

A modern multi-story apartment building with a mix of grey and light-colored facades. The building features numerous windows and balconies. Some balconies are painted a bright yellow, while others are grey. The scene is set against a bright sky, with a sun flare visible on the right side of the image.

# Lument Finance Trust

Q3 2023 Earnings Supplemental  
November 2023

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# Disclaimer

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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](http://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 13th, 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

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- 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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# LUMENT

## FINANCE TRUST

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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, the 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 match term, non-recourse, non mark-to-market, collateralized financing structures.



LUMENT

# Q3 2023 Updates

## Financial Results

- Q3 2023 GAAP net income attributable to common stockholders of \$5.2 million, or \$0.10 per share of common stock. Q3 2023 Distributable Earnings<sup>(1)</sup> of \$6.0 million, or \$0.11 per share of common stock.
- On September 14, 2023, the Company declared a cash dividend of \$0.07 per share of common stock, which represents a 17% quarter-over-quarter increase. The Company also declared a cash dividend of \$0.49219 per share of 7.875% Cumulative Redeemable Series A Preferred Stock.
- Q3 2023 Book Value Per Share of Common Stock of \$3.46<sup>(2)</sup>.

## Highlights

- On July 12, 2023, the Company entered into and closed a match-term non-recourse collateralized commercial real estate financing ("LMF 2023-1"), secured by \$386.4 million of first lien floating-rate multifamily mortgage assets.
  - In connection with the LMF 2023-1 transaction, \$270.4 million of an investment-grade rated senior secured floating rate loan that was placed with a private lender and approximately \$47.3 million of investment grade notes that were issued and sold to an affiliate of our external manager. The Company retained \$68.6 million of subordinate notes.
- During the quarter, the Company experienced \$111.0 million of loan payoffs<sup>(3)</sup> while acquiring and/or funding<sup>(3)</sup> \$452.1 million of loan assets, including the \$386.4 million of loans that were used as initial collateral for the LMF 2023-1 transaction. Loans acquired during the quarter were acquired at an aggregate discount to par of \$7.1 million.

## Investment Portfolio Overview

- As of September 30, 2023, 100%<sup>(3)</sup> of LFT's investment portfolio consisted of floating-rate CRE loans. Approximately 93.0%<sup>(3)</sup> of the portfolio was multifamily.
- The Company's \$1.4 billion CRE loan portfolio had a weighted average remaining term of 15 months<sup>(4)</sup>, a weighted average interest rate of SOFR + 3.47%, and unamortized purchase discounts of \$7.0 million.

## Capitalization

- The floating-rate CRE loan portfolio is financed primarily through the Company's two outstanding secured financings:
  - \$833.8 million of investment grade notes issued through LMNT 2021-FL1.
  - \$317.7 million of investment grade notes issued through LMF 2023-1.

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 38 months.

# Q3 2023 Balance Sheet Summary

| Balance Sheet<br>(thousands)   | September<br>30, 2023 <sup>(1)</sup> |
|--|--------------------------------------|
| Commercial mortgage loans held-for-investment (net of allowance for credit losses) | \$1,350,832                          |
| Cash and cash equivalents  | 43,409                               |
| Restricted cash <sup>(2)</sup>   | 6,225                                |
| Accrued interest receivable  | 8,608                                |
| Investment related receivable  | 31,122                               |
| Other assets <sup>(3)</sup>  | 3,136                                |
| <b>Total assets</b>  | <b>\$1,443,332</b>                   |
| Secured financings <sup>(4)</sup>  | 1,145,317                            |
| Credit facility <sup>(4)</sup>   | 47,157                               |
| Other liabilities  | 10,262                               |
| <b>Total liabilities</b>   | <b>\$1,202,737</b>                   |
| <b>Total equity</b>  | <b>240,595</b>                       |
| <b>Total liabilities / total equity</b>  | <b>5.00x</b>                         |
| <b>Book Value Per Share of Common Stock<sup>(5)</sup></b>                          | <b>\$3.46</b>                        |

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 and the LMF 2023-1 is 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 and LMF 2023-1 is \$833.8 million and \$317.7 million, respectively. 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 2023 Income Statement Summary

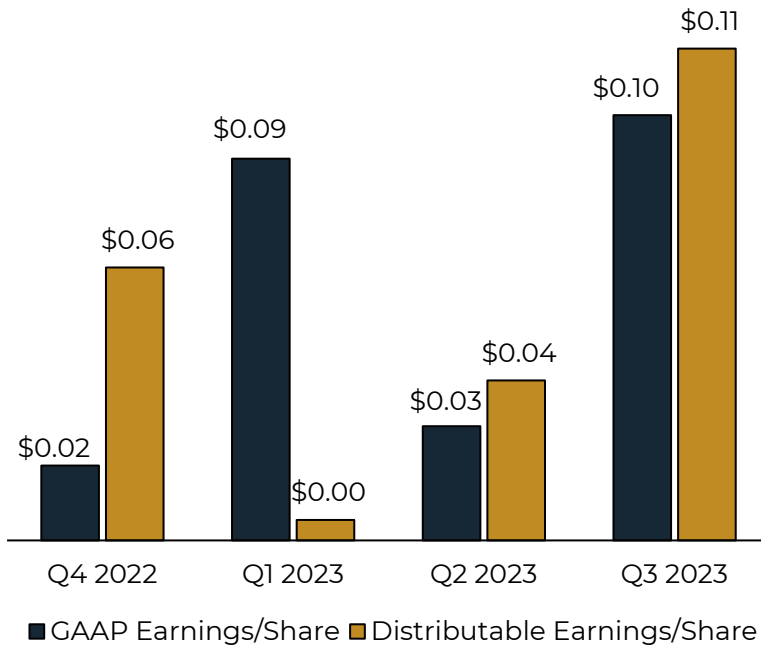
| Summary Income Statement<br>(thousands)                                  | Three Months<br>Ended<br>September 30,<br>2023 |
|--|--|
| Net interest income  | \$9,544  |
| Total other income (loss)  | (719)  |
| Operating expenses   | (2,446)  |
| Benefit (provision) from income taxes                                    | (20)   |
| Preferred dividends  | (1,185)  |
| Net income attributable to common stockholders                           | \$5,175  |
| Weighted average shares outstanding during the period, basic and diluted | 52,231,152                                     |
| Net income attributable to common stockholders per share                 | \$0.10   |

| GAAP Net Income to Distributable Earnings Reconciliation<br>(thousands)  | Three Months<br>Ended<br>September<br>30, 2023 |
|--|--|
| Net Income attributable to common stockholders                           | \$5,175  |
| Adjustments:   |  |
| Unrealized (gains) losses on mortgage servicing rights                   | (2)  |
| Recognized compensation expense related to restricted stock              | 0  |
| Unrealized provision for credit losses                                   | 792  |
| Provision for (benefit from) income taxes                                | 20   |
| Distributable Earnings <sup>(1)</sup>                                    | \$5,984  |
| Weighted average shares outstanding during the period, basic and diluted | 52,231,152                                     |
| Distributable Earnings per share of common stock                         | \$0.11   |
| Dividend per share of common stock                                       | \$0.07   |

