UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to

Commission File Number: 001-40993

Claros Mortgage Trust, Inc.

(Exact Name of Registrant as Specified in its Charter)

Maryland (State or other jurisdiction of incorporation or organization)	**47-4074900** (I.R.S. Employer Identification No.)
c/o Mack Real Estate Credit Strategies, L.P. **60 Columbus Circle, 20th Floor, New York, NY** (Address of principal executive offices)	**10023** (Zip Code)

Registrant's telephone number, including area code: (212) 484-0050

Former name, former address and former fiscal year, if changed since last report: N/A

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	CMTG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2025, the registrant had 140,218,764 shares of common stock, $0.01 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Claros Mortgage Trust, Inc.
Consolidated Balance Sheets
(unaudited, in thousands, except share data)

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	$ 339,518	$ 99,075
Restricted cash	16,743	34,425
Loans receivable held-for-investment	4,515,170	6,190,292
Less: current expected credit loss reserve	(302,000)	(243,030)
Loans receivable held-for-investment, net	4,213,170	5,947,262
Loans receivable held-for-sale	28,069	277,062
Equity method investment	42,227	42,320
Real estate owned held-for-investment, net	661,608	127,140
Real estate owned held-for-sale	-	307,020
Other assets	140,192	132,651
Total assets	$ 5,441,527	$ 6,966,955
Liabilities and Equity		
Repurchase agreements	$ 2,184,899	$ 3,190,339
Term participation facility	347,289	477,584
Notes payable, net	175,750	236,845
Secured term loan, net	707,678	709,777
Debt related to real estate owned hotel portfolio, net	230,284	274,604
Other liabilities	39,083	42,700
Management fee payable - affiliate	7,733	27,020
Total liabilities	3,692,716	4,958,869
Commitments and Contingencies - Note 14		
Equity		
Common stock, $0.01 par value, 500,000,000 shares authorized, 140,218,764 and 139,362,657 shares issued and 140,218,764 and 139,362,657 shares outstanding at September 30, 2025 and December 31, 2024, respectively	1,402	1,394
Additional paid-in capital	2,750,589	2,740,014
Accumulated deficit	(1,003,180)	(733,322)
Total equity	1,748,811	2,008,086
Total liabilities and equity	$ 5,441,527	$ 6,966,955

The accompanying notes are an integral part of these consolidated financial statements.

Claros Mortgage Trust, Inc.
Consolidated Statements of Operations
(unaudited, in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue				
Interest and related income	$ 88,904	$ 152,870	$ 315,080	$ 468,846
Less: interest and related expense	71,839	111,096	243,061	340,252
Net interest income	17,065	41,774	72,019	128,594
Revenue from real estate owned	29,009	23,103	69,062	59,595
Total net revenue	46,074	64,877	141,081	188,189
Expenses				
Management fees - affiliate	7,733	9,079	24,327	27,300
General and administrative expenses	4,812	3,645	14,118	12,367
Stock-based compensation expense	2,061	4,972	11,897	13,324
Real estate owned:				
Operating expenses	18,489	14,727	47,100	41,466
Interest expense	9,416	6,900	24,134	20,098
Depreciation and amortization	3,740	2,628	5,023	7,850
Total expenses	46,251	41,951	126,599	122,405
Proceeds from interest rate cap	-	198	-	1,291
Unrealized loss on interest rate cap	(71)	(287)	(71)	(1,379)
Gain on partial sales of real estate owned, net	2,006	-	366	-
Loss from equity method investment	(32)	(37)	(93)	(114)
Loss on extinguishment of debt	-	(262)	(547)	(3,505)
Valuation adjustment for real estate owned held-for-sale	12,980	-	12,618	-
Provision for current expected credit loss reserve	(24,234)	(78,756)	(254,846)	(182,644)
Valuation adjustment for loan receivable held-for-sale	-	-	(41,767)	-
Net loss	$ (9,528)	$ (56,218)	$ (269,858)	$ (120,567)
Net loss per share of common stock:				
Basic and diluted	$ (0.07)	$ (0.40)	$ (1.93)	$ (0.88)
Weighted average shares of common stock outstanding:				
Basic and diluted	140,563,026	139,561,491	140,052,069	139,145,099

The accompanying notes are an integral part of these consolidated financial statements.

Claros Mortgage Trust, Inc.
Consolidated Statements of Changes in Equity
(unaudited, in thousands, except share data)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Par Value	Capital	Deficit	Total Equity
Balance at December 31, 2024	139,362,657	$ 1,394	$ 2,740,014	$ (733,322)	$ 2,008,086
Stock-based compensation expense	-	-	5,122	-	5,122
Net loss	-	-	-	(78,623)	(78,623)
Balance at March 31, 2025	139,362,657	$ 1,394	$ 2,745,136	$ (811,945)	$ 1,934,585
Stock-based compensation expense	459,344	4	4,810	-	4,814
Payments for withholding taxes upon delivery of stock-based awards	-	-	(662)	-	(662)
Net loss	-	-	-	(181,707)	(181,707)
Balance at June 30, 2025	139,822,001	$ 1,398	$ 2,749,284	$ (993,652)	$ 1,757,030
Stock-based compensation expense	396,763	4	2,110	-	2,114
Payments for withholding taxes upon delivery of stock-based awards	-	-	(805)	-	(805)
Net loss	-	-	-	(9,528)	(9,528)
Balance at September 30, 2025	140,218,764	$ 1,402	$ 2,750,589	$ (1,003,180)	$ 1,748,811

