

A modern apartment building with a light-colored facade and dark-framed windows. The building features several balconies with bright yellow railings. The image is split into two vertical panels: the left panel shows the building under a blue sky, and the right panel shows the building under a bright, sunny sky with a lens flare effect.

Lument Finance Trust

Q2 2024 Earnings Supplemental
August 2024

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, 2023, which is available on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. The forward-looking statements contained in this presentation speak only as of August 12th, 2024. 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 LLC, 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 an average of 20+ 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.

Q2 2024 Updates

Financial Results

- Q2 2024 GAAP net income attributable to common stockholders of \$0.07 per share of common stock.
- Q2 2024 Distributable Earnings⁽¹⁾ of \$0.09 per share of common stock.
- On June 13, 2024, the Company declared a cash dividend for the quarter of \$0.08 per share of common stock, which represents a 14% increase over the first quarter dividend of \$0.07 per share of common stock.
- The Company also declared a cash dividend for the quarter of \$0.49219 per share of 7.875% Cumulative Redeemable Series A Preferred Stock.
- Book Value Per Share of Common Stock was \$3.48⁽²⁾ as of 6/30/2024.

Notable Activity

- During the quarter, the Company experienced \$98.2 million of loan payoffs.

Portfolio Performance

- As of June 30, 2024, the Company's investment portfolio consisted of floating-rate CRE loans of which approximately 93.2%⁽³⁾ were collateralized by multifamily assets.
- As of June 30, 2024, the Company's \$1.2 billion loan portfolio had a weighted average remaining initial term of 9 months⁽⁴⁾, a weighted average note rate of SOFR + 3.59%, and unamortized aggregate purchase discounts of \$5.6 million.
- Portfolio weighted average risk rating of 3.6, with 62.7% of the portfolio rated "3" (Moderate Risk) or better.

Capitalization

- The floating-rate CRE loan portfolio was financed primarily through the Company's two outstanding non-mark-to-market secured financings:
 - \$681.7 million of investment grade notes issued through 2021-FL1 CLO.
 - \$317.7 million of investment grade notes issued through LMF 2023-1.
- As of June 30, 2024, the Company held cash and cash equivalents of \$65.1 million and its leverage ratio declined quarter-over-quarter from 4.7x to 4.4x.
- The Company's corporate debt does not mature until 2026.

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 31 months.

Q2 2024 Balance Sheet Summary

Balance Sheet (thousands)	June 30, 2024 ⁽¹⁾
Commercial mortgage loans held-for-investment (net of allowance for credit losses)	\$1,186,653
Cash and cash equivalents	65,135
Restricted cash ⁽²⁾	1,457
Accrued interest receivable	7,761
Investment related receivable	33,360
Other assets ⁽³⁾	2,593
Total assets	\$1,296,959
Secured financings ⁽⁴⁾	\$995,895
Credit facility ⁽⁴⁾	47,344
Other liabilities	11,525
Total liabilities	\$1,054,764
Total equity	\$242,195
Total liabilities / total equity	4.4x
Book Value Per Share of Common Stock⁽⁵⁾	\$3.48

Note:

(1) See Appendix for detailed consolidated balance sheet, including the Company's consolidated variable interest entities ("VIE's").

(2) Restricted cash held by 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 2021-FL1 CLO and LMF 2023-1 is \$681.7 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.

Q2 2024 Income Statement Summary

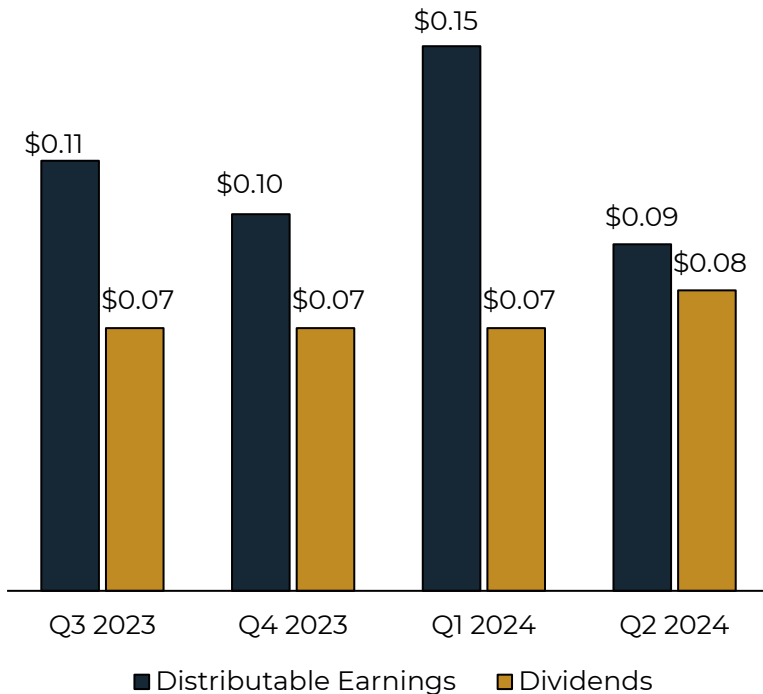
Summary Income Statement (thousands)	Three Months Ended June 30, 2024
Net interest income	\$9,523
Total other income (loss)	(1,392)
Operating expenses	(3,534)
Benefit (provision) from income taxes	1
Preferred dividends	(1,185)
Net income attributable to common stockholders	\$3,413
Weighted average shares outstanding during the period, basic and diluted	52,266,174
Net income attributable to common stockholders per share	\$0.07