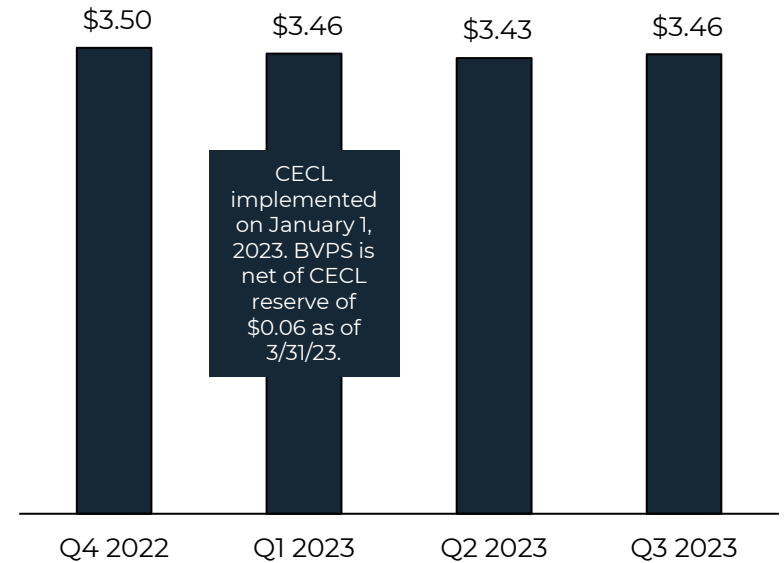
Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.

# Earnings and Book Value Per Share of Common Stock

## GAAP Earnings & Distributable Earnings<sup>(1)</sup> Per Share of Common Stock



## Book Value Per Share of Common Stock<sup>(2)</sup>

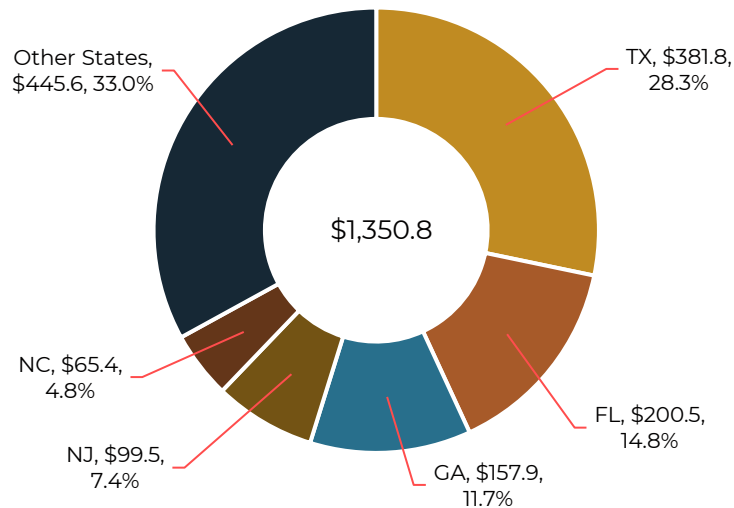


Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.  
(2) See Appendix for definition of Book Value Per Share of Common Stock.

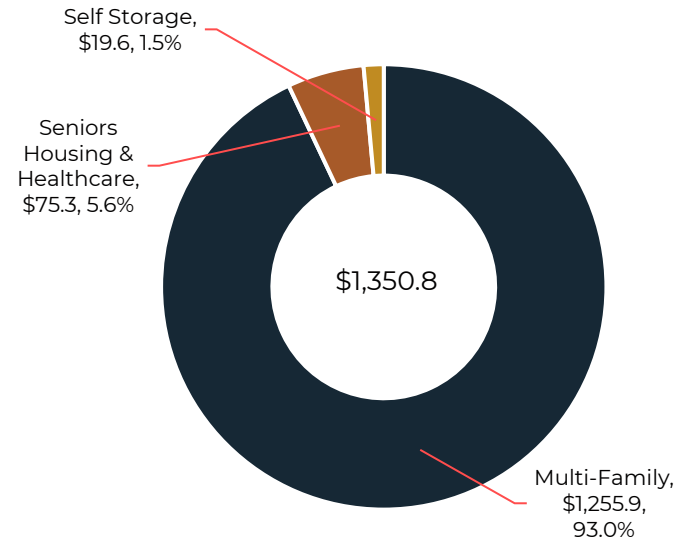
# Investment Portfolio

- On September 30, 2023, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$1.4 billion. 93.0%<sup>(1)</sup> 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, retail, or office assets and has limited exposure to self-storage assets.

## Geographic Concentration<sup>(2)</sup>



## Property Type<sup>(2)</sup>



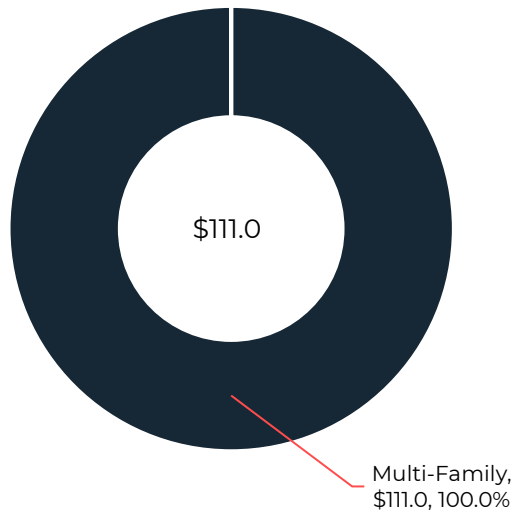
Note: (1) Based on carrying value.  
(2) \$ In millions, based on carrying value.



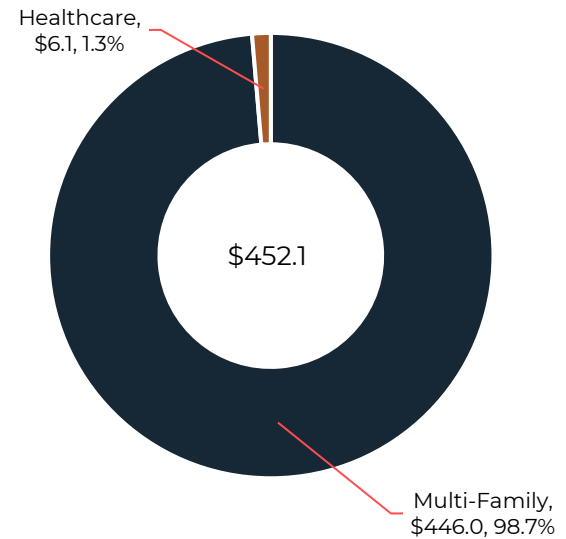
# Q3 2023 Loan Activity

- The Company experienced \$111.0 million of loan payoffs during the quarter.
- The Company acquired \$452.1 million of loans during the quarter.