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Par Value	Capital	Deficit	Total Equity
Balance at December 31, 2023	138,745,357	$ 1,387	$ 2,725,217	$ (426,704)	$ 2,299,900
Stock-based compensation expense	1,334	-	4,400	-	4,400
Dividends declared	-	-	-	(35,622)	(35,622)
Net loss	-	-	-	(52,795)	(52,795)
Balance at March 31, 2024	138,746,691	$ 1,387	$ 2,729,617	$ (515,121)	$ 2,215,883
Stock-based compensation expense	207,742	3	4,046	-	4,049
Payments for withholding taxes upon delivery of stock-based awards	-	-	(1,435)	-	(1,435)
Dividends declared	-	-	-	(35,541)	(35,541)
Net loss	-	-	-	(11,554)	(11,554)
Balance at June 30, 2024	138,954,433	$ 1,390	$ 2,732,228	$ (562,216)	$ 2,171,402
Stock-based compensation expense	408,224	4	5,015	-	5,019
Payments for withholding taxes upon delivery of stock-based awards	-	-	(2,054)	-	(2,054)
Dividends declared	-	-	-	(14,190)	(14,190)
Net loss	-	-	-	(56,218)	(56,218)
Balance at September 30, 2024	139,362,657	$ 1,394	$ 2,735,189	$ (632,624)	$ 2,103,959

The accompanying notes are an integral part of these consolidated financial statements.

Claros Mortgage Trust, Inc.
Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Nine Months Ended	
	September 30, 2025	September 30, 2024
Cash flows from operating activities		
Net loss	$ (269,858)	$ (120,567)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Accretion of fees and discounts on loans receivable	(8,454)	(15,711)
Amortization of deferred financing costs on secured financings	16,851	15,227
Amortization of deferred financing costs on debt related to real estate owned hotel portfolio	1,590	2,539
Non-cash stock-based compensation expense	12,050	13,461
Depreciation and amortization on real estate owned, in-place lease values, and deferred leasing costs	5,023	7,850
Amortization of above and below market lease values, net	946	1,062
Straight-line rent adjustment	(434)	-
Unrealized loss on interest rate cap	71	1,379
Gain on partial sales of real estate owned, net	(366)	-
Loss from equity method investment	93	114
Loss on extinguishment of debt	547	3,505
Valuation adjustment for real estate owned held-for-sale	(12,618)	-
Non-cash advances on loans receivable in lieu of interest	(39,011)	(30,536)
Non-cash advances on secured financings in lieu of interest	6,234	6,557
Non-cash advances on debt related to real estate owned hotel portfolio	1,146	-
Repayment of non-cash advances on loans receivable in lieu of interest	27,991	21,042
Repayment of non-cash advances on debt related to real estate owned hotel portfolio	(1,146)	-
Provision for current expected credit loss reserve	254,846	182,644
Valuation adjustment for loan receivable held-for-sale	41,767	-
Changes in operating assets and liabilities:		
Other assets	(44,248)	(27,593)
Other liabilities	(6,591)	(3,560)
Management fee payable - affiliate	(19,287)	8,775
Net cash (used in) provided by operating activities	(32,858)	66,188
Cash flows from investing activities		
Loan originations, acquisitions and advances, net of fees	(84,735)	(440,139)
Advances on loan receivable held-for-sale	(12,079)	(2,320)
Repayments of loans receivable	1,280,016	550,525
Proceeds from sales of loans receivable	304,004	435,645
Extension and exit fees received from loans receivable	2,284	3,789
Reserves and deposits held for loans receivable	-	(5)
Proceeds from partial sales of real estate owned	38,648	-
Capital expenditures on real estate owned	(1,113)	(716)
Capital expenditures on real estate owned held-for-sale	(362)	-
Payment of deferred leasing costs	(353)	-
Cash and restricted cash acquired from foreclosures on real estate owned	4,148	-
Payment of transaction costs from foreclosures on real estate owned	(1,376)	-
Net cash provided by investing activities	1,529,082	546,779

The accompanying notes are an integral part of these consolidated financial statements.

Claros Mortgage Trust, Inc.
Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Nine Months Ended	
	September 30, 2025	September 30, 2024
Cash flows from financing activities		
Dividends paid	-	(106,491)
Payments for withholding taxes upon delivery of stock-based awards	(1,467)	(3,489)
Proceeds from secured financings	690,528	1,342,266
Proceeds from debt related to real estate owned hotel portfolio	235,000	-
Payment of deferred financing costs	(20,762)	(13,937)
Payment of exit fees on secured financing	(1,038)	-
Purchase of interest rate cap	(71)	(508)
Repayments of secured financings	(1,894,932)	(1,885,591)
Repayments of secured term loan	(5,721)	(5,720)
Repayments of debt related to real estate owned hotel portfolio	(275,000)	(10,000)
Net cash used in financing activities	(1,273,463)	(683,470)
Net increase (decrease) in cash, cash equivalents and restricted cash	222,761	(70,503)
Cash, cash equivalents and restricted cash, beginning of period	133,500	214,889
Cash, cash equivalents and restricted cash, end of period	$ 356,261	$ 144,386
Cash and cash equivalents, end of period	$ 339,518	$ 113,920
Restricted cash, end of period	16,743	30,466
Cash, cash equivalents and restricted cash, end of period	$ 356,261	$ 144,386
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 250,107	$ 341,971
Supplemental disclosure of non-cash investing and financing activities:		
Dividends accrued	$ -	$ 14,190
Accrued deferred financing costs	$ -	$ 161
Real estate acquired in foreclosure	$ 250,670	$ -
Lease intangibles, net acquired in foreclosures on real estate owned	$ 7,030	$ -
Working capital acquired in foreclosures on real estate owned	$ (3,862)	$ -
Settlement of loans receivable in foreclosures on real estate owned	$ 305,298	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Organization

