



Lument Finance Trust

Q2 2025 Earnings Supplemental
August 2025

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, 2024, 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 8th, 2025. 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 leading 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 we believe are well positioned for the current environment.
- Experienced credit and asset management capabilities.
- Attractive financing source via match term, non-recourse, non mark-to-market, collateralized financing structures.

Q2 2025 Updates

Financial Results

- Q2 2025 GAAP net income attributable to common stockholders of \$0.05 per share of common stock.
- Q2 2025 Distributable Earnings⁽¹⁾ of \$0.05 per share of common stock.
- On June 20, 2025, the Company declared a cash dividend for the quarter of \$0.06 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 \$3.27⁽²⁾ as of 6/30/2025.

Notable Activity

- During the quarter, the Company experienced \$63.4 million of loan payoffs and \$3.6 million of loan fundings.

Portfolio Performance

- As of June 30, 2025, the Company's investment portfolio consisted of floating-rate CRE loans of which approximately 90.6%⁽³⁾ were collateralized by multifamily assets.
- As of June 30, 2025, the Company's \$924 million loan portfolio had a weighted average remaining initial term of 5 months⁽⁴⁾, a weighted average note rate of SOFR + 3.56%, and unamortized aggregate purchase discounts of \$2.3 million.
- As of June 30, 2025, the Company had a Portfolio weighted average risk rating of 3.5, with 63.0% 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:
 - \$438.8 million of investment grade notes issued through 2021-FL1 CLO.
 - \$272.9 million of investment grade notes issued through LMF 2023-1.
- As of June 30, 2025, the Company held cash and cash equivalents of \$59.4 million, and its leverage ratio declined quarter-over-quarter from 3.6x to 3.3x.
- The Company's corporate debt matures in 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 yet to be executed loan extensions are exercised by the borrowers, the CRE loan portfolio will have a weighted average remaining term of 18 months.

Q2 2025 Balance Sheet Summary

Balance Sheet (thousands)	June 30, 2025 ⁽¹⁾
Commercial mortgage loans held-for-investment (net of allowance for credit losses)	\$905,420
Real estate owned	23,818
Cash and cash equivalents	59,404
Restricted cash ⁽²⁾	1,344
Accrued interest receivable	5,636
Other assets ⁽³⁾	2,765
Total assets	\$998,387
Secured financings ⁽⁴⁾	\$709,863
Credit facility ⁽⁴⁾	47,594
Other liabilities	9,475
Total liabilities	\$766,931
Total equity	\$231,456
Total liabilities / total equity	3.3x
Book Value Per Share of Common Stock ⁽⁵⁾	\$3.27

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 through July 11, 2025.

(3) Includes mortgage servicing rights, carried at fair value of \$0.6 million.

(4) Outstanding principal amount of investment grade notes issued by 2021-FL1 CLO and LMF 2023-1 is \$438.8 million and \$272.9 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 2025 Income Statement Summary

Summary Income Statement (thousands)	Three Months Ended June 30, 2025
Net interest income	\$6,961
Total other income (loss)	(118)
Operating expenses	(3,156)
Benefit (provision) from income taxes	4
Preferred dividends	(1,185)
Net income attributable to common stockholders	\$2,506
Weighted average shares outstanding during the period, basic and diluted	52,332,304
Net income attributable to common stockholders per share	\$0.05

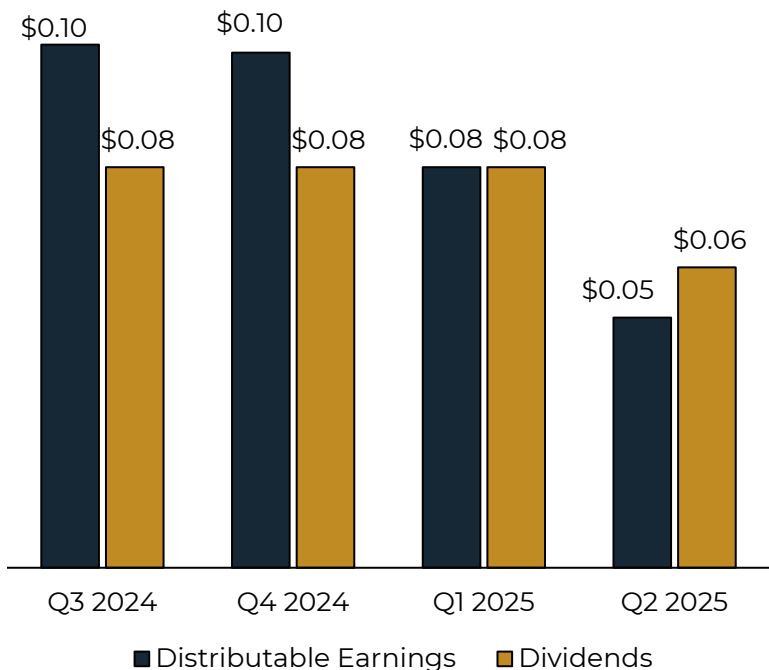
GAAP Net Income to Distributable Earnings Reconciliation (thousands)	Three Months Ended June 30, 2025
Net Income attributable to common stockholders	\$2,506
Adjustments:	
Unrealized (gains) losses on mortgage servicing rights	36
Unrealized provision for credit losses	95
Depreciation of real estate owned	139
Provision for (benefit from) income taxes	(4)
Distributable Earnings ⁽¹⁾	\$2,772
Weighted average shares outstanding during the period, basic and diluted	52,332,304
Distributable Earnings per share of common stock	\$0.05
Dividend per share of common stock	\$0.06