## Payoffs by Property Type<sup>(1)</sup>



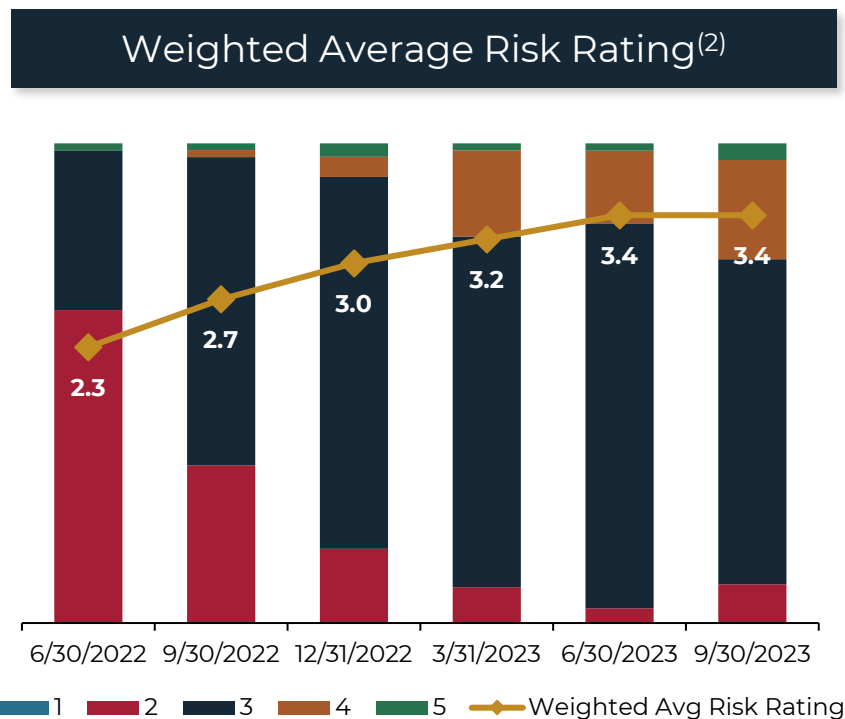
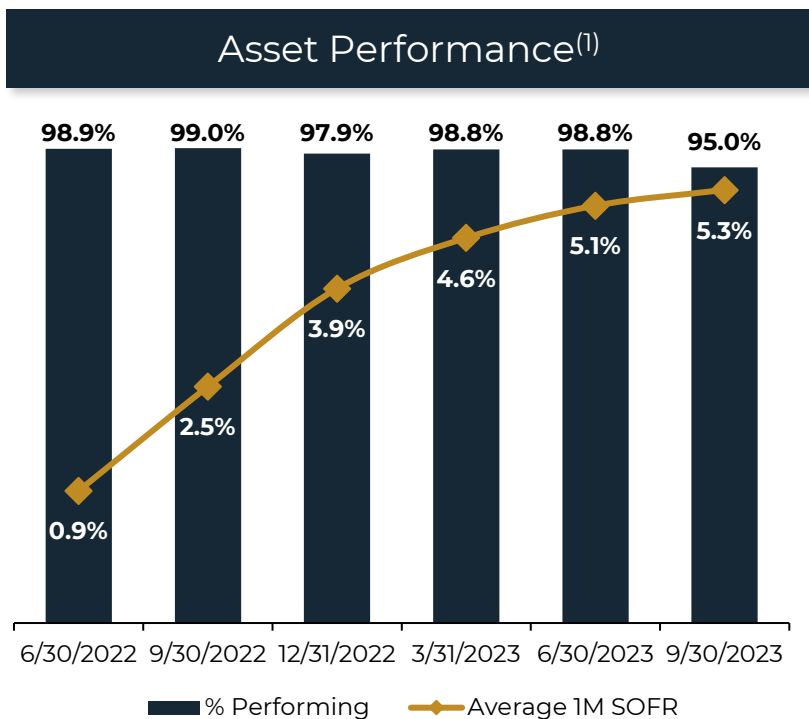
## Acquisitions by Property Type<sup>(1)</sup>



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

# Portfolio Credit

- 95.0% of the Company's portfolio is performing, with 75% of the portfolio rated "3" (Moderate Risk) or better.
- Weighted average risk rating remained stable quarter over quarter.

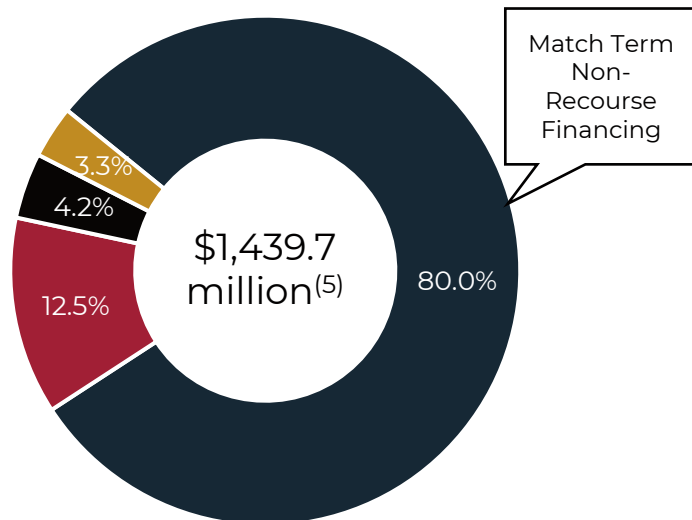


Note: (1) An asset is defined as performing if it is not in default, or not on non-accrual status.  
 (2) Weighted average risk rating is weighted based on carrying value of portfolio assets.

# Q3 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 two secured financings (LMNT 2021-FL1 and LMF 2023-1), preferred stock, and a corporate term loan.

## Capital Structure Composition



- Secured Financing
- Preferred Equity
- Common Equity
- Term Loan

## Capital Structure Detail

(\$ in millions)

| <u>Secured Financings<sup>(1)</sup></u>             | <u>Rate</u> | <u>Advance Rate</u> | <u>Amount</u>    |
|---|-------------|---------------------|------------------|
| LMNT 2021-FL1                                       | S + 1.43%   | 83.4%               | \$833.8          |
| LMF 2023-1 Financing                                | S + 3.10%   | 82.2%               | \$317.7          |
| <u>Credit Facilities</u>                            |             |                     |                  |
| Term Loan <sup>(2)</sup>                            | 7.25%       |                     | \$47.8           |
| <b>Total Debt</b>                                   |             |                     | <b>\$1,199.2</b> |
| <u>Equity</u>                                       |             |                     |                  |
| Preferred Equity <sup>(3)</sup>                     | 7.875%      |                     | \$60.0           |
| Book Value of Common Equity <sup>(4)</sup>          |             |                     | \$180.5          |
| <b>Total Pro-Forma Capitalization<sup>(5)</sup></b> |             |                     | <b>\$1,439.7</b> |

Note: (1) Secured financing shown at par value. LMNT 2021-FL1 GAAP carrying value of \$831.2 million includes \$2.5 million of unamortized debt issuance costs. LMF 2023-1 carrying value of \$314.1 million includes \$3.6 million of unamortized debt issuance costs.

(2) Term loan shown at par value. GAAP carrying value of \$47.2 million includes \$0.6 million of unamortized debt issuance costs.

(3) Preferred equity shown at \$60 million liquidation preference.