GAAP Net Income to Distributable Earnings Reconciliation (thousands)	Three Months Ended June 30, 2024
Net Income attributable to common stockholders	\$3,413
Adjustments:	
Unrealized (gains) losses on mortgage servicing rights	10
Unrealized provision for credit losses	1,400
Provision for (benefit from) income taxes	(1)
Distributable Earnings ⁽¹⁾	\$4,822
Weighted average shares outstanding during the period, basic and diluted	52,266,174
Distributable Earnings per share of common stock	\$0.09
Dividend per share of common stock	\$0.08

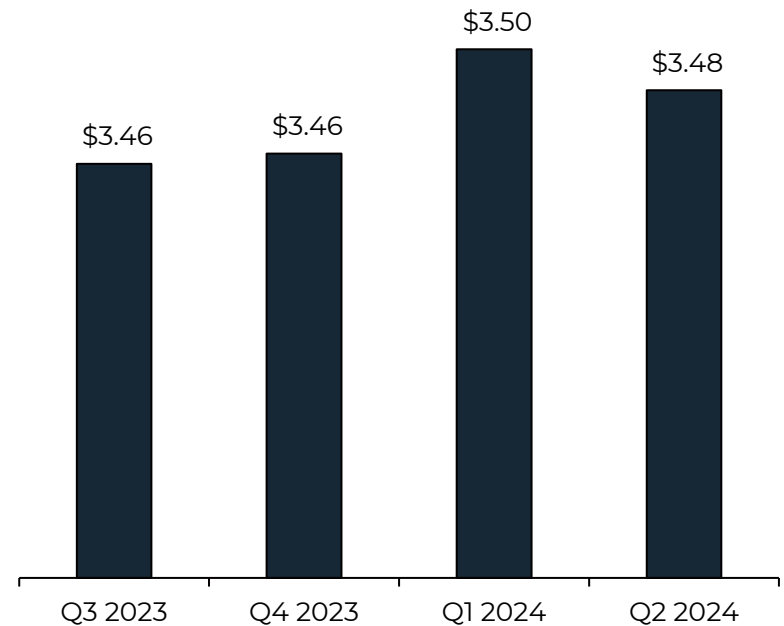
Note: (1) See Appendix for definition of Distributable Earnings and reconciliation to GAAP.

Earnings and Book Value Per Share of Common Stock

Distributable Earnings⁽¹⁾ & Dividends Per Share of Common Share



Book Value Per Share of Common Stock⁽²⁾

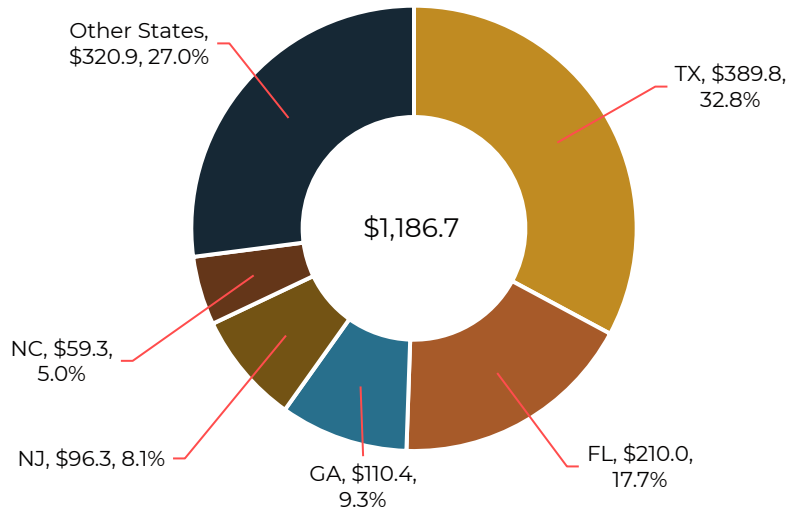


Note: (1) See Appendix for definition of Distributable Earnings.
(2) See Appendix for definition of Book Value Per Share of Common Stock.

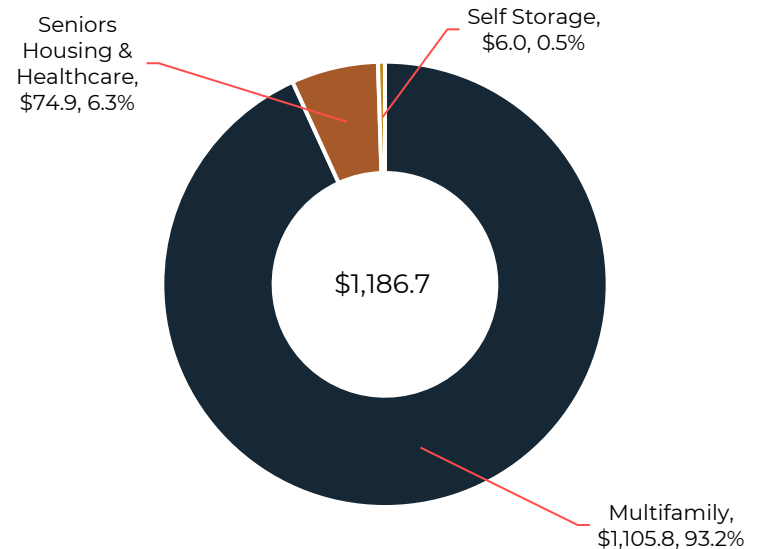
Investment Portfolio

- On June 30, 2024, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$1.2 billion. 93.2%⁽¹⁾ of the portfolio was invested in loans collateralized by multifamily assets.
- The Company anticipates that it will continue to focus on investment opportunities within multifamily credit. The Company does not currently own any hospitality, retail, or office loan assets and has limited exposure to seniors housing and self-storage.