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

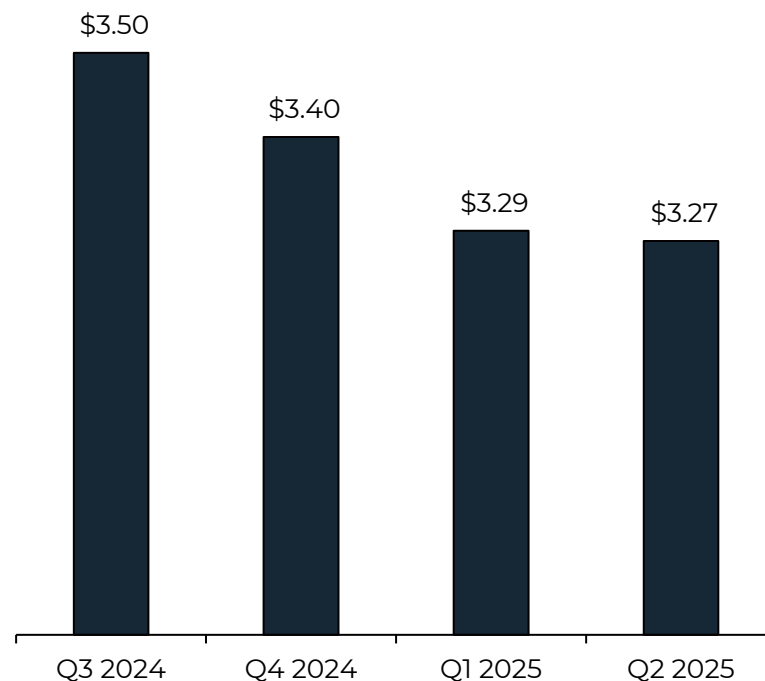


Earnings and Book Value Per Share of Common Stock

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



Book Value Per Share of Common Stock⁽²⁾

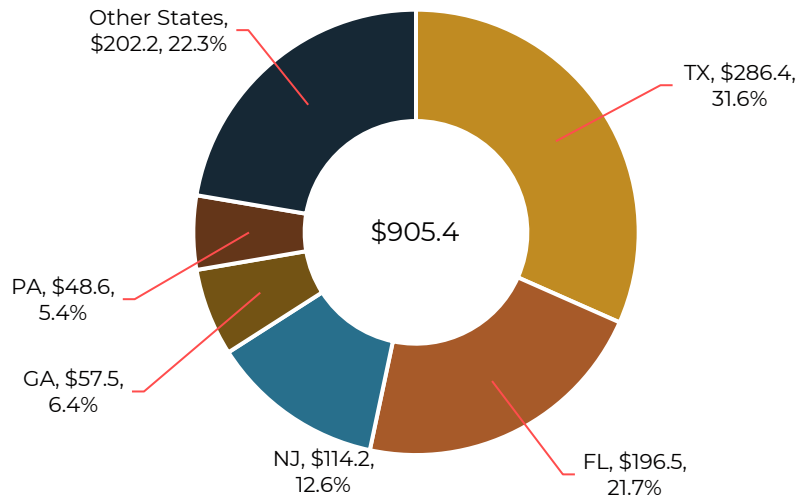


Note: (1) See Appendix for definition of Distributable Earnings and for reconciliation of GAAP net income to distributable earnings.
(2) See Appendix for definition of Book Value Per Share of Common Stock.

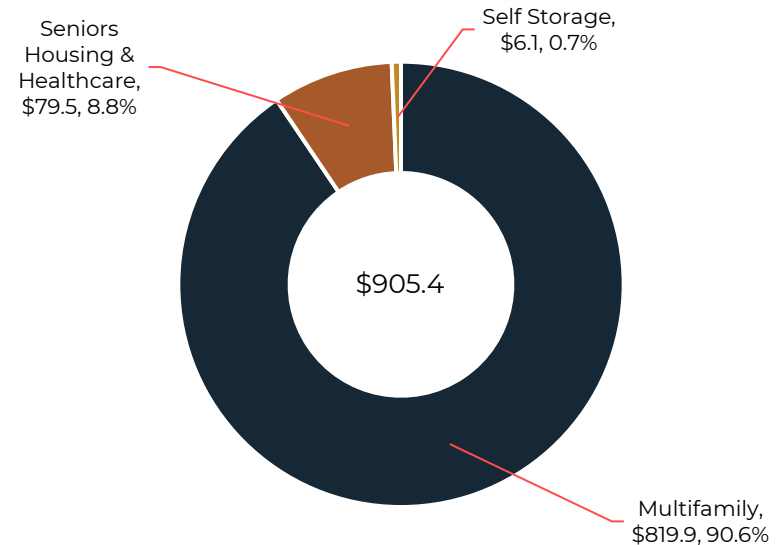
Investment Portfolio

- On June 30, 2025, the Company owned a portfolio of floating-rate CRE loans with a carrying value of \$905 million. 90.6%⁽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⁾