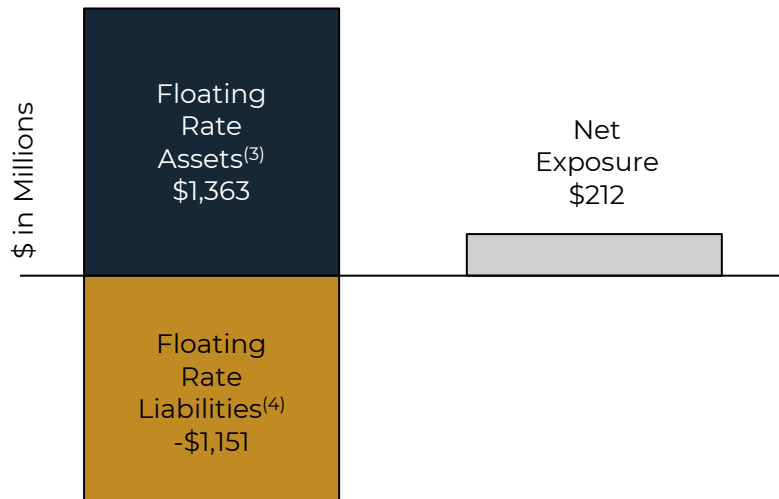
(4) Noncontrolling interest was \$99,500 as of 9/30/2023 and is excluded from common equity above.

(5) LFT total capitalization is a non-GAAP measure which excludes certain Balance Sheet items; Please see Appendix for reconciliation to GAAP.

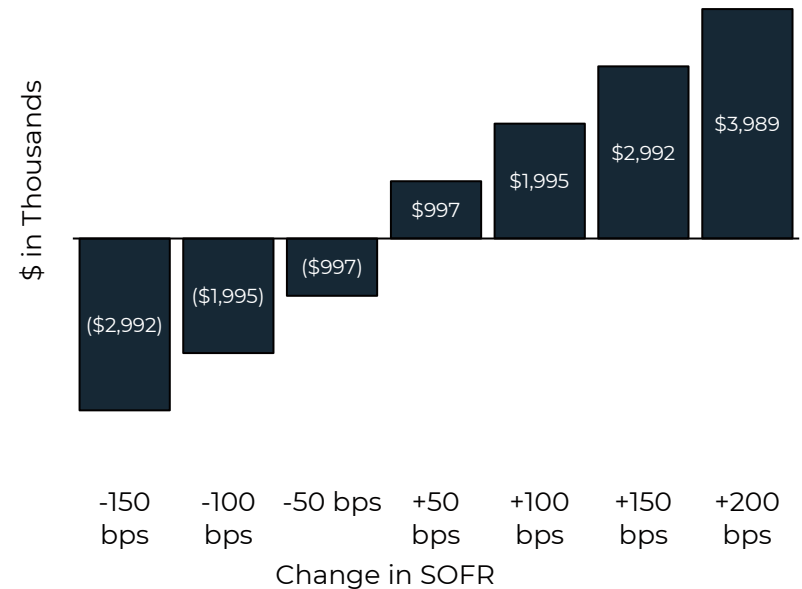
# Net Interest Income Sensitivity to Shifts in Term SOFR

- 100% floating-rate loan portfolio.
- 100% of portfolio is indexed to 30-day term SOFR<sup>(1)</sup>.

## Floating-Rate Exposure<sup>(2)</sup>



## Annual Net Interest Income Sensitivity to Shifts in Term SOFR<sup>(5)</sup>



# Appendix

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# 9/30/2023 CRE Loan Portfolio Details

| #  | Loan Name | Closing Date | Maturity Date | Property Type | City           | State | Unpaid Principal Balance | Note Spread | Unamortized Discount/Premium | Initial Term (months) | As-Is LTV at Origination <sup>(1)</sup> |
|----|-----------|--------------|---------------|---------------|----------------|-------|--------------------------|-------------|------------------------------|-----------------------|---|
| 1  | Loan 1    | 12/16/2021   | 1/3/2025      | Multi-Family  | Daytona        | FL    | 51,375,000               | 3.05%       | 0                            | 37                    | 71.70%                                  |
| 2  | Loan 2    | 11/22/2019   | 11/3/2023     | Multi-Family  | Virginia Beach | VA    | 36,781,588               | 3.27%       | 0                            | 48                    | 77.10%                                  |
| 3  | Loan 3    | 6/28/2021    | 7/6/2024      | Multi-Family  | Barrington     | NJ    | 36,658,084               | 3.05%       | (17,133)                     | 36                    | 78.13%                                  |
| 4  | Loan 4    | 6/8/2021     | 7/5/2024      | Multi-Family  | Chattanooga    | TN    | 33,360,000               | 3.65%       | 0                            | 37                    | 79.76%                                  |
| 5  | Loan 5    | 3/22/2022    | 4/5/2025      | Multi-Family  | Seneca         | SC    | 31,876,244               | 3.35%       | (624,471)                    | 37                    | 74.54%                                  |
| 6  | Loan 6    | 6/28/2022    | 7/3/2025      | Multi-Family  | Dallas         | TX    | 31,602,808               | 3.90%       | (507,221)                    | 36                    | 71.59%                                  |
| 7  | Loan 7    | 12/29/2021   | 1/6/2025      | Multi-Family  | Multi          | NC    | 30,709,146               | 3.85%       | 0                            | 36                    | 59.90%                                  |
| 8  | Loan 8    | 6/8/2021     | 7/5/2024      | Multi-Family  | Miami          | FL    | 30,576,666               | 3.20%       | 0                            | 37                    | 74.26%                                  |
| 9  | Loan 9    | 5/20/2021    | 6/6/2024      | Multi-Family  | Marietta       | GA    | 30,220,508               | 3.10%       | (30,747)                     | 37                    | 77.02%                                  |
| 10 | Loan 10   | 8/25/2022    | 9/5/2025      | Multi-Family  | Wilmington     | NC    | 28,653,440               | 4.00%       | 0                            | 36                    | 71.45%                                  |
| 11 | Loan 11   | 6/7/2021     | 7/5/2024      | Multi-Family  | San Antonio    | TX    | 27,569,521               | 3.40%       | (6,190)                      | 37                    | 80.00%                                  |
| 12 | Loan 12   | 8/26/2021    | 8/5/2024      | Multi-Family  | Clarkston      | GA    | 25,440,413               | 3.50%       | (1,746)                      | 35                    | 79.00%                                  |
| 13 | Loan 13   | 11/15/2021   | 12/6/2024     | Multi-Family  | El Paso        | TX    | 24,330,000               | 3.10%       | 0                            | 37                    | 75.96%                                  |
| 14 | Loan 14   | 10/18/2021   | 11/6/2023     | Multi-Family  | Cherry Hill    | NJ    | 23,348,000               | 3.00%       | 0                            | 24                    | 72.40%                                  |
| 15 | Loan 15   | 8/26/2021    | 9/5/2024      | Multi-Family  | Union City     | GA    | 22,872,354               | 3.35%       | (5,295)                      | 36                    | 70.40%                                  |
| 16 | Loan 16   | 3/22/2022    | 4/5/2025      | Multi-Family  | York           | PA    | 21,934,375               | 3.30%       | (558,154)                    | 37                    | 79.17%                                  |
| 17 | Loan 17   | 11/16/2021   | 12/5/2024     | Multi-Family  | Dallas         | TX    | 21,916,753               | 3.20%       | (11,605)                     | 37                    | 73.54%                                  |
| 18 | Loan 18   | 7/8/2022     | 8/5/2025      | Multi-Family  | Arlington      | TX    | 21,818,465               | 3.75%       | (323,999)                    | 37                    | 67.10%                                  |
| 19 | Loan 19   | 8/31/2021    | 9/6/2024      | Multi-Family  | Houston        | TX    | 21,644,684               | 3.30%       | (3,070)                      | 36                    | 74.20%                                  |
| 20 | Loan 20   | 11/29/2022   | 12/5/2025     | Healthcare    | Glendale       | WI    | 20,360,000               | 4.00%       | 0                            | 36                    | 45.00%                                  |
| 21 | Loan 21   | 6/10/2022    | 7/5/2025      | Multi-Family  | Various        | GA    | 20,250,372               | 3.75%       | (330,986)                    | 37                    | 75.79%                                  |