Claros Mortgage Trust, Inc. (referred to throughout this report as the “Company,” “we,” “us” and “our”) is a Maryland Corporation formed on April 29, 2015 for the purpose of creating a diversified portfolio of income-producing loans collateralized by institutional quality commercial real estate. We commenced operations on August 25, 2015 (“Commencement of Operations”) and generally conduct our business through wholly-owned subsidiaries. Unless the context requires otherwise, any references to the Company refers to the Company and its consolidated subsidiaries. The Company is traded on the New York Stock Exchange, or NYSE, under the symbol “CMTG”.

We elected and intend to maintain our qualification to be taxed as a real estate investment trust (“REIT”) under the requirements of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), for U.S. federal income tax purposes. As such, we generally are not subject to U.S. federal income tax on that portion of our income that we distribute to stockholders. See Note 13 – Income Taxes for further detail.

We are externally managed by Claros REIT Management LP (the “Manager”), our affiliate, through a management agreement (the “Management Agreement”) pursuant to which our Manager provides a management team and other professionals who are responsible for implementing our business strategy, subject to the supervision of our board of directors (the “Board”). In exchange for its services, our Manager is entitled to management fees and, upon the achievement of required performance hurdles, incentive fees. See Note 11 – Related Party Transactions for further detail.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

These unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission (the “SEC”). In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of our financial position, results of operations and cash flows have been included. Our results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the full year or any other future period.

We consolidate all entities that are controlled either through majority ownership or voting rights. We also identify entities for which control is achieved through means other than through voting rights (a variable interest entity or “VIE”) using the analysis as set forth in Accounting Standards Codification (“ASC”) 810, *Consolidation of Variable Interest Entities,* and determine when and which variable interest holder, if any, should consolidate the VIE. We do not have any consolidated variable interest entities as of September 30, 2025 and December 31, 2024. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to our judgment include, but are not limited to, the adequacy of our current expected credit loss reserve, the determination of the fair value of real estate assets acquired and liabilities assumed, and the impairment of certain assets.

Risks and Uncertainties

In the normal course of business, we primarily encounter two significant types of economic risk: credit and market. Credit risk is the risk of default on our loans receivable that results from a borrower’s or counterparty’s inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of the loans receivable due to changes in interest rates, spreads or other market factors, including risks that impact the value of the collateral underlying our loans receivable. We believe that the carrying values of our loans receivable are reasonable taking into consideration these risks.

Current Expected Credit Losses

The current expected credit loss ("CECL") reserve required under ASC 326, *Financial Instruments – Credit Losses,* reflects our current estimate of potential credit losses related to our loan portfolio. Changes to the CECL reserve are recognized through a provision for or reversal of current expected credit loss reserve on our consolidated statements of operations. ASC 326 specifies the reserve should be based on relevant information about past events, including historical loss experience, current loan portfolio, market conditions and reasonable and supportable macroeconomic forecasts through our loan portfolio's expected remaining duration.

General CECL Reserve

Our loans are typically collateralized by real estate, or in the case of mezzanine loans, by an equity interest in an entity that owns real estate. We consider key credit quality indicators in underwriting loans and estimating credit losses, including: the capitalization of borrowers and sponsors; the expertise of the borrowers and sponsors in a particular real estate sector and geographic market; collateral type; geographic region; use and occupancy of the property; property market value; loan-to-value ("LTV") ratio; loan amount and lien position; our risk ratings; and prior experience with the borrower/sponsor. This information is used to assess the financial and operating capability, experience and profitability of the borrower/sponsor. Ultimate repayment of our loans is sensitive to interest rate changes, general economic conditions, performance of the collateral asset, liquidity, LTV ratio, existence of a liquid investment sales market for commercial properties, and availability of replacement financing.

We regularly evaluate on a loan-by-loan basis, the extent and impact of any credit deterioration associated with the performance and/or value of the underlying collateral property, the financial and operating capability of the borrower/sponsor, the financial strength of loan guarantors, if any, and the overall economic environment, real estate sector, and geographic sub-market in which the borrower operates. Such analyses are completed and reviewed by asset management personnel and evaluated by senior management on at least a quarterly basis, utilizing various data sources, including, to the extent available, (i) periodic financial data such as property occupancy, tenant profile, rental rates, operating expenses, the borrower's exit plan, and capitalization and discount rates, (ii) site inspections, (iii) sales and financing comparables, (iv) current credit spreads for refinancing and (v) other relevant market data.