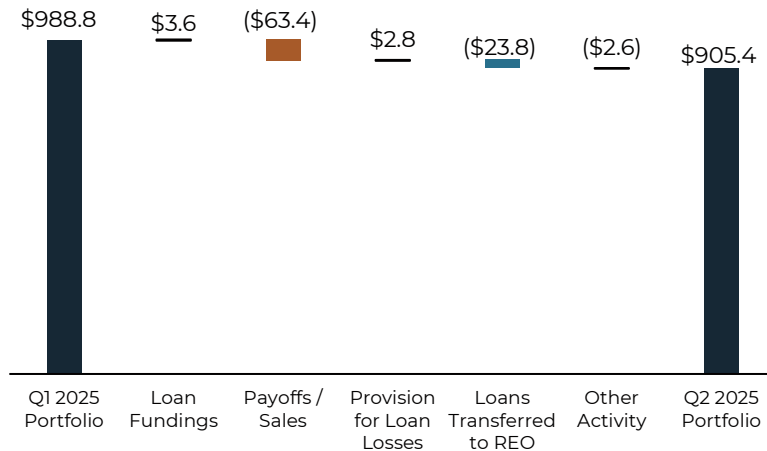


Note: (1) Based on carrying value.
(2) \$ In millions, based on carrying value.

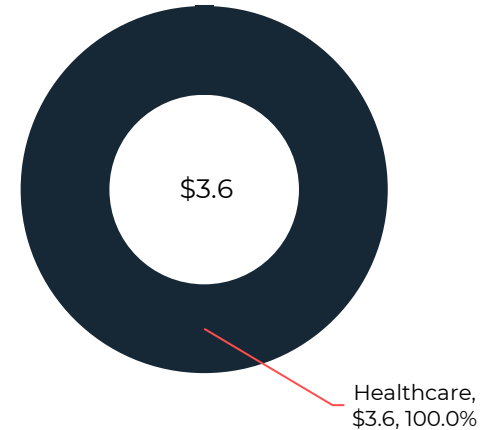
Q2 2025 Loan Activity

- The Company experienced \$3.6 million of loan fundings and \$63.4 million of loan payoffs during the quarter.