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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.

# 9/30/2023 CRE Loan Portfolio Details

| #  | Loan Name | Closing Date | Maturity Date | Property Type | City             | State | Unpaid Principal Balance | Note Spread | Unamortized Discount/Premium | Initial Term (months) | As-Is LTV at Origination <sup>(1)</sup> |
|----|-----------|--------------|---------------|---------------|------------------|-------|--------------------------|-------------|------------------------------|-----------------------|---|
| 22 | Loan 22   | 10/13/2017   | 11/20/2023    | Self Storage  | Seattle          | WA    | 19,648,818               | 3.60%       | 3,052                        | 74                    | 46.50%                                  |
| 23 | Loan 23   | 11/5/2021    | 11/5/2024     | Multi-Family  | Orlando          | FL    | 19,625,274               | 3.00%       | (7,080)                      | 36                    | 78.05%                                  |
| 24 | Loan 24   | 4/13/2022    | 5/5/2025      | Multi-Family  | Decatur          | GA    | 18,989,494               | 3.55%       | (434,556)                    | 37                    | 75.70%                                  |
| 25 | Loan 25   | 11/21/2022   | 12/5/2025     | Healthcare    | Houston          | TX    | 18,920,000               | 4.00%       | 0                            | 37                    | 67.00%                                  |
| 26 | Loan 26   | 11/23/2021   | 12/5/2024     | Multi-Family  | Orange           | NJ    | 18,834,024               | 3.20%       | (6,890)                      | 36                    | 78.00%                                  |
| 27 | Loan 27   | 2/2/2022     | 2/6/2025      | Multi-Family  | Houston          | TX    | 18,660,822               | 3.50%       | (178,647)                    | 36                    | 77.50%                                  |
| 28 | Loan 28   | 2/11/2022    | 3/5/2025      | Multi-Family  | Tampa            | FL    | 18,599,480               | 3.60%       | 0                            | 37                    | 77.99%                                  |
| 29 | Loan 29   | 10/12/2021   | 11/5/2023     | Multi-Family  | Atlanta          | GA    | 17,500,000               | 3.15%       | 0                            | 25                    | 42.90%                                  |
| 30 | Loan 30   | 5/26/2022    | 6/6/2024      | Multi-Family  | Brooklyn         | NY    | 17,263,000               | 3.75%       | 0                            | 24                    | 64.30%                                  |
| 31 | Loan 31   | 3/31/2022    | 4/5/2025      | Multi-Family  | Tallahassee      | FL    | 16,956,276               | 3.30%       | (389,679)                    | 36                    | 74.80%                                  |
| 32 | Loan 32   | 11/10/2022   | 12/5/2025     | Healthcare    | Austin           | TX    | 16,690,000               | 4.00%       | 0                            | 37                    | 65.00%                                  |
| 33 | Loan 33   | 12/1/2021    | 12/5/2024     | Multi-Family  | Horn Lake        | MS    | 15,449,323               | 3.30%       | (19,803)                     | 36                    | 75.70%                                  |
| 34 | Loan 34   | 2/1/2022     | 2/5/2025      | Multi-Family  | San Antonio      | TX    | 15,400,000               | 3.45%       | 0                            | 36                    | 79.79%                                  |
| 35 | Loan 35   | 4/6/2022     | 4/4/2025      | Multi-Family  | Vineland         | NJ    | 15,347,180               | 3.75%       | (264,371)                    | 36                    | 77.00%                                  |
| 36 | Loan 36   | 4/6/2022     | 4/5/2025      | Multi-Family  | Haltom City      | TX    | 15,156,425               | 3.45%       | (269,158)                    | 36                    | 74.10%                                  |
| 37 | Loan 37   | 12/2/2021    | 12/6/2023     | Multi-Family  | Colorado Springs | CO    | 15,010,343               | 3.00%       | (440)                        | 24                    | 72.48%                                  |
| 38 | Loan 38   | 2/22/2022    | 3/5/2025      | Multi-Family  | Philadelphia     | PA    | 15,000,000               | 3.80%       | 0                            | 36                    | 80.00%                                  |
| 39 | Loan 39   | 6/15/2022    | 7/5/2025      | Multi-Family  | Denton           | TX    | 14,511,455               | 3.90%       | (11,497)                     | 37                    | 73.00%                                  |
| 40 | Loan 40   | 7/26/2022    | 8/5/2025      | Multi-Family  | Atlanta          | GA    | 14,351,599               | 3.65%       | (284,521)                    | 36                    | 65.15%                                  |
| 41 | Loan 41   | 4/12/2021    | 5/5/2024      | Multi-Family  | Cedar Park       | TX    | 14,193,375               | 3.75%       | 0                            | 37                    | 66.70%                                  |
| 42 | Loan 42   | 4/27/2022    | 5/5/2025      | Multi-Family  | Houston          | TX    | 14,171,704               | 3.70%       | (298,286)                    | 36                    | 79.60%                                  |
| 43 | Loan 43   | 1/13/2022    | 2/5/2025      | Multi-Family  | Indianapolis     | IN    | 14,119,842               | 3.75%       | (230,817)                    | 37                    | 80.00%                                  |
| 44 | Loan 44   | 11/21/2022   | 12/5/2025     | Healthcare    | Southlake        | TX    | 14,030,000               | 4.00%       | 0                            | 37                    | 48.00%                                  |

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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.