Geographic Concentration⁽²⁾



Property Type⁽²⁾

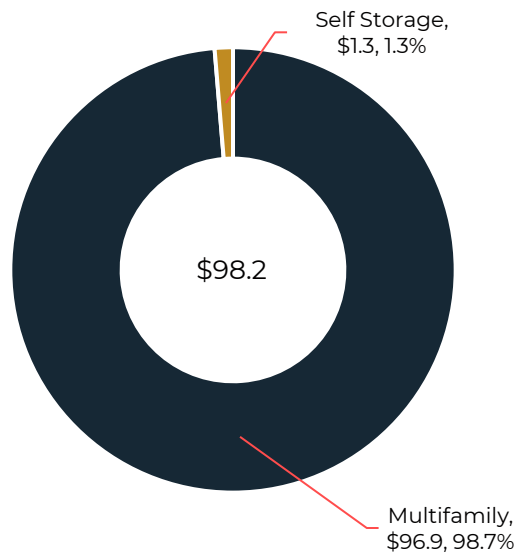


Note: (1) Based on carrying value.
(2) \$ In millions, based on carrying value.

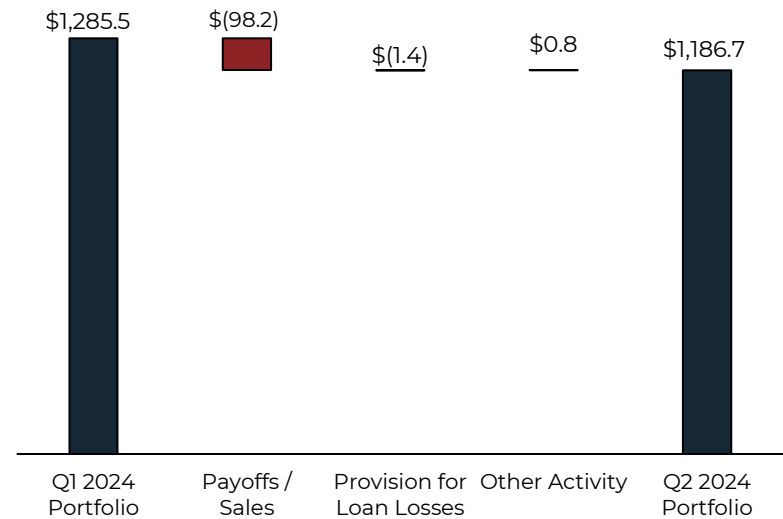
Q2 2024 Loan Activity

- The Company experienced \$98.2 million of loan payoffs during the quarter.

Q2 Payoffs by Property Type⁽¹⁾

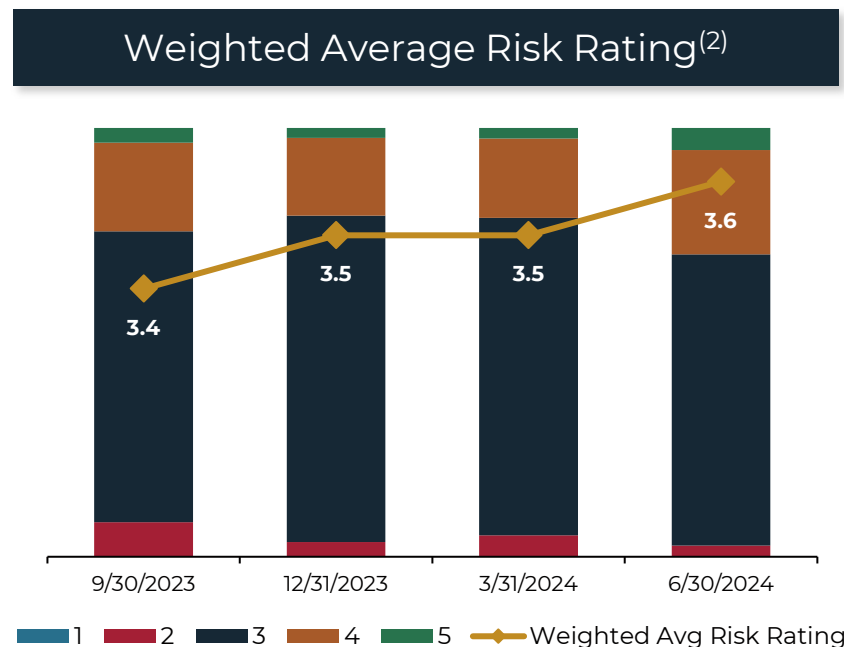
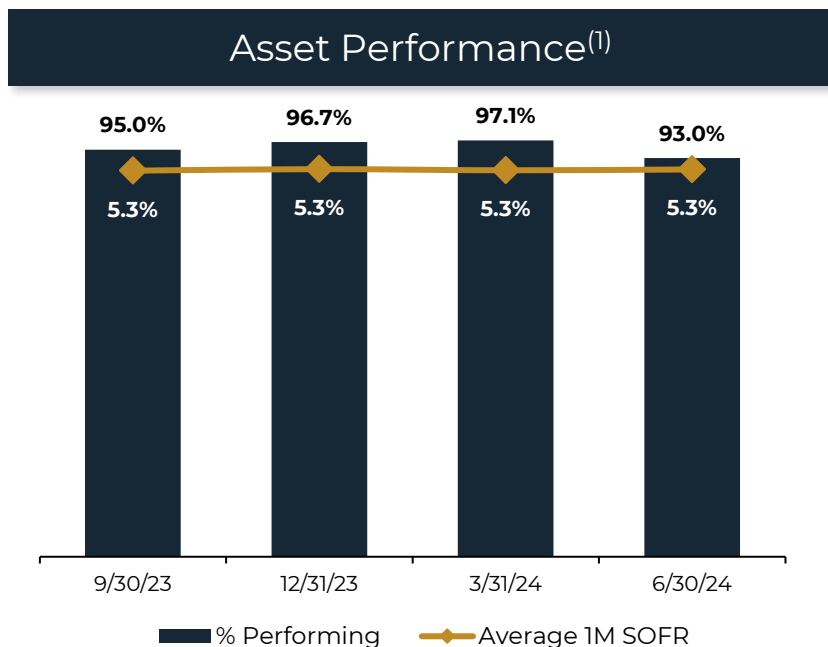