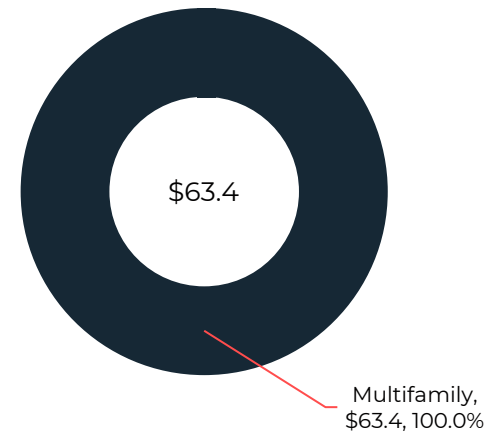
Portfolio Activity⁽²⁾



Q2 Fundings by Property Type⁽¹⁾



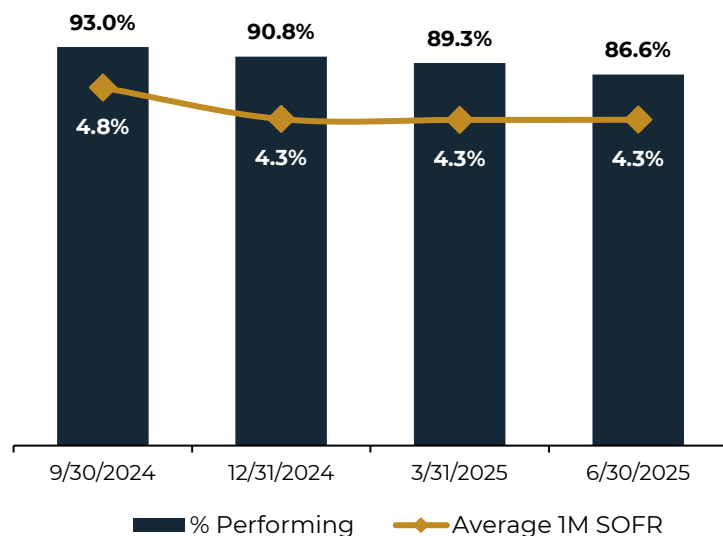
Q2 Payoffs by Property Type⁽¹⁾



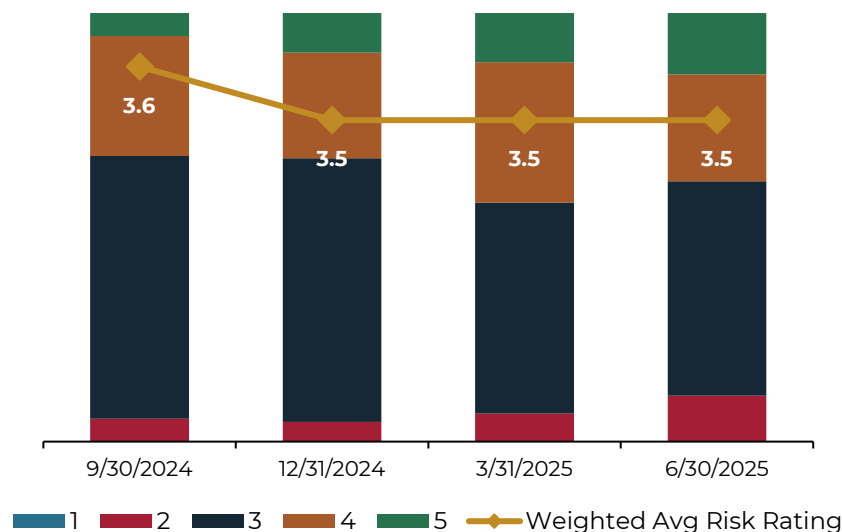
Portfolio Credit

- As of June 30, 2025, 86.6% of the Company's portfolio was performing⁽¹⁾, with 63.0% of the portfolio rated "3" (Moderate Risk) or better.
- Weighted average risk rating⁽²⁾ of 3.5.
- During the quarter, management applied a "5" risk-rating to eight loans with an aggregate principal value of \$124.1 million.

Asset Performance⁽¹⁾



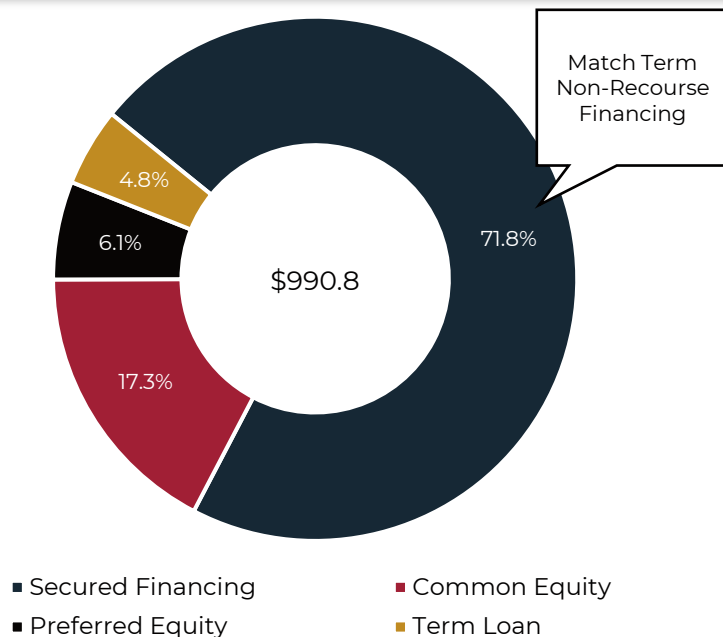
Weighted Average Risk Rating⁽²⁾



Q2 2025 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⁾



Capital Structure Detail

(\$ in millions)

<u>Secured Financings⁽²⁾</u>		<u>Maturity Date</u>	<u>Rate</u>	<u>Advance Rate</u>	<u>Amount</u>
2021-FL1 CLO		July 2032	S + 1.79%	72.5%	\$438.8
LMF 2023-1 Financing		June 2039	S + 3.19%	79.9%	\$272.9
<u>Credit Facilities</u>					
Term Loan ⁽³⁾		February 2026	7.88%		\$47.8
Total Debt					\$759.4
<u>Equity</u>					
Preferred Equity ⁽⁴⁾		N/A	7.875%		\$60.0
Book Value of Common Equity ⁽⁵⁾		N/A			\$171.4
Total Capitalization⁽¹⁾					\$990.8

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 \$438.8. LMF 2023-1 carrying value of \$271.1 million includes \$1.8 million of unamortized debt issuance costs.

(3) Term loan shown at par value. GAAP carrying value of \$47.6 million includes \$0.2 million of unamortized debt issuance costs.