# 9/30/2023 CRE Loan Portfolio Details

| #  | Loan Name | Closing Date | Maturity Date | Property Type | City             | State | Unpaid Principal Balance | Note Spread | Unamortized Discount/Premium | Initial Term (months) | As-Is LTV at Origination <sup>(1)</sup> |
|----|-----------|--------------|---------------|---------------|------------------|-------|--------------------------|-------------|------------------------------|-----------------------|---|
| 45 | Loan 45   | 12/28/2021   | 1/3/2025      | Multi-Family  | Houston          | TX    | 14,000,000               | 3.25%       | (230,075)                    | 36                    | 71.22%                                  |
| 46 | Loan 46   | 5/13/2022    | 6/5/2025      | Multi-Family  | Decatur          | AL    | 13,885,769               | 3.50%       | (126,866)                    | 37                    | 59.21%                                  |
| 47 | Loan 47   | 6/10/2022    | 7/5/2025      | Multi-Family  | Blakely          | PA    | 13,625,505               | 3.90%       | (105,119)                    | 37                    | 75.00%                                  |
| 48 | Loan 48   | 12/13/2021   | 1/5/2024      | Multi-Family  | Evansville       | IN    | 12,600,000               | 3.30%       | 0                            | 25                    | 74.30%                                  |
| 49 | Loan 49   | 1/25/2022    | 2/6/2025      | Multi-Family  | Corpus Christi   | TX    | 12,249,079               | 3.55%       | (158,400)                    | 36                    | 78.76%                                  |
| 50 | Loan 50   | 8/16/2021    | 9/6/2024      | Multi-Family  | Columbus         | OH    | 12,196,596               | 0.00%       | 0                            | 37                    | 75.00%                                  |
| 51 | Loan 51   | 10/1/2021    | 10/4/2024     | Multi-Family  | Nashville        | TN    | 12,100,000               | 3.35%       | 0                            | 36                    | 79.08%                                  |
| 52 | Loan 52   | 5/12/2022    | 6/5/2025      | Multi-Family  | Ypsilanti        | MI    | 11,926,591               | 3.50%       | (203,688)                    | 37                    | 68.40%                                  |
| 53 | Loan 53   | 12/10/2021   | 1/5/2025      | Multi-Family  | Los Angeles      | CA    | 11,662,582               | 3.50%       | (302,024)                    | 37                    | 67.93%                                  |
| 54 | Loan 54   | 6/28/2022    | 7/4/2025      | Multi-Family  | Colorado Springs | CO    | 11,470,000               | 3.90%       | 0                            | 36                    | 73.06%                                  |
| 55 | Loan 55   | 3/4/2022     | 3/5/2025      | Multi-Family  | Houston          | TX    | 11,467,505               | 3.45%       | (284,457)                    | 36                    | 78.30%                                  |
| 56 | Loan 56   | 4/14/2022    | 5/5/2025      | Multi-Family  | Irving           | TX    | 11,287,602               | 3.50%       | (207,151)                    | 37                    | 74.90%                                  |
| 57 | Loan 57   | 10/28/2021   | 11/6/2024     | Multi-Family  | Tampa            | FL    | 11,202,535               | 2.95%       | 0                            | 36                    | 75.70%                                  |
| 58 | Loan 58   | 4/23/2021    | 5/6/2024      | Multi-Family  | Tualatin         | OR    | 10,986,357               | 3.20%       | (4,155)                      | 36                    | 73.90%                                  |
| 59 | Loan 59   | 5/3/2022     | 5/5/2025      | Multi-Family  | Port Richey      | FL    | 10,818,945               | 3.55%       | (244,331)                    | 36                    | 79.05%                                  |
| 60 | Loan 60   | 9/30/2021    | 10/6/2023     | Multi-Family  | Clearfield       | UT    | 10,795,000               | 3.15%       | 0                            | 24                    | 67.98%                                  |
| 61 | Loan 61   | 12/29/2021   | 1/3/2025      | Multi-Family  | Phoenix          | AZ    | 10,615,094               | 3.65%       | (6,235)                      | 36                    | 75.90%                                  |
| 62 | Loan 62   | 12/2/2021    | 12/6/2024     | Multi-Family  | Tomball          | TX    | 9,975,000                | 3.40%       | 0                            | 36                    | 68.50%                                  |
| 63 | Loan 63   | 11/23/2021   | 12/5/2024     | Multi-Family  | Atlanta          | GA    | 9,856,000                | 3.35%       | 0                            | 36                    | 79.50%                                  |
| 64 | Loan 64   | 1/14/2022    | 2/5/2025      | Multi-Family  | Houston          | TX    | 9,609,250                | 3.60%       | 0                            | 37                    | 78.76%                                  |
| 65 | Loan 65   | 7/14/2022    | 8/5/2025      | Multi-Family  | Bradenton        | FL    | 9,429,206                | 3.90%       | (82,941)                     | 37                    | 74.40%                                  |
| 66 | Loan 66   | 8/5/2022     | 8/5/2025      | Multi-Family  | San Antonio      | TX    | 9,127,649                | 4.35%       | (46,116)                     | 36                    | 75.00%                                  |

Continued on the following page

Note: (1) LTV as of the date the loan was originated by an affiliate. LTV has not been updated for any subsequent draws or loan modifications and is not reflective of any changes in value which may have occurred subsequent to the origination date.



