees and expenses payable to Manager	(1,604)
(-) Other accounts payable and accrued expenses	(366)
(+) Other capitalized financing & issuance costs	4,534
LFT Capitalization	\$1,122,248

Book Value Per Share of Common Stock as of 3/31/2023

<i>(in 000's)</i>	Book Value per Share of Common Stock ⁽¹⁾
Total stockholders' equity	\$240,847
(-) Preferred equity	(60,000) ⁽²⁾
(-) Non-controlling interest	(100)
Common equity	180,748
Shares outstanding	52,231,152
Book Value Per Share of Common Stock	\$3.46

Note:

(1) Book value as of 3/31/2023 included the impact of an estimated CECL credit loss allowance of \$3.4 million.

(2) 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.



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May 2023