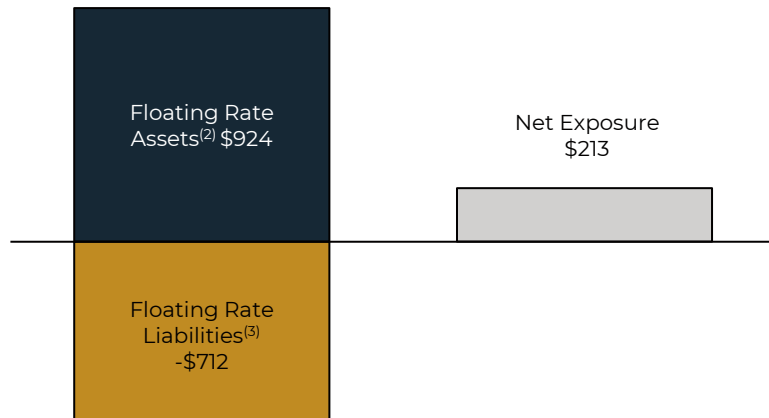
(4) Preferred equity shown at \$60 million liquidation preference.

(5) Noncontrolling interest was \$99,500 as of 6/30/2025 and is excluded from common equity above.

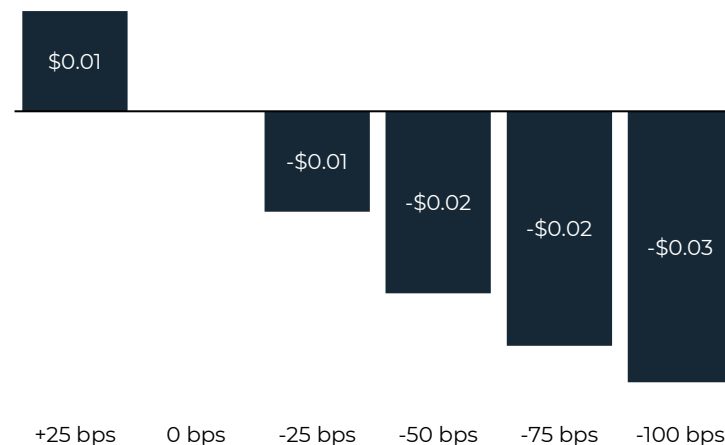
Net Interest Income Sensitivity to Shifts in Term SOFR

- 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⁾



Note:

(1) In millions. Net Exposure represents UPB of floating rate portfolio assets net of par value of secured floating rate debt outstanding.

(2) Figure reflects unpaid principal balance of floating-rate loan portfolio.

(3) Comprised of outstanding securitization notes related to 2021-FL1 and LMF 2023-1, both of which are indexed to one-month SOFR. Figure reflects par value of notes.

(4) Annualized impact per common share. Assumes starting 30-day term SOFR of 4.32%.

Appendix

6/30/2025 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	1/5/2026	Multifamily	Daytona Beach	FL	51,375,000	3.16%	0	49	71.70%
2	Loan 2	3/22/2022	4/5/2026	Multifamily	Seneca	SC	31,627,625	3.35%	(338,603)	49	74.54%
3	Loan 3	6/28/2022	4/5/2027	Multifamily	Dallas	TX	29,623,930	3.40%	(294,006)	58	71.59%
4	Loan 4	6/8/2021	10/3/2025	Multifamily	Miami	FL	29,543,566	3.31%	0	52	74.26%
5	Loan 5	12/29/2021	1/6/2026	Multifamily	Multi	NC	27,549,146	3.96%	0	48	59.90%
6	Loan 6	4/19/2024	11/5/2025	Multifamily	Battle Creek	MI	27,120,000	3.05%	0	18	74.00%
7	Loan 7	6/7/2021	7/4/2025	Multifamily	San Antonio	TX	26,585,176	3.51%	0	49	80.00%
8	Loan 8	11/2/2021	11/5/2025	Multifamily	Melbourne	FL	26,049,291	3.81%	0	48	72.09%
9	Loan 9	8/26/2021	8/5/2025	Multifamily	Clarkston	GA	24,468,032	3.61%	0	48	79.00%
10	Loan 10	10/18/2021	11/6/2025	Multifamily	Cherry Hill	NJ	23,348,000	3.11%	0	49	72.40%
11	Loan 11	8/26/2021	9/5/2025	Multifamily	Union City	GA	22,872,354	3.46%	0	49	70.40%
12	Loan 12	3/22/2022	8/5/2025	Multifamily	York	PA	21,934,375	3.30%	(303,000)	41	79.17%
13	Loan 13	11/16/2021	12/5/2025	Multifamily	Dallas	TX	21,916,753	3.31%	0	49	73.54%
14	Loan 14	7/8/2022	8/5/2025	Multifamily	Arlington	TX	21,818,465	3.75%	(191,089)	37	67.10%
15	Loan 15	4/27/2022	7/5/2025	Multifamily	North Brunswick	NJ	21,739,237	3.40%	0	38	79.90%
16	Loan 16	8/31/2021	9/5/2025	Multifamily	Houston	TX	21,644,684	3.41%	0	48	74.20%
17	Loan 17	11/29/2022	12/5/2025	Healthcare	Glendale	WI	20,360,000	4.00%	0	36	45.00%
18	Loan 18	11/5/2021	11/5/2024	Multifamily	Orlando	FL	19,625,274	3.11%	0	36	78.05%
19	Loan 19	11/21/2022	12/5/2025	Healthcare	Houston	TX	18,920,000	4.00%	0	37	67.00%
20	Loan 20	2/2/2022	2/6/2025	Multifamily	Houston	TX	18,660,822	3.50%	0	36	77.50%
21	Loan 21	2/11/2022	3/6/2026	Multifamily	Tampa	FL	18,363,394	3.60%	0	49	77.99%
22	Loan 22	11/23/2021	12/5/2025	Multifamily	Orange	NJ	18,341,502	3.31%	0	49	78.00%
23	Loan 23	4/30/2024	11/5/2025	Multifamily	Garfield	NJ	18,303,744	3.50%	0	18	66.07%
24	Loan 24	3/31/2022	4/5/2026	Multifamily	Tallahassee	FL	16,956,276	3.30%	(211,400)	48	74.80%
25	Loan 25	11/10/2022	12/5/2025	Healthcare	Austin	TX	16,690,000	4.00%	0	37	65.00%
26	Loan 26	12/1/2021	12/5/2025	Multifamily	Horn Lake	MS	15,449,323	3.41%	0	48	75.70%
27	Loan 27	4/6/2022	6/5/2026	Multifamily	Vineland	NJ	15,347,180	3.75%	(143,725)	50	77.00%
28	Loan 28	2/22/2022	9/5/2025	Multifamily	Philadelphia	PA	15,000,000	3.80%	0	43	80.00%
29	Loan 29	6/15/2022	7/5/2025	Multifamily	Denton	TX	14,511,455	3.90%	(78)	37	73.00%
30	Loan 30	7/26/2022	8/5/2025	Multifamily	Atlanta	GA	14,351,599	3.65%	(167,877)	36	65.15%