# 9/30/2023 CRE Loan Portfolio Details

| #                      | Loan Name | Closing Date | Maturity Date | Property Type | City            | State | Unpaid Principal Balance <sup>(1)</sup> | Note Spread <sup>(2)</sup> | Unamortized Discount/Premium | Initial Term (months) | As-Is LTV at Origination <sup>(3)</sup> |
|------------------------|-----------|--------------|---------------|---------------|-----------------|-------|---|----------------------------|------------------------------|-----------------------|---|
| 67                     | Loan 67   | 10/21/2021   | 11/5/2024     | Multi-Family  | Madison         | TN    | 9,100,000                               | 3.20%                      | 0                            | 37                    | 68.42%                                  |
| 68                     | Loan 68   | 10/29/2021   | 11/5/2024     | Multi-Family  | Riverside       | MO    | 8,717,380                               | 3.40%                      | (8,994)                      | 36                    | 76.60%                                  |
| 69                     | Loan 69   | 5/12/2021    | 6/5/2024      | Multi-Family  | Lakeland        | FL    | 8,220,000                               | 3.35%                      | 0                            | 37                    | 76.80%                                  |
| 70                     | Loan 70   | 6/22/2022    | 7/3/2025      | Multi-Family  | Des Moines      | IA    | 8,175,500                               | 4.00%                      | 0                            | 36                    | 72.03%                                  |
| 71                     | Loan 71   | 5/26/2022    | 6/5/2025      | Multi-Family  | Haltom City     | TX    | 8,116,833                               | 4.00%                      | (81,523)                     | 36                    | 74.38%                                  |
| 72                     | Loan 72   | 6/24/2022    | 7/6/2025      | Multi-Family  | Moncks Corner   | SC    | 7,934,160                               | 4.15%                      | 0                            | 36                    | 67.80%                                  |
| 73                     | Loan 73   | 11/16/2021   | 12/6/2023     | Multi-Family  | Cape Coral      | FL    | 7,680,000                               | 3.25%                      | 0                            | 25                    | 79.18%                                  |
| 74                     | Loan 74   | 9/28/2021    | 10/4/2024     | Multi-Family  | Chicago         | IL    | 7,286,000                               | 3.65%                      | 0                            | 36                    | 75.90%                                  |
| 75                     | Loan 75   | 7/1/2021     | 7/5/2024      | Multi-Family  | Harker Heights  | TX    | 7,169,838                               | 3.60%                      | 0                            | 36                    | 72.30%                                  |
| 76                     | Loan 76   | 10/7/2022    | 11/5/2024     | Multi-Family  | Fairborn        | OH    | 7,000,000                               | 4.10%                      | 0                            | 25                    | 79.10%                                  |
| 77                     | Loan 77   | 12/19/2022   | 1/6/2025      | Multi-Family  | Asheville       | NC    | 6,325,000                               | 3.75%                      | 0                            | 24                    | 41.10%                                  |
| 78                     | Loan 78   | 10/24/2022   | 11/6/2024     | Healthcare    | Various         | FL    | 6,100,000                               | 4.50%                      | 0                            | 24                    | 71.00%                                  |
| 79                     | Loan 79   | 4/8/2022     | 5/5/2025      | Multi-Family  | St. Petersburg  | FL    | 6,096,412                               | 4.00%                      | (111,669)                    | 37                    | 75.50%                                  |
| 80                     | Loan 80   | 4/27/2022    | 5/5/2025      | Multi-Family  | North Brunswick | NJ    | 6,000,000                               | 3.40%                      | 0                            | 36                    | 79.90%                                  |
| 81                     | Loan 81   | 5/21/2021    | 6/6/2024      | Multi-Family  | Youngtown       | AZ    | 5,994,000                               | 3.65%                      | 0                            | 37                    | 71.40%                                  |
| 82                     | Loan 82   | 7/14/2021    | 8/6/2024      | Multi-Family  | Birmingham      | AL    | 5,913,912                               | 3.70%                      | (879)                        | 37                    | 71.69%                                  |
| 83                     | Loan 83   | 10/26/2021   | 11/6/2023     | Multi-Family  | Indianapolis    | IN    | 5,812,000                               | 3.85%                      | 0                            | 24                    | 77.08%                                  |
| 84                     | Loan 84   | 11/19/2021   | 12/5/2024     | Multi-Family  | Huntsville      | AL    | 5,519,604                               | 3.75%                      | (2,191)                      | 37                    | 78.75%                                  |
| 85                     | Loan 85   | 4/30/2021    | 5/5/2024      | Multi-Family  | Daytona Beach   | FL    | 5,285,500                               | 3.65%                      | 0                            | 36                    | 77.40%                                  |
| 86                     | Loan 86   | 12/13/2021   | 1/5/2024      | Multi-Family  | Evansville      | IN    | 5,250,000                               | 3.30%                      | 0                            | 25                    | 73.90%                                  |
| 87                     | Loan 87   | 12/28/2021   | 1/3/2025      | Multi-Family  | Houston         | TX    | 2,800,000                               | 3.25%                      | 0                            | 36                    | 71.20%                                  |
| <b>Total / Average</b> |           |              |               |               |                 |       | <b>1,363,109,257</b>                    | <b>3.47%</b>               | <b>(7,020,125)</b>           | <b>36</b>             | <b>72.42%</b>                           |

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, 2023 <sup>(1)</sup> | December 31, 2022 <sup>(1)</sup> |
|--|-----------------------------------|----------------------------------|
|  | (unaudited)                       |                                  |
| <b>ASSETS</b>  |                                   |                                  |
| Cash and cash equivalents  | \$ 43,408,581                     | \$ 43,858,515                    |
| Restricted cash  | 6,225,360                         | 3,507,850                        |
| Commercial mortgage loans held-for-investment, at amortized cost   | 1,355,547,986                     | 1,076,148,186                    |
| Less: Allowance for credit losses  | (4,716,230)                       | (4,258,668)                      |
| Commercial mortgage loans held-for-investment, net of allowance for credit losses  | 1,350,831,756                     | 1,071,889,518                    |
| Mortgage servicing rights, at fair value   | 748,307                           | 795,656                          |
| Accrued interest receivable  | 8,607,899                         | 5,797,991                        |
| Investment related receivable  | 31,121,852                        | —                                |
| Other assets   | 2,388,093                         | 2,116,007                        |
| Total assets   | <u>\$ 1,443,331,848</u>           | <u>\$ 1,127,965,537</u>          |
| <b>LIABILITIES AND EQUITY</b>  |                                   |                                  |
| <b>LIABILITIES</b>   |                                   |                                  |
| Collateralized loan obligations and secured financings, net  | 1,145,317,374                     | 829,310,498                      |
| Secured term loan, net   | 47,157,418                        | 46,971,042                       |
| Accrued interest payable   | 3,832,841                         | 2,360,809                        |
| Dividends payable  | 4,657,473                         | 4,131,369                        |
| Fees and expenses payable to Manager   | 1,364,097                         | 1,606,333                        |
| Other liabilities <sup>(2)</sup>   | 407,298                           | 583,989                          |
| Total liabilities  | <u>1,202,736,501</u>              | <u>884,964,040</u>               |
| <b>COMMITMENTS AND CONTINGENCIES (NOTES 10 &amp; 11)</b>   |                                   |                                  |
| <b>EQUITY</b>  |                                   |                                  |
| 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, 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 September 30, 2023 and December 31, 2022, respectively   | 522,312                           | 522,252                          |
| Additional paid-in capital   | 314,561,930                       | 314,598,384                      |
| Cumulative distributions to stockholders   | (174,203,387)                     | (160,724,426)                    |
| Accumulated earnings   | 42,360,057                        | 31,250,852                       |
| Total stockholders' equity   | 240,495,847                       | 242,901,997                      |
| Noncontrolling interests   | \$ 99,500                         | \$ 99,500                        |
| Total equity   | <u>\$ 240,595,347</u>             | <u>\$ 243,001,497</u>            |
| Total liabilities and equity   | <u>\$ 1,443,331,848</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 September 30, 2023 and December 31, 2022, assets of consolidated VIEs totaled \$1,384,961,307 and \$1,005,507,371, respectively and the liabilities of consolidated VIEs totaled \$1,149,063,668 and \$831,575,144 respectively. See Note 4 for further discussion.

(2) Includes \$35,480 and \$0 of Current Expected Credit Loss ("CECL") allowance related to unfunded commitments on commercial mortgage loans, net as of September 30, 2023 and December 31, 2022, respectively.