Portfolio Activity⁽²⁾



Portfolio Credit

- As of June 30, 2024, 93.0% of the Company's portfolio was performing⁽¹⁾, with 62.7% of the portfolio rated "3" (Moderate Risk) or better.
- Weighted average risk rating⁽²⁾ of 3.6.
- During the quarter, management applied a "5" risk-rating to four loans with an aggregate principal value of \$84.2 million.

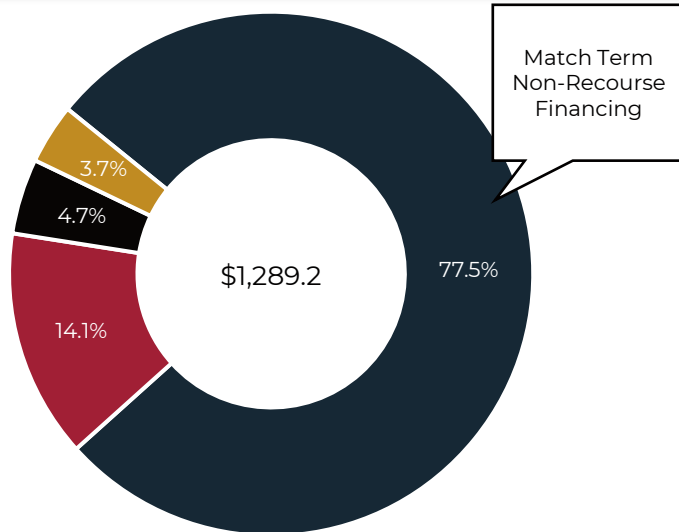


Note: (1) "Performing" defined as loans that are neither in default nor on non-accrual status.
 (2) Weighted average risk rating is weighted based on carrying value of portfolio assets.

Q2 2024 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 loan assets from repo or warehouse lenders.
- Primary sources of financing include two secured financings (2021-FL1 CLO and LMF 2023-1), preferred stock, and a corporate term loan.

Capital Structure Composition⁽¹⁾



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

Capital Structure Detail

(\$ in millions)

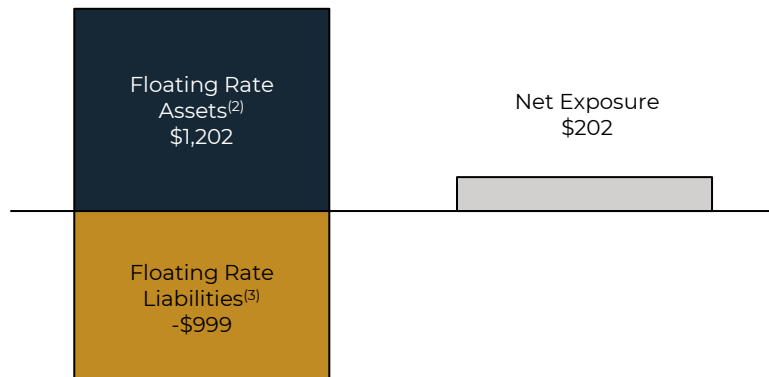
Secured Financings⁽²⁾	Maturity Date	Rate	Advance Rate	Amount
2021-FL1 CLO	July 2032	S + 1.61%	79.5%	\$681.7
LMF 2023-1 Financing	June 2039	S + 3.14%	82.2%	\$317.7
Credit Facilities				
Term Loan ⁽³⁾	February 2026	7.25%		\$47.8
Total Debt				\$1,047.1
Equity				
Preferred Equity ⁽⁴⁾	N/A	7.875%		\$60.0
Book Value of Common Equity ⁽⁵⁾	N/A			\$182.1
Total Capitalization⁽¹⁾				\$1,289.2

Note: (1) In millions. LFT total capitalization is a non-GAAP measure which excludes certain Balance Sheet items; Please see Appendix for reconciliation to GAAP.
 (2) Secured financing shown at par value. 2021-FL1 CLO GAAP carrying value of \$681.0 million includes \$0.7 million of unamortized debt issuance costs. LMF 2023-1 carrying value of \$314.9 million includes \$2.8 million of unamortized debt issuance costs.
 (3) Term loan shown at par value. GAAP carrying value of \$47.3 million includes \$0.4 million of unamortized debt issuance costs.
 (4) Preferred equity shown at \$60 million liquidation preference.
 (5) Noncontrolling interest was \$99,500 as of 6/30/2024 and is excluded from common equity above.