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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.



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6/30/2025 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⁾
31	Loan 31	4/27/2022	5/5/2026	Multifamily	Houston	TX	14,171,704	3.70%	0	48	79.60%
32	Loan 32	11/21/2022	12/5/2025	Healthcare	Southlake	TX	14,030,000	4.00%	0	37	48.00%
33	Loan 33	12/28/2021	8/12/2025	Multifamily	Houston	TX	13,864,376	3.25%	(115,266)	44	71.22%
34	Loan 34	4/12/2021	5/5/2025	Multifamily	Cedar Park	TX	13,666,721	3.86%	0	49	66.70%
35	Loan 35	6/10/2022	7/5/2025	Multifamily	Blakely	PA	13,625,505	3.90%	(60,803)	37	75.00%
36	Loan 36	10/6/2023	10/3/2025	Multifamily	Garfield	NJ	13,191,852	4.00%	0	24	65.50%
37	Loan 37	12/20/2024	1/5/2028	Multifamily	Olympia	WA	13,000,000	3.75%	0	37	68.49%
38	Loan 38	12/28/2021	8/12/2025	Multifamily	Houston	TX	12,203,341	3.25%	0	44	71.20%
39	Loan 39	5/12/2022	6/5/2025	Multifamily	Ypsilanti	MI	11,926,591	3.50%	(115,638)	37	68.40%
40	Loan 40	1/25/2022	6/9/2027	Multifamily	Corpus Christi	TX	11,261,792	3.55%	(81,785)	65	78.76%
41	Loan 41	10/28/2021	11/6/2025	Multifamily	Tampa	FL	11,202,535	3.06%	0	49	75.70%
42	Loan 42	5/3/2022	11/5/2025	Multifamily	Port Richey	FL	10,818,945	3.55%	(135,793)	42	79.05%
43	Loan 43	12/29/2021	1/5/2026	Multifamily	Phoenix	AZ	10,615,094	3.76%	(3,137)	48	75.90%
44	Loan 44	6/28/2022	7/4/2025	Multifamily	Colorado Springs	CO	10,531,845	3.90%	0	36	73.06%
45	Loan 45	9/30/2021	10/6/2025	Multifamily	Clearfield	UT	10,305,308	3.26%	0	48	67.98%
46	Loan 46	7/14/2022	8/5/2025	Multifamily	Bradenton	FL	9,429,206	3.90%	(48,903)	37	74.40%
47	Loan 47	8/5/2022	8/5/2025	Multifamily	San Antonio	TX	9,127,649	4.35%	(27,264)	36	75.00%
48	Loan 48	6/22/2022	7/3/2025	Multifamily	Des Moines	IA	8,175,500	4.00%	0	36	72.03%
49	Loan 49	5/26/2022	8/5/2025	Multifamily	Haltom City	TX	8,116,833	4.00%	(46,278)	38	74.38%
50	Loan 50	9/28/2021	10/6/2025	Multifamily	Chicago	IL	7,286,000	3.76%	0	48	75.90%
51	Loan 51	10/7/2022	11/5/2025	Multifamily	Fairborn	OH	7,000,000	4.10%	0	37	79.10%
52	Loan 52	10/24/2022	11/6/2025	Healthcare	Various	FL	6,100,000	4.50%	0	36	71.00%
53	Loan 53	6/3/2022	6/5/2026	Self Storage	Deer Park	NY	6,067,500	3.60%	0	48	72.50%
54	Loan 54	10/6/2023	10/3/2025	Multifamily	Garfield	NJ	4,808,148	4.00%	0	24	65.50%
55	Loan 55	4/23/2025	12/5/2025	Healthcare	Austin	TX	1,900,000	4.00%	0	7	65.00%
56	Loan 56	4/23/2025	12/5/2025	Healthcare	Southlake	TX	1,705,000	4.00%	0	7	48.00%
Total / Average							924,227,644	3.56%	(2,284,646)	43	72.11%