We primarily arrive at our general CECL reserve using the Weighted Average Remaining Maturity, or WARM method, which is considered an acceptable loss-rate method for estimating CECL reserves by the Financial Accounting Standards Board ("FASB"). The application of the WARM method to estimate a general CECL reserve requires judgment, including the appropriate historical loan loss reference data, the expected timing and amount of future loan fundings and repayments, the current credit quality of our portfolio, and our expectations of performance and market conditions over the relevant time period.

The WARM method requires us to reference historical loan loss data from a comparable data set and apply such loss rate to each of our loans over their expected remaining duration, taking into consideration expected economic conditions over the forecasted timeframe. Our general CECL reserve reflects our forecast of the current and future macroeconomic conditions that may impact the performance of the commercial real estate assets securing our loans and each borrower's ultimate ability to repay. These estimates include unemployment rates, price indices for commercial properties, and market liquidity, all of which may influence the likelihood and magnitude of potential credit losses for our loans during their expected remaining duration. Additionally, further adjustments may be made based upon loan positions senior to ours, the risk rating of a loan, whether a loan is a construction loan, whether the loan's initial maturity is near-term, or the economic conditions specific to the property type of a loan's underlying collateral.

To estimate an annual historical loss rate, we obtained historical loss rate data for loans most comparable to our loan portfolio from a commercial mortgage-backed securities database licensed by a third party, Trepp, LLC, which contains historical loss data from January 1, 1999 through September 30, 2025. We believe this CMBS data is the most relevant, available, and comparable dataset to our portfolio.

When evaluating the current and future macroeconomic environment, we consider the aforementioned macroeconomic factors. Historical data for each metric is compared to historical commercial real estate credit losses in order to determine the relationship between the two variables. We use projections of each macroeconomic factor, obtained from a third party, to approximate the impact the macroeconomic outlook may have on our loss rate. Selections of these economic forecasts require judgment about future events that, while based on the information available to us as of the balance sheet date, are ultimately subjective and uncertain, and the actual economic conditions could vary significantly from the estimates we made. Following a reasonable and supportable forecast period, we use a straight-line method of reverting to the historical loss rate. Additionally, we assess the obligation to extend credit through our unfunded loan commitments through their expected remaining duration, adjusted for projected fundings from interest reserves, if applicable, which is considered in the estimate of the general CECL reserve. For both the funded and unfunded portions of our loans, we consider our internal risk rating of each loan as the primary credit quality indicator underlying our assessment.

We evaluate the credit quality of each of our loans receivable on an individual basis and assign a risk rating at least quarterly. We have developed a loan grading system for all of our outstanding loans receivable that are collateralized directly or indirectly by real estate. Grading criteria include, but are not limited to, as-is or as-stabilized debt yield, term of loan, property type, property or collateral location, loan type, structure, collateral cash flow volatility and other more subjective variables that include, but are not limited to, as-is or as-stabilized collateral value, market conditions, industry conditions, borrower/sponsor financial stability, and borrower/sponsor exit plan. While evaluating the credit quality of each loan within our portfolio, we assess these quantitative and qualitative factors as a whole and with no pre-prescribed weight on their impact to our determination of a loan's risk rating. However, based upon the facts and circumstances for each loan and the overall market conditions, we may consider certain previously mentioned factors more or less relevant than others. We utilize the grading system to determine each loan's risk of loss and to provide a determination as to whether an individual loan is impaired and whether a specific CECL reserve is necessary. Based on a 5-point scale, the loans are graded "1" through "5," from less risk to greater risk, which gradings are defined as follows:

1. Very Low Risk
2. Low Risk
3. Medium Risk
4. High Risk/Potential for Loss: A loan that has a risk of realizing a principal loss
5. Impaired/Loss Likely: A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss

Specific CECL Reserve

In certain circumstances, we may determine that a loan is no longer suited for the WARM method because (i) it has unique risk characteristics, (ii) we have deemed the borrower/sponsor to be experiencing financial difficulty and the repayment of the loan's principal is collateral-dependent, (iii) we anticipate assuming legal title and/or physical possession of the underlying collateral property and the fair value of the collateral asset is determined to be below the carrying value of our loan, and/or (iv) recovery of our loan may occur at an amount below our loan's carrying value. We may instead elect to employ different methods to estimate credit losses that also conform to ASC 326 and related guidance. For such loans, we would separately measure the specific reserve for each loan by using the estimated fair value of the loan's collateral. In certain circumstances, we may recognize a specific reserve based upon anticipated proceeds from the disposition of our loan. If the estimated fair value of the collateral or anticipated proceeds from the disposition of our loan is less than the carrying value of the loan, an asset-specific reserve is created as a component of our overall current expected credit loss reserve. Specific reserves are equal to the excess of a loan's carrying value to the estimated fair value of the collateral or anticipated proceeds from the disposition of our loan. If recovery of our loan is expected from the sale of the collateral and such costs will reduce amounts recovered by us, specific reserves are equal to the excess of a loan's carrying value to the estimated fair value of the collateral less estimated costs to sell.

If we have determined that a loan or a portion of a loan is uncollectible, we will write off the amount deemed uncollectible through an adjustment to our CECL reserve. If we have determined that accrued interest receivable previously recognized under our revenue recognition policy is uncollectible, we will either reverse such amount against interest income or reserve for such amount through an adjustment to our CECL reserve. Significant judgment is required in determining impairment and in estimating the resulting credit loss reserve, and actual losses, if any, could materially differ from those estimates.