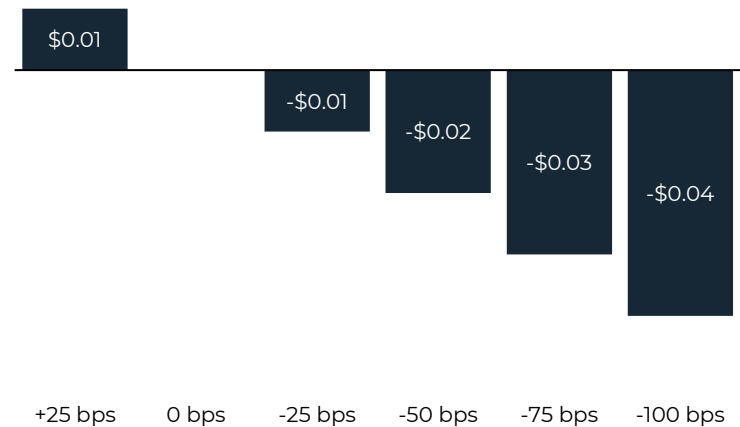
Net Interest Income Sensitivity to Shifts in Term SOFR

- 100% floating-rate loan portfolio.
- 100% of portfolio is indexed to 30-day term SOFR.

Floating-Rate Exposure⁽¹⁾



Net Interest Income Per Share Sensitivity to Change in SOFR⁽⁴⁾



Appendix

6/30/2024 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 ⁽¹⁾
1	Loan 1	12/16/2021	1/3/2025	Multi-Family	Daytona	FL	51,375,000	3.16%	0	37	71.70%
2	Loan 2	3/22/2022	4/5/2025	Multi-Family	Seneca	SC	31,876,244	3.35%	(507,557)	37	74.54%
3	Loan 3	6/28/2022	7/3/2025	Multi-Family	Dallas	TX	31,602,808	3.90%	(420,206)	36	71.59%
4	Loan 4	12/29/2021	1/6/2025	Multi-Family	Multi	NC	30,709,146	3.96%	0	36	59.90%
5	Loan 5	6/8/2021	7/5/2024	Multi-Family	Miami	FL	30,576,666	3.31%	0	37	74.26%
6	Loan 6	8/25/2022	9/5/2025	Multi-Family	Wilmington	NC	28,653,440	4.00%	0	36	71.45%
7	Loan 7	6/7/2021	7/5/2024	Multi-Family	San Antonio	TX	27,569,521	3.51%	(93)	37	80.00%
8	Loan 8	11/2/2021	11/5/2024	Multi-Family	Melbourne	FL	26,049,291	3.81%	(90,632)	36	72.09%
9	Loan 9	8/26/2021	8/5/2024	Multi-Family	Clarkston	GA	25,440,413	3.61%	(205)	35	79.00%
10	Loan 10	11/15/2021	12/6/2024	Multi-Family	El Paso	TX	24,330,000	3.21%	0	37	75.96%
11	Loan 11	10/18/2021	11/6/2024	Multi-Family	Cherry Hill	NJ	23,348,000	3.11%	0	37	72.40%
12	Loan 12	8/26/2021	9/5/2024	Multi-Family	Union City	GA	22,872,354	3.46%	(1,064)	36	70.40%
13	Loan 13	4/27/2022	5/5/2025	Multi-Family	North Brunswick	NJ	22,071,641	3.40%	(93,686)	36	79.90%
14	Loan 14	3/22/2022	4/5/2025	Multi-Family	York	PA	21,934,375	3.30%	(453,881)	37	79.17%
15	Loan 15	11/16/2021	12/5/2024	Multi-Family	Dallas	TX	21,916,753	3.31%	(4,379)	37	73.54%
16	Loan 16	7/8/2022	8/5/2025	Multi-Family	Arlington	TX	21,818,465	3.75%	(269,701)	37	67.10%
17	Loan 17	8/31/2021	9/6/2024	Multi-Family	Houston	TX	21,644,684	3.41%	(624)	36	74.20%
18	Loan 18	11/29/2022	12/5/2025	Healthcare	Glendale	WI	20,360,000	4.00%	0	36	45.00%
19	Loan 19	6/10/2022	7/5/2025	Multi-Family	Various	GA	20,250,372	3.75%	(274,073)	37	75.79%
20	Loan 20	11/5/2021	11/5/2024	Multi-Family	Orlando	FL	19,625,274	3.11%	(2,325)	36	78.05%
21	Loan 21	4/13/2022	5/5/2025	Multi-Family	Decatur	GA	18,989,494	3.55%	(239,028)	37	75.70%