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, 2025 ⁽¹⁾ (unaudited)	December 31, 2024 ⁽¹⁾
ASSETS		
Cash and cash equivalents	\$ 59,403,559	\$ 69,173,444
Restricted cash	1,344,398	2,390,654
Commercial mortgage loans held-for-investment, at amortized cost	919,672,180	1,060,123,298
Less: Allowance for credit losses	(14,252,268)	(11,320,220)
Commercial mortgage loans held-for-investment, net of allowance for credit losses	905,419,912	1,048,803,078
Real estate owned, held-for-investment, net	23,818,343	—
Mortgage servicing rights, at fair value	590,313	649,287
Accrued interest receivable	5,635,575	5,945,874
Other assets	2,175,040	1,632,041
Total assets	<u>\$ 998,387,140</u>	<u>\$ 1,128,594,378</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Collateralized loan obligations and secured financings, net	709,863,062	828,390,189
Secured term loan, net	47,593,662	47,470,094
Accrued interest payable	2,182,610	2,697,963
Dividends payable	4,137,963	9,890,066
Fees and expenses payable to Manager	1,806,087	1,574,218
Other liabilities ⁽²⁾	1,347,952	672,816
Total liabilities	<u>766,931,336</u>	<u>890,695,346</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, 2025 and December 31, 2024, respectively	57,254,935	57,254,935
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized; 52,341,046 and 52,309,209 shares issued and outstanding, at June 30, 2025 and December 31, 2024, respectively	523,412	523,093
Additional paid-in capital	314,784,789	314,700,120
Cumulative distributions to stockholders	(214,398,135)	(204,701,714)
Accumulated earnings	73,191,303	70,023,098
Total stockholders' equity	<u>231,356,304</u>	<u>237,799,532</u>
Noncontrolling interests	\$ 99,500	\$ 99,500
Total equity	<u>\$ 231,455,804</u>	<u>\$ 237,899,032</u>
Total liabilities and equity	<u>\$ 998,387,140</u>	<u>\$ 1,128,594,378</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, 2025 and December 31, 2024, assets of consolidated VIEs totaled \$934,090,475 and \$1,058,138,406, respectively and the liabilities of consolidated VIEs totaled \$712,768,638 and \$831,001,603 respectively. See Note 4 for further discussion.

(2) Includes \$7,551 and \$57,554 of Current Expected Credit Loss ("CECL") allowance related to unfunded commitments on commercial mortgage loans, net as of June 30, 2025 and December 31, 2024, respectively.



Consolidated Statement of Income

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024
Revenues:		
Interest income:		
Commercial mortgage loans held-for-investment	\$ 19,976,355	\$ 29,837,154
Cash and cash equivalents	602,563	801,641
Interest expense:		
Collateralized loan obligations and secured financings	(12,646,774)	(20,178,657)
Secured term loan	(971,365)	(937,211)
Net interest income	6,960,779	9,522,927
Expenses:		
Management and incentive fees	1,302,526	1,812,741
General and administrative expenses	1,006,961	1,130,948
Operating expenses reimbursable to Manager	494,801	404,907
Other operating expenses	240,527	21,458
Compensation expense	111,250	163,750
Total expenses	3,156,065	3,533,804
Other income and expense:		
Provision for credit losses, net	(94,768)	(1,399,703)
Change in unrealized (loss) gain on mortgage servicing rights	(36,456)	(10,274)
Servicing income, net	13,199	18,270
Total other income and expense	(118,025)	(1,391,707)
Net (loss) income before provision for income taxes	3,686,689	4,597,416
Benefit from (provision for) income taxes	4,084	1,030
Net income	3,690,773	4,598,446
Dividends accrued to preferred stockholders	(1,185,042)	(1,185,001)
Net income attributable to common stockholders	\$ 2,505,731	\$ 3,413,445
Earnings per share:		
Net income attributable to common stockholders (basic and diluted)	\$ 2,505,731	\$ 3,413,445
Weighted average number of shares of common stock outstanding	52,332,304	52,266,174
Basic and diluted income per share	\$ 0.05	\$ 0.07
Dividends declared per share of common stock	\$ 0.06	\$ 0.08

Detailed Walk of Allowance for Loan Losses

	Three months ended	
	June 30, 2025	June 30, 2024
Allowance for credit losses at beginning of period	\$ 17,060,194	\$ 7,816,462
Provision for credit losses	102,459	1,376,712
Charge offs	(2,910,385)	—
Allowance for credit losses at end of period	<u>\$ 14,252,268</u>	<u>\$ 9,193,174</u>