See Note 3 - Loan Portfolio - Current Expected Credit Losses for further detail.

Recent Accounting Guidance

The FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses" ("ASU 2024-03"). The standard provides improvements to disclosure of the nature of expenses included in the statement of operations via tabular disclosure in the footnotes that disaggregates relevant expenses into certain expense categories. Further, the FASB issued ASU 2025-01, "Clarifying the Effective Date," which clarifies the effective date of ASU 2024-03. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The adoption of ASU 2024-03 is not expected to have a material impact on our consolidated financial statements.

The FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"). The standard provides improvements to income tax disclosure requiring disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The adoption of ASU 2023-09 is not expected to have a material impact on our consolidated financial statements.

The FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). The standard provides improvements to reportable segment disclosure requirements for annual and interim reporting, primarily through enhanced disclosures about significant segment expenses and measures of segment profit or loss. The standard is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024. As such, we have adopted ASU 2023-07 retrospectively for all periods presented. See Note 15 - Segment Reporting for further detail of segment profit and loss.

Note 3. Loan Portfolio

Loans Receivable

Our loan receivable held-for-investment portfolio as of September 30, 2025 was comprised of the following loans ($ in thousands, except for number of loans):

	Number of Loans	Loan Commitment(1)	Unpaid Principal Balance	Carrying Value (2)	Weighted Average Spread(3)	Weighted Average Interest Rate(4)
Loans receivable held-for-investment:						
Variable:						
Senior loans(5)	35	$ 4,739,411	$ 4,391,634	$ 4,220,767	+ 3.28%	6.10%
	35	4,739,411	4,391,634	4,220,767	+ 3.28%	6.10%
Fixed:						
Senior loans(5)	1	$ 1,607	$ 1,607	$ 1,607	N/A	0.00%
Subordinate loans	1	125,000	125,000	124,924	N/A	8.50%
	2	126,607	126,607	126,531		8.39%
Total/Weighted Average	37	$ 4,866,018	$ 4,518,241	$ 4,347,298	N/A	6.16%
General CECL reserve				(134,128)		
Loans receivable held-for-investment, net				**$ 4,213,170**		

(1) Loan commitment represents principal outstanding plus remaining unfunded loan commitments.
(2) Net of specific CECL reserves of $167.9 million.
(3) The weighted average spread is expressed as a spread over the relevant floating benchmark rates. One-month term Secured Overnight Financing Rate ("SOFR") as of September 30, 2025 was 4.13%. Weighted average is based on unpaid principal balance as of September 30, 2025. For loans placed on non-accrual, the spread used in calculating the weighted average spread is 0%.
(4) Reflects the weighted average interest rate based on the applicable floating benchmark rate (if applicable), including SOFR floors (if applicable). Weighted average is based on unpaid principal balance as of September 30, 2025 and includes loans on non-accrual status. For loans placed on non-accrual, the interest rate used in calculating the weighted average interest rate is 0%.
(5) Senior loans include senior mortgages and similar credit quality loans, including related contiguous subordinate loans (if any), and pari passu participations in senior mortgage loans.

Our loans receivable held-for-investment portfolio as of December 31, 2024 was comprised of the following loans ($ in thousands, except for number of loans):

	Number of Loans	Loan Commitment(1)	Unpaid Principal Balance	Carrying Value (2)	Weighted Average Spread(3)	Weighted Average Interest Rate(4)
Loans receivable held-for-investment:						
Variable:						
Senior loans(5)	49	$ 6,571,059	$ 6,072,753	$ 5,942,843	+ 3.62%	7.20%
	49	6,571,059	6,072,753	5,942,843	+ 3.62%	7.20%
Fixed:						
Senior loans(5)	1	$ 1,651	$ 1,651	$ 1,651	N/A	0.00%
Subordinate loans	2	125,886	125,886	124,878	N/A	8.44%
	3	127,537	127,537	126,529		8.33%
Total/Weighted Average	52	$ 6,698,596	$ 6,200,290	$ 6,069,372	N/A	7.22%
General CECL reserve				(122,110)		
Loans receivable held-for-investment, net				**$ 5,947,262**		

(1) Loan commitment represents principal outstanding plus remaining unfunded loan commitments.
(2) Net of specific CECL reserves of $120.9 million.
(3) The weighted average spread is expressed as a spread over the relevant floating benchmark rates. SOFR as of December 31, 2024 was 4.33%. Weighted average is based on unpaid principal balance as of December 31, 2024. For loans placed on non-accrual, the spread used in calculating the weighted average spread is 0%.
(4) Reflects the weighted average interest rate based on the applicable floating benchmark rate (if applicable), including SOFR floors (if applicable). Weighted average is based on unpaid principal balance as of December 31, 2024 and includes loans on non-accrual status. For loans placed on non-accrual, the interest rate used in calculating the weighted average interest rate is 0%.
(5) Senior loans include senior mortgages and similar credit quality loans, including related contiguous subordinate loans (if any), and pari passu participations in senior mortgage loans.