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

6/30/2024 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 ⁽¹⁾
22	Loan 22	11/21/2022	12/5/2025	Healthcare	Houston	TX	18,920,000	4.00%	0	37	67.00%
23	Loan 23	11/23/2021	12/5/2024	Multi-Family	Orange	NJ	18,834,024	3.31%	(2,603)	36	78.00%
24	Loan 24	2/2/2022	2/6/2025	Multi-Family	Houston	TX	18,660,822	3.50%	(82,398)	36	77.50%
25	Loan 25	2/11/2022	3/5/2025	Multi-Family	Tampa	FL	18,599,480	3.60%	0	37	77.99%
26	Loan 26	5/26/2022	6/6/2024	Multi-Family	Brooklyn	NY	17,263,000	3.75%	0	24	64.30%
27	Loan 27	3/31/2022	4/5/2025	Multi-Family	Tallahassee	FL	16,956,276	3.30%	(316,790)	36	74.80%
28	Loan 28	11/10/2022	12/5/2025	Healthcare	Austin	TX	16,690,000	4.00%	0	37	65.00%
29	Loan 29	12/1/2021	12/5/2024	Multi-Family	Horn Lake	MS	15,449,323	3.41%	(7,480)	36	75.70%
30	Loan 30	2/1/2022	2/5/2025	Multi-Family	San Antonio	TX	15,400,000	3.45%	0	36	79.79%
31	Loan 31	4/6/2022	4/4/2025	Multi-Family	Vineland	NJ	15,347,180	3.75%	(215,113)	36	77.00%
32	Loan 32	4/6/2022	4/5/2025	Multi-Family	Haltom City	TX	15,156,425	3.45%	(218,796)	36	74.10%
33	Loan 33	12/2/2021	12/6/2024	Multi-Family	Colorado Springs	CO	15,010,343	3.11%	0	36	72.48%
34	Loan 34	2/22/2022	3/5/2025	Multi-Family	Philadelphia	PA	15,000,000	3.80%	0	36	80.00%
35	Loan 35	6/15/2022	7/5/2025	Multi-Family	Denton	TX	14,511,455	3.90%	(6,841)	37	73.00%
36	Loan 36	7/26/2022	8/5/2025	Multi-Family	Atlanta	GA	14,351,599	3.65%	(236,881)	36	65.15%
37	Loan 37	4/27/2022	5/5/2025	Multi-Family	Houston	TX	14,171,704	3.70%	(164,096)	36	79.60%
38	Loan 38	1/13/2022	2/5/2025	Multi-Family	Indianapolis	IN	14,119,842	3.75%	(106,566)	37	80.00%
39	Loan 39	11/21/2022	12/5/2025	Healthcare	Southlake	TX	14,030,000	4.00%	0	37	48.00%
40	Loan 40	12/28/2021	1/3/2025	Multi-Family	Houston	TX	14,000,000	3.25%	(183,078)	36	71.22%
41	Loan 41	5/13/2022	6/5/2025	Multi-Family	Decatur	AL	13,885,769	3.50%	(104,304)	37	59.21%
42	Loan 42	4/12/2021	5/5/2025	Multi-Family	Cedar Park	TX	13,666,721	3.86%	0	49	66.70%
43	Loan 43	6/10/2022	7/5/2025	Multi-Family	Blakely	PA	13,625,505	3.90%	(87,008)	37	75.00%
44	Loan 44	10/6/2023	10/4/2024	Multi-Family	Garfield	NJ	13,191,852	4.00%	0	12	65.50%

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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.

6/30/2024 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 ⁽¹⁾
45	Loan 45	12/13/2021	1/5/2025	Multi-Family	Evansville	IN	12,600,000	3.41%	0	37	74.30%
46	Loan 46	12/28/2021	1/3/2025	Multi-Family	Houston	TX	12,322,717	3.25%	(61,818)	36	71.20%
47	Loan 47	1/25/2022	2/6/2025	Multi-Family	Corpus Christi	TX	12,249,079	3.55%	(127,066)	36	78.76%
48	Loan 48	5/12/2022	6/5/2025	Multi-Family	Ypsilanti	MI	11,926,591	3.50%	(167,741)	37	68.40%
49	Loan 49	12/10/2021	1/5/2025	Multi-Family	Los Angeles	CA	11,662,582	3.61%	(240,982)	37	67.93%
50	Loan 50	3/4/2022	3/5/2025	Multi-Family	Houston	TX	11,467,505	3.45%	(230,134)	36	78.30%
51	Loan 51	4/14/2022	5/5/2025	Multi-Family	Irving	TX	11,287,602	3.50%	(169,515)	37	74.90%
52	Loan 52	10/28/2021	11/6/2024	Multi-Family	Tampa	FL	11,202,535	3.06%	0	36	75.70%
53	Loan 53	4/23/2021	5/6/2025	Multi-Family	Tualatin	OR	10,986,357	3.31%	0	49	73.90%
54	Loan 54	5/3/2022	5/5/2025	Multi-Family	Port Richey	FL	10,818,945	3.55%	(200,008)	36	79.05%
55	Loan 55	9/30/2021	10/4/2024	Multi-Family	Clearfield	UT	10,795,000	3.26%	0	36	67.98%
56	Loan 56	12/29/2021	1/3/2025	Multi-Family	Phoenix	AZ	10,615,094	3.76%	(4,970)	36	75.90%
57	Loan 57	6/28/2022	7/4/2025	Multi-Family	Colorado Springs	CO	10,531,845	3.90%	0	36	73.06%
58	Loan 58	12/2/2021	12/6/2024	Multi-Family	Tomball	TX	9,975,000	3.51%	0	36	68.50%
59	Loan 59	11/23/2021	12/5/2024	Multi-Family	Atlanta	GA	9,856,000	3.46%	0	36	79.50%
60	Loan 60	1/14/2022	2/5/2025	Multi-Family	Houston	TX	9,609,250	3.60%	0	37	78.76%
61	Loan 61	7/14/2022	8/5/2025	Multi-Family	Bradenton	FL	9,429,206	3.90%	(69,033)	37	74.40%
62	Loan 62	8/5/2022	8/5/2025	Multi-Family	San Antonio	TX	9,127,649	4.35%	(38,426)	36	75.00%
63	Loan 63	10/29/2021	11/5/2024	Multi-Family	Riverside	MO	8,717,380	3.51%	(2,953)	36	76.60%
64	Loan 64	6/22/2022	7/3/2025	Multi-Family	Des Moines	IA	8,175,500	4.00%	0	36	72.03%
65	Loan 65	5/26/2022	6/5/2025	Multi-Family	Haltom City	TX	8,116,833	4.00%	(67,133)	36	74.38%
66	Loan 66	6/24/2022	7/6/2025	Multi-Family	Moncks Corner	SC	7,934,160	4.15%	0	36	67.80%