Reconciliation of Net Income to Distributable Earnings

GAAP to Distributable Earnings Reconciliation	For the Three Months Ended			
	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	June 30, 2025
<i>Reconciliation of GAAP to non-GAAP Information</i>				
Net income attributable to common stockholders	\$5,095,684	\$3,604,879	\$(1,707,526)	\$2,505,731
<i>Adjustments for non-Distributable earnings</i>				
Unrealized losses (gains) on mortgage servicing rights	46,017	(8,978)	22,518	36,456
Unrealized provision for credit losses	317,448	1,781,098	5,697,661	94,768
Depreciation of real estate owned	0	0	0	138,777
Subtotal	363,465	1,772,1210	5,720,179	270,001
<i>Other Adjustments</i>				
Adjustment for income taxes	3,489	5,457	8,550	(4,084)
Subtotal	3,489	5,457	8,550	(4,084)
Distributable Earnings	\$5,462,638	\$5,382,456	\$4,021,203	\$2,771,648
Weighted average shares outstanding, basic and diluted	52,283,669	52,300,100	52,309,887	52,332,304
Distributable Earnings per share of common stock, basic and diluted	\$0.10	\$0.10	\$0.08	\$0.05

Detailed Walk of Capitalization as of 6/30/2025

LFT Capitalization Reconciliation (in 000's)	6/30/2025
Total GAAP liabilities and stockholders' equity ⁽¹⁾	\$998,288
<i>Adjustments for Capitalization</i>	
(-) Accrued interest payable	(2,183)
(-) Dividends payable	(4,138)
(-) Fees and expenses payable to Manager	(1,806)
(-) Other accounts payable and accrued expenses	(1,348)
(+) Other capitalized financing & issuance costs	1,961
LFT Capitalization	\$990,774



Book Value Per Share of Common Stock as of 6/30/2025

<i>Book Value Per Common Share (in 000's)</i>	June 30, 2025
Total stockholders' equity	\$231,456
(-) Preferred equity ⁽¹⁾	(60,000)
(-) Non-controlling interest	(100)
Common equity	\$171,356
Shares outstanding	52,341,046
Book Value Per Share of Common Stock	\$3.27



Key Definitions

“Book Value Per Share of Common Stock” is calculated as: a) total stockholders’ equity computed in accordance with GAAP less the value of the issued and outstanding preferred stock at its stated liquidation preference of \$25.00 per share, divided by b) the weighted average number of shares of common stock issued and outstanding during the period, basic and diluted.

“Distributable Earnings” is a non-GAAP measure, which we define as GAAP net income (loss) attributable to holders' of common stock, or, without duplication, owners of the Company's subsidiaries, computed in accordance with GAAP, including realized losses not otherwise included in GAAP net income (loss) and excluding (i) non-cash equity compensation, (ii) depreciation and amortization, (iii) any unrealized gains or losses or other similar non-cash items that are included in net income for that applicable reporting period, regardless of whether such items are included in other comprehensive income (loss) or net income (loss), and (iv) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items after discussions with the Company's board of directors and approved by a majority of the Company's independent directors. We also add back one-time charges such as acquisition costs and one-time gains/losses on the early extinguishment of debt and redemption of preferred stock. Distributable Earnings mirrors how we calculate Core Earnings pursuant to the terms of our management agreement between our Manager and us, or our Management Agreement, for purposes of calculating the incentive fee payable to our Manager. While Distributable Earnings excludes the impact of any unrealized provisions for credit losses, any loan losses are charged off and realized through Distributable Earnings when deemed non-recoverable. Non-recoverability is determined (i) upon the resolution of a loan (i.e. when the loan is repaid, fully or partially, or in the case of foreclosures, when the underlying asset is sold), or (ii) with respect to any amount due under any loan, when such amount is determined to be non-collectible.

We believe that Distributable Earnings provides meaningful information to consider in addition to our net income (loss) and cash flows from operating activities determined in accordance with GAAP. We believe Distributable Earnings is a useful financial metric for existing and potential future holders of our common stock as historically, over time, Distributable Earnings has been a strong indicator of our dividends per share. As a REIT, we generally must distribute annually at least 90% of our taxable income, subject to certain adjustments, and therefore we believe our dividends are one of the principal reasons stockholders may invest in our common stock. Refer to Note 16 to our consolidated financial statements for further discussion of our distribution requirements as a REIT. Furthermore, Distributable Earnings help us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations and is a performance metric we consider when declaring our dividends.

Distributable Earnings does not represent net income (loss) or cash generated from operating activities and should not be considered as an alternative to GAAP net income (loss), or an indication of GAAP cash flows from operations, a measure of our liquidity, or an indication of funds available for our cash needs. In addition, our methodology for calculating Distributable Earnings may differ from the methodologies employed by other companies to calculate the same or similar performance measures, and accordingly, our reported Distributable Earnings may not be comparable to the Distributable Earnings reported by other companies.



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