Activity relating to our loans receivable held-for-investment portfolio for the nine months ended September 30, 2025 ($ in thousands):

	Unpaid Principal Balance	Deferred Fees and Discounts	Specific CECL Reserve	Carrying Value [1]
Balance at December 31, 2024	$ 6,200,290	$ (9,998)	$ (120,920)	$ 6,069,372
Advances on existing loans	84,735	-	-	84,735
Non-cash advances in lieu of interest	39,011	-	-	39,011
Origination fees, discounts, extension fees and exit fees	-	(2,284)	-	(2,284)
Repayments of loans receivable	(1,280,016)	-	-	(1,280,016)
Repayments of non-cash advances in lieu of interest	(27,991)	-	-	(27,991)
Accretion of fees and discounts	-	8,454	-	8,454
Sales of loans receivable	(80,408)	-	23,782	(56,626)
Transfer to real estate owned, held-for-investment (See Note 5)	(282,041)	652	23,400	(257,989)
Transfer to loans receivable held-for-sale	(30,000)	-	1,931	(28,069)
Provision for specific CECL reserve	-	-	(201,299)	(201,299)
Charge-offs	(105,339)	105	105,234	-
Balance at September 30, 2025	$ 4,518,241	$ (3,071)	$ (167,872)	$ 4,347,298
General CECL reserve				(134,128)
Carrying Value				$ 4,213,170

(1) Balance at December 31, 2024 does not include general CECL reserve.

In March 2025, we agreed to a loan repayment of a land loan with a then unpaid principal balance of $183.0 million and deferred interest of $6.4 million, which resulted in (i) a discounted loan payoff of $164.7 million, (ii) a discounted repayment of deferred interest of $2.9 million, and (iii) a waiver of a $0.5 million exit fee. As a result of this repayment, we recognized a $22.3 million charge-off through our provision for current expected credit loss reserve.

In April 2025, we agreed to a loan repayment of a subordinate loan secured by an equity interest in a retail property in Brooklyn, NY with a then unpaid principal balance of $886,000 and a carrying value prior to a specific CECL reserve of $884,000, which resulted in a discounted loan payoff of $775,000. Prior to this repayment, the loan was risk rated 5, on non-accrual status, and fully reserved for as part of our specific CECL reserves. As a result of this repayment, we reversed the specific CECL reserve and recognized a $109,000 charge-off through our provision for current expected credit loss reserve.

Sales of Loans Receivable

The following table summarizes our loan receivable held-for-sale as of September 30, 2025 and loans receivable sold during the nine months ended September 30, 2025 ($ in thousands):

Property Type [1]	Location	Loan Commitment	Unpaid Principal Balance Before Principal Charge-Off / Valuation Allowance	Carrying Value Before Principal Charge-Off / Valuation Allowance	Cumulative Principal Charge-Off / Valuation Allowance	Carrying Value Upon Sale	Risk Rating [2]
Land [3]	MA	$ 30,000	$ 30,000	$ 30,000	$ (1,931)	$ 28,069	3
Total held-for-sale, September 30, 2025		$ 30,000	$ 30,000	$ 30,000	$ (1,931)	$ 28,069	
For Sale Condo [4]	CA	$ 247,260	$ 223,491	$ 223,491	$ (77,100)	$ 146,391	4
Hospitality [5]	CA	101,059	101,059	101,299	(315)	100,984	3
Hospitality [6]	CA	80,408	80,408	80,408	(23,782)	56,626	4
Total sold, nine months ended September 30, 2025		$ 428,727	$ 404,958	$ 405,198	$ (101,197)	$ 304,001	

(1) For each loan receivable sold, the financial asset was legally isolated, control of the financial asset was transferred to the transferee, the transfer imposed no condition that would constrain the transferee from pledging the financial asset received, and we have no continuing involvement with the transferred financial asset. As such, we have determined each transaction constituted a sale.
(2) Reflects risk rating of the loan receivable prior to the loan sale or reclassification to held-for-sale.

(3) In September 2025, through a mortgage foreclosure auction of the underlying collateral asset, we entered into an agreement with an unaffiliated purchaser to sell our right, title, and interest in the collateral asset for a gross sales price of $28.1 million. The sale was completed in October 2025 and, as a result, this loan was classified as held-for-sale and a principal charge-off was recognized as of September 30, 2025.

(4) Principal charge-offs and valuation allowance attributable to the delinquency of the loan and its $23.8 million of remaining unfunded commitments. During the nine months ended September 30, 2025 and through the sale of this loan in May 2025, we recognized a further adjustment to reduce the held-for-sale carrying value of this loan by $41.8 million as a result of additional protective advances made and a reduction in anticipated proceeds from the sale, which is reflected as a valuation adjustment for loan receivable held-for-sale on our consolidated statement of operations. Effective October 1, 2024, this loan was placed on non-accrual status.

(5) Loan classified as held-for-sale as of December 31, 2024 and sold in January 2025. Principal charge-off recognized upon reclassification to held-for-sale as of December 31, 2024.

(6) In June 2025, this loan was sold. Principal charge-off attributable to the diminution in value of the collateral asset, and prorations and transaction costs related to the sale.