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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.

6/30/2024 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 ⁽¹⁾
67	Loan 67	9/28/2021	10/4/2024	Multi-Family	Chicago	IL	7,286,000	3.76%	0	36	75.90%
68	Loan 68	7/1/2021	7/5/2024	Multi-Family	Harker Heights	TX	7,169,838	3.71%	0	36	72.30%
69	Loan 69	10/7/2022	11/5/2024	Multi-Family	Fairborn	OH	7,000,000	4.10%	0	25	79.10%
70	Loan 70	10/24/2022	11/6/2024	Healthcare	Various	FL	6,100,000	4.50%	0	24	71.00%
71	Loan 71	4/8/2022	5/5/2025	Multi-Family	St. Petersburg	FL	6,096,412	4.00%	(61,407)	37	75.50%
72	Loan 72	6/3/2022	6/5/2025	Self Storage	Deer Park	NY	6,067,500	3.60%	(45,517)	36	72.50%
73	Loan 73	5/21/2021	6/6/2025	Multi-Family	Youngtown	AZ	5,994,000	3.76%	0	49	71.40%
74	Loan 74	7/14/2021	8/6/2024	Multi-Family	Birmingham	AL	5,913,912	3.81%	(106)	37	71.69%
75	Loan 75	11/19/2021	12/5/2024	Multi-Family	Huntsville	AL	5,519,604	3.86%	(826)	37	78.75%
76	Loan 76	4/30/2021	5/5/2025	Multi-Family	Daytona Beach	FL	5,285,500	3.76%	0	48	77.40%
77	Loan 77	12/13/2021	1/5/2025	Multi-Family	Evansville	IN	5,250,000	3.41%	0	37	73.90%
78	Loan 78	10/6/2023	10/4/2024	Multi-Family	Garfield	NJ	4,808,148	4.00%	0	12	65.50%
Total / Average							1,201,753,002	3.59%	(5,577,041)	36	72.62%

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

Consolidated Balance Sheets

	June 30, 2024 ⁽¹⁾ (unaudited)	December 31, 2023 ⁽¹⁾
ASSETS		
Cash and cash equivalents	\$ 65,135,065	\$ 51,247,063
Restricted cash	1,457,342	270,129
Commercial mortgage loans held-for-investment, at amortized cost	1,195,846,513	1,389,940,203
Less: Allowance for credit losses	(9,193,174)	(6,059,006)
Commercial mortgage loans held-for-investment, net of allowance for credit losses	1,186,653,339	1,383,881,197
Mortgage servicing rights, at fair value	686,325	691,973
Accrued interest receivable	7,761,139	8,588,805
Investment related receivable	33,360,000	—
Other assets	1,906,206	2,253,280
Total assets	<u>\$ 1,296,959,416</u>	<u>\$ 1,446,932,447</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Collateralized loan obligations and secured financings, net	995,895,094	1,146,210,752
Secured term loan, net	47,344,478	47,220,226
Accrued interest payable	3,364,878	4,092,701
Dividends payable	5,179,519	4,654,904
Fees and expenses payable to Manager	2,280,000	1,587,875
Other liabilities ⁽²⁾	700,421	2,373,609
Total liabilities	<u>1,054,764,390</u>	<u>1,206,140,067</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 June 30, 2024 and December 31, 2023, respectively	57,254,935	57,254,935
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 52,275,230 and 52,248,631 shares issued and outstanding, at June 30, 2024 and December 31, 2023, respectively	522,753	522,487
Additional paid-in capital	314,621,082	314,587,299
Cumulative distributions to stockholders	(189,255,780)	(179,045,749)
Accumulated earnings	58,952,536	47,373,908
Total stockholders' equity	<u>242,095,526</u>	<u>240,692,880</u>
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 242,195,026</u>	<u>\$ 240,792,380</u>
Total liabilities and equity	<u>\$ 1,296,959,416</u>	<u>\$ 1,446,932,447</u>

(1) Our consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs") as the Company was the primary beneficiary of these VIEs. As of June 30, 2024 and December 31, 2023, assets of consolidated VIEs totaled \$1,229,092,297 and \$1,384,136,334, respectively and the liabilities of consolidated VIEs totaled \$999,192,658 and \$1,150,207,290 respectively. See Note 4 for further discussion.