# Consolidated Statement of Income

|  | Three Months<br>Ended September<br>30, 2023 | Three Months<br>Ended September<br>30, 2022 | Nine Months<br>Ended September<br>30, 2023 | Nine Months<br>Ended September<br>30, 2022 |
|--|---|---|--|--|
| <b>Revenues:</b>   |   |   |  |  |
| Interest income:   |   |   |  |  |
| Commercial mortgage loans held-for-investment                      | \$ 31,067,350                               | \$ 14,743,563                               | \$ 74,830,619                              | \$ 37,386,399                              |
| Cash and cash equivalents  | 789,442                                     | 4,969                                       | 1,878,550                                  | 14,736                                     |
| Interest expense:  |   |   |  |  |
| Collateralized loan obligations and secured financings             | (21,364,918)                                | (8,317,893)                                 | (48,597,825)                               | (17,607,021)                               |
| Secured term loan  | (947,509)                                   | (947,509)                                   | (2,811,631)                                | (2,807,362)                                |
| Net interest income  | 9,544,365                                   | 5,483,130                                   | 25,299,713                                 | 16,986,752                                 |
| <b>Expenses:</b>   |   |   |  |  |
| Management and incentive fees                                      | 1,072,569                                   | 1,096,144                                   | 3,253,205                                  | 3,111,413                                  |
| General and administrative expenses                                | 861,447                                     | 851,528                                     | 2,692,236                                  | 2,664,680                                  |
| Operating expenses reimbursable to Manager                         | 284,859                                     | 555,307                                     | 1,372,511                                  | 1,594,662                                  |
| Other operating expenses   | 168,062                                     | 83,574                                      | 2,042,346                                  | 237,572                                    |
| Compensation expense   | 58,750                                      | 73,016                                      | 182,444                                    | 178,797                                    |
| Total expenses   | 2,445,687                                   | 2,659,569                                   | 9,542,742                                  | 7,787,124                                  |
| <b>Other income and expense:</b>                                   |   |   |  |  |
| Provision for credit losses, net                                   | (791,563)                                   | (1,521,023)                                 | (1,166,962)                                | (1,872,937)                                |
| Change in unrealized (loss) gain on mortgage servicing rights      | 1,573                                       | 37,312                                      | (47,350)                                   | 265,910                                    |
| Servicing income, net  | 70,842                                      | 62,451                                      | 167,766                                    | 185,685                                    |
| Total other income and expense                                     | (719,148)                                   | (1,421,260)                                 | (1,046,546)                                | (1,421,342)                                |
| Net income before provision for income taxes                       | 6,379,530                                   | 1,402,301                                   | 14,710,425                                 | 7,778,286                                  |
| Benefit from (provision for) income taxes                          | (19,803)                                    | 97,974                                      | (9,780)                                    | 20,640                                     |
| Net income   | 6,359,727                                   | 1,500,275                                   | 14,700,645                                 | 7,798,926                                  |
| Dividends accrued to preferred stockholders                        | (1,185,042)                                 | (1,185,042)                                 | (3,555,042)                                | (3,555,042)                                |
| Net income attributable to common stockholders                     | <u>\$ 5,174,685</u>                         | <u>\$ 315,233</u>                           | <u>\$ 11,145,603</u>                       | <u>\$ 4,243,884</u>                        |
| Earnings per share:  |   |   |  |  |
| Net income attributable to common stockholders (basic and diluted) | <u>\$ 5,174,685</u>                         | <u>\$ 315,233</u>                           | <u>\$ 11,145,603</u>                       | <u>\$ 4,243,884</u>                        |
| Weighted average number of shares of common stock outstanding      | 52,231,152                                  | 52,231,152                                  | 52,231,152                                 | 47,031,833                                 |
| Basic and diluted income per share                                 | <u>\$ 0.10</u>                              | <u>\$ 0.01</u>                              | <u>\$ 0.21</u>                             | <u>\$ 0.09</u>                             |
| Dividends declared per share of common stock                       | <u>\$ 0.07</u>                              | <u>\$ 0.06</u>                              | <u>\$ 0.19</u>                             | <u>\$ 0.18</u>                             |

# Detailed Walk of Allowance for Loan Losses

|   | Three months ended  |                     | Nine months ended   |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | September 30, 2023  | September 30, 2022  | September 30, 2023  | September 30, 2022  |
| Allowance for credit losses at beginning of period        | \$ 3,897,895        | \$ 351,914          | \$ 4,258,668        | \$ —                |
| Cumulative-effect adjustment upon adoption of ASU 2016-13 | —                   | —                   | 3,549,501           | —                   |
| Provision for credit losses                               | 818,335             | 1,521,023           | 1,179,734           | 1,872,937           |
| Charge offs   | —                   | —                   | (4,271,673)         | —                   |
| Allowance for credit losses at end of period              | <u>\$ 4,716,230</u> | <u>\$ 1,872,937</u> | <u>\$ 4,716,230</u> | <u>\$ 1,872,937</u> |

# Reconciliation of GAAP to Distributable Earnings

| GAAP to Distributable Earnings Reconciliation                       | For the Three Months Ended |               |                |                      |
|---|----------------------------|---------------|----------------|----------------------|
|   | September 30,<br>2023      | June 30, 2023 | March 31, 2023 | December 31,<br>2022 |
| <i>Reconciliation of GAAP to non-GAAP Information</i>               |                            |               |                |                      |
| Net income attributable to common stockholders                      | \$5,174,685                | \$1,389,185   | \$4,581,733    | \$879,776            |
| <i>Adjustments for non-Distributable earnings</i>                   |                            |               |                |                      |
| Unrealized losses (gains) on mortgage servicing rights              | (1,573)                    | (206)         | 49,129         | 22,251               |
| Realized loss on commercial mortgage loans                          | -                          | -             | (4,271,672)    | -                    |
| Unrealized provision for credit losses                              | 791,563                    | 555,083       | (179,684)      | 2,385,731            |
| Subtotal  | 789,990                    | 554,877       | (4,402,227)    | 2,407,982            |
| <i>Other Adjustments</i>  |                            |               |                |                      |
| Recognized compensation expense related to restricted common stock  | -                          | 2,836         | 3,358          | 3,433                |
| Adjustment for income taxes   | 19,803                     | 223           | (10,246)       | 31,728               |
| Subtotal  | 19,803                     | 3,059         | (6,888)        | 35,161               |
| Distributable Earnings  | 5,984,478                  | 1,947,121     | 172,618        | 3,322,919            |
| Weighted average shares outstanding, basic and diluted              | 52,231,152                 | 52,231,152    | 52,231,152     | 52,231,152           |
| Distributable Earnings per share of common stock, basic and diluted | \$0.11                     | \$0.04        | \$0.00         | \$0.06               |

# Detailed Walk of Capitalization as of 9/30/2023

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| <i>(in 000's)</i>                                  | 9/30/2023   |
|--|-------------|
| Total GAAP liabilities and stockholders' equity    | \$1,443,232 |
| <i>Adjustments for Capitalization</i>              |             |
| ( - ) Accrued interest payable                     | (3,833)     |
| ( - ) Dividends payable                            | (4,657)     |
| ( - ) Fees and expenses payable to Manager         | (1,364)     |
| ( - ) Other accounts payable and accrued expenses  | (407)       |
| ( + ) Other capitalized financing & issuance costs | 6,725       |
| LFT Capitalization                                 | \$1,439,696 |

# Book Value Per Share of Common Stock as of 9/30/2023

| <i>(in 000's)</i>                    | Book Value per Share of Common Stock |
|--------------------------------------|--------------------------------------|
| Total stockholders' equity           | \$240,595                            |
| ( - ) Preferred equity               | (60,000) <sup>(1)</sup>              |
| ( - ) Non-controlling interest       | (100)                                |
| Common equity                        | 180,496                              |
| Shares outstanding                   | 52,231,152                           |
| Book Value Per Share of Common Stock | \$3.46                               |



# Key Definitions

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“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.





November 2023

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