Modifications of Loans Receivable Held-for-Investment

Retroactive to its initial maturity date of November 2024, we agreed to a modification of a multifamily loan receivable with an unpaid principal balance of $390.0 million which primarily provided for (i) a discounted loan payoff of $350.0 million, contingent on the borrower meeting prescribed conditions within a certain timeframe, (ii) an extension of the maturity date from November 1, 2024 to August 1, 2025, (iii) a curtailment of existing maturity extension options, and (iv) partial deferral of monthly debt service payments until maturity. In anticipation of the borrower meeting the prescribed conditions within the specified timeframe shortly thereafter, we previously reflected this loan as risk rated 5 and recognized a specific CECL reserve equal to the agreed upon discount. In July 2025, this loan was repaid in accordance with the terms of the modified loan agreement, and we concurrently recognized a reversal of the specific CECL reserve prior to recognizing a principal charge-off equal to the agreed upon discount. This loan remained on accrual status through repayment as the borrower continued to perform in accordance with the terms of the modified loan agreement.

During the year ended December 31, 2023, we modified a hospitality loan with a borrower that was experiencing financial difficulties, resulting in a maturity extension to June 10, 2024. In June 2025, we sold this loan for a gross sales price of $59.25 million. After prorations and transaction costs, we recognized a $23.8 million principal charge-off through our provision for current expected credit loss reserve as a result of this loan sale. Prior to this loan sale, the loan had total commitments and an amortized cost basis of $80.4 million, was in maturity default, and was risk rated 4. Concurrent with this loan sale, we entered into an agreement with the guarantor of the loan receivable which provides for a partial repayment of such individual’s loan guarantee. As of September 30, 2025, we have not recognized any value to this agreement on our consolidated financial statements.

During the year ended December 31, 2022, we modified an office loan with a borrower that was experiencing financial difficulties, resulting in a decrease in the index rate floor from 1.57% to 1.00% and modified extension requirements. In March 2025, we agreed to a discounted loan payoff of our loan with a then unpaid principal balance of $87.8 million prior to a principal charge-off following the borrower’s sale of the collateral asset which occurred in April 2025. After prorations and transaction costs, we recognized a $23.7 million charge-off through our provision for current expected credit loss reserve as a result of this discounted repayment. Prior to this loan repayment, the loan was in maturity default and risk rated 4. Effective March 31, 2025, this loan was placed on non-accrual status.

Concentration of Risk

The following table presents our loans receivable held-for-investment by loan type, as well as property type and geographic location of the properties collateralizing these loans as of September 30, 2025 and December 31, 2024 ($ in thousands):

	September 30, 2025		December 31, 2024	
Loan Type	Carrying Value [1]	Percentage	Carrying Value [2]	Percentage
Senior loans [3]	$ 4,222,374	97%	$ 5,944,494	98%
Subordinate loans	124,924	3%	124,878	2%
	$ 4,347,298	100%	$ 6,069,372	100%
General CECL reserve	(134,128)		(122,110)	
	$ 4,213,170		$ 5,947,262	

Property Type	Carrying Value [1]	Percentage	Carrying Value [2]	Percentage
Multifamily	$ 1,909,229	44%	$ 2,584,728	43%
Hospitality	815,340	19%	1,129,666	19%
Office	788,933	18%	859,085	14%
Mixed-Use [4]	310,387	7%	541,311	9%
Land	275,266	6%	488,643	8%
Other	248,143	6%	465,939	7%
	$ 4,347,298	100%	$ 6,069,372	100%
General CECL reserve	(134,128)		(122,110)	
	$ 4,213,170		$ 5,947,262	

Geographic Location	Carrying Value [1]	Percentage	Carrying Value [2]	Percentage
United States				
West	$ 1,732,724	40%	$ 1,916,586	32%
Northeast	970,686	22%	1,583,579	26%
Mid Atlantic	464,423	11%	793,359	12%
Midwest	416,239	10%	486,724	8%
Southeast	405,539	9%	659,172	11%
Southwest	318,735	7%	589,956	10%
Other	38,952	1%	39,996	1%
	$ 4,347,298	100%	$ 6,069,372	100%
General CECL reserve	(134,128)		(122,110)	
	$ 4,213,170		$ 5,947,262	

(1) Net of specific CECL reserves of $167.9 million at September 30, 2025.
(2) Net of specific CECL reserves of $120.9 million at December 31, 2024.
(3) Senior loans include senior mortgages and similar credit quality loans, including related contiguous subordinate loans and pari passu participations in senior mortgage loans.
(4) At September 30, 2025, mixed-use comprises of 2% office, 1% multifamily, 1% retail, and 1% hospitality. At December 31, 2024, mixed-use comprises of 3% office, 3% multifamily, 2% retail, 1% hospitality, and immaterial amounts of for sale condo.

Interest Income and Accretion

The following table summarizes our interest and accretion income from our loan portfolio and interest on cash balances for the three and nine months ended September 30, 2025 and 2024, respectively ($ in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Coupon interest	$ 83,353	$ 144,500	$ 301,229	$ 445,826
Accretion of fees and discounts	2,749	6,751	8,454	15,711
Interest on cash, cash equivalents, and other income	2,802	1,619	5,397	7,309
Total interest and related income [1]	$ 88,904	$ 152,870	$ 315,080	$ 468,846

(1) For the three months ended September 30, 2025 and 2024, we recognized $0.6 million and $2.7 million, respectively, of default interest, late fees, pre-payment penalties, and/or accelerated fees following repayments prior to maturity. For the nine months ended September 30, 2025 and 2024, we recognized $0.7 million and $4.0 million, respectively, of default interest, late fees, pre-payment penalties, and/or accelerated fees following repayments prior to maturity.