(2) Includes \$86,055 and \$43,647 of Current Expected Credit Loss ("CECL") allowance related to unfunded commitments on commercial mortgage loans, net as of June 30, 2024 and December 31, 2023, respectively.

Consolidated Statement of Income

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Revenues:		
Interest income:		
Commercial mortgage loans held-for-investment	\$ 29,837,154	\$ 21,818,608
Cash and cash equivalents	801,641	827,443
Interest expense:		
Collateralized loan obligations and secured financings	(20,178,657)	(14,199,861)
Secured term loan	(937,211)	(937,210)
Net interest income	<u>9,522,927</u>	<u>7,508,980</u>
Expenses:		
Management and incentive fees	1,812,741	1,093,374
General and administrative expenses	1,130,948	882,723
Operating expenses reimbursable to Manager	404,907	577,666
Other operating expenses	21,458	1,809,700
Compensation expense	163,750	61,586
Total expenses	<u>3,533,804</u>	<u>4,425,049</u>
Other income and expense:		
Provision for credit losses, net	(1,399,703)	(555,083)
Change in unrealized (loss) gain on mortgage servicing rights	(10,274)	206
Servicing income, net	18,270	45,396
Total other income and expense	<u>(1,391,707)</u>	<u>(509,481)</u>
Net income before provision for income taxes	4,597,416	2,574,450
Benefit from (provision for) income taxes	1,030	(223)
Net income	<u>4,598,446</u>	<u>2,574,227</u>
Dividends accrued to preferred stockholders	(1,185,001)	(1,185,042)
Net income attributable to common stockholders	<u>\$ 3,413,445</u>	<u>\$ 1,389,185</u>
Earnings per share:		
Net income attributable to common stockholders (basic and diluted)	<u>\$ 3,413,445</u>	<u>\$ 1,389,185</u>
Weighted average number of shares of common stock outstanding	52,266,174	52,231,152
Basic and diluted income per share	<u>\$ 0.07</u>	<u>\$ 0.03</u>
Dividends declared per share of common stock	<u>\$ 0.08</u>	<u>\$ 0.06</u>

Detailed Walk of Allowance for Loan Losses

	Three months ended	
	June 30, 2024	June 30, 2023
Allowance for credit losses at beginning of period	\$ 7,816,462	\$ 3,357,527
Cumulative-effect adjustment upon adoption of ASU 2016-13	—	—
Provision for credit losses	1,376,712	540,368
Charge offs	—	—
Allowance for credit losses at end of period	<u>\$ 9,193,174</u>	<u>\$ 3,897,895</u>

Reconciliation of Net Income to Distributable Earnings

GAAP to Distributable Earnings Reconciliation	For the Three Months Ended			
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<i>Reconciliation of GAAP to non-GAAP Information</i>				
Net income attributable to common stockholders	\$3,413,445	\$5,795,183	\$3,828,893	\$5,174,685
<i>Adjustments for non-Distributable earnings</i>				
Unrealized losses (gains) on mortgage servicing rights	10,274	(4,627)	56,334	(1,573)
Unrealized provision for credit losses	1,399,703	1,776,873	1,357,254	791,563
Subtotal	1,409,977	1,772,246	1,413,588	789,990
<i>Other Adjustments</i>				
Recognized compensation expense related to restricted common stock	-	-	-	-
Adjustment for income taxes	(1,030)	10,892	(4,057)	19,803
Subtotal	(1,030)	10,892	(4,057)	19,803
Distributable Earnings	\$4,822,392	\$7,578,321	\$5,238,424	\$5,984,478
Weighted average shares outstanding, basic and diluted	52,266,174	52,249,299	52,231,722	52,231,152
Distributable Earnings per share of common stock, basic and diluted	\$0.09	\$0.15	\$0.10	\$0.11

Detailed Walk of Capitalization as of 6/30/2024

<i>(in 000's)</i>	6/30/2024
Total GAAP liabilities and stockholders' equity ⁽¹⁾	\$1,296,860
<i>Adjustments for Capitalization</i>	
(-) Accrued interest payable	(3,365)
(-) Dividends payable	(5,180)
(-) Fees and expenses payable to Manager	(2,280)
(-) Other accounts payable and accrued expenses	(700)
(+) Other capitalized financing & issuance costs	3,877
LFT Capitalization	\$1,289,213



Book Value Per Share of Common Stock as of 6/30/2024

<i>(in 000's)</i>	Book Value per Share of Common Stock
Total stockholders' equity	\$242,195
(-) Preferred equity ⁽¹⁾	(60,000)
(-) Non-controlling interest	(100)
Common equity	\$182,096
Shares outstanding	52,257,230
Book Value Per Share of Common Stock	\$3.48



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.



August 2024