Loan Risk Ratings

As further described in Note 2 – Summary of Significant Accounting Policies, we evaluate the credit quality of our loan portfolio on a quarterly basis. In conjunction with our quarterly loan portfolio review, we assess the risk factors of each loan and assign a risk rating based on several factors including, but not limited to, as-is or as-stabilized debt yield, term of loan, property type, property or collateral location, loan type, structure, collateral cash flow volatility and other more subjective variables that include, but are not limited to, as-is or as-stabilized collateral value, market conditions, industry conditions, borrower/sponsor financial stability, and borrower/sponsor exit plan. While evaluating the credit quality of each loan within our portfolio, we assess these quantitative and qualitative factors as a whole and with no pre-prescribed weight on their impact to our determination of a loan's risk rating. However, based upon the facts and circumstances for each loan and the current market conditions, we may consider certain previously mentioned factors more or less relevant than others. Loans are rated "1" (less risk) through "5" (greater risk), which ratings are defined in Note 2 – Summary of Significant Accounting Policies.

The following tables allocate the principal balance and carrying value of our loans receivable held-for-investment based on our internal risk ratings as of September 30, 2025 and December 31, 2024 ($ in thousands):

September 30, 2025				
Risk Rating	**Number of Loans**	**Unpaid Principal Balance**	**Carrying Value (1)**	**% of Total of Carrying Value**
1	-	$ -	$ -	0%
2	-	-	-	0%
3	20	2,445,319	2,443,916	56%
4	9	1,094,948	1,094,775	25%
5	8	977,974	808,607	19%
	37	$ 4,518,241	$ 4,347,298	100%
General CECL reserve			(134,128)	
			$ 4,213,170	

(1) Net of specific CECL reserves of $167.9 million.

December 31, 2024				
Risk Rating	**Number of Loans**	**Unpaid Principal Balance**	**Carrying Value (1)**	**% of Total of Carrying Value**
1	-	$ -	$ -	0%
2	-	-	-	0%
3	28	3,360,621	3,354,399	55%
4	14	2,174,343	2,172,522	36%
5	10	665,326	542,451	9%
	52	$ 6,200,290	$ 6,069,372	100%
General CECL reserve			(122,110)	
			$ 5,947,262	

(1) Net of specific CECL reserves of $120.9 million.

As of September 30, 2025 and December 31, 2024, the average risk rating of our loans receivable held-for-investment portfolio was 3.6 and 3.5, respectively, weighted by carrying value net of specific CECL reserves.

The following table presents the carrying value and significant characteristics of our loans receivable held-for-investment on non-accrual status as of September 30, 2025 ($ in thousands):

Property Type	Location	Risk Rating	Unpaid Principal Balance	Carrying Value Before Specific CECL Reserve	Specific CECL Reserve	Net Carrying Value	Interest Recognition Method / as of Date
Multifamily	CA	5	$ 402,341	$ 402,223	$ (35,423)	$ 366,800	Cash Basis/ 6/30/2025
Land	VA	5	156,671	156,671	(36,571)	120,100	Cost Recovery/ 1/1/2023
Multifamily	TX	5	136,355	135,840	(14,840)	121,000	Cash Basis/ 7/1/2024
Office	CA	5	111,542	111,263	(23,063)	88,200	Cost Recovery/ 4/1/2023
Multifamily	TX	5	76,308	76,184	(27,384)	48,800	Cash Basis/ 6/30/2025
Office	GA	5	67,892	67,494	(27,794)	39,700	Cost Recovery/ 9/1/2023
Multifamily	TX	5	25,258	25,197	(2,797)	22,400	Cash Basis/ 7/1/2024
Other (1)	Other	5	1,607	1,607	-	1,607	Cost Recovery/ 7/1/2020
Total risk rated 5 loans			977,974	976,479	(167,872)	808,607	
Multifamily	CO	4	170,000	170,000	-	170,000	Cash Basis/ 9/30/2025
Office	CA	4	95,214	94,827	-	94,827	Cost Recovery/ 9/1/2023
Land	NY	4	87,741	88,166	-	88,166	Cash Basis/ 4/1/2024
Land	NY	4	67,000	67,000	-	67,000	Cash Basis/ 11/1/2021
Total risk rated 4 loans			419,955	419,993	-	419,993	
Total non-accrual			$ 1,397,929	$ 1,396,472	$ (167,872)	$ 1,228,600	

(1) Amounts deemed uncollectible have been charged-off as of September 30, 2025.

As of September 30, 2025, loans receivable classified as non-accrual represented 28.3% of our total loans receivable held-for-investment, based on carrying value net of specific CECL reserves. During the nine months ended September 30, 2025, we (i) recognized $3.8 million of interest income and (ii) received $5.3 million of cost recovery proceeds for loans while on non-accrual status, of which $4.6 million was applied against past due interest and reduced the related CECL reserve. Further, the above table excludes four loans with an aggregate carrying value of $603.8 million that are in maturity default but remain on accrual status as the borrower is either current on interest payments or interest is deemed collectible based on the underlying collateral value.

The following table presents the carrying value and significant characteristics of our loans receivable held-for-investment on non-accrual status as of December 31, 2024 ($ in thousands):

Property Type	Location	Risk Rating	Unpaid Principal Balance	Carrying Value Before Specific CECL Reserve	Specific CECL Reserve	Net Carrying Value	Interest Recognition Method / as of Date
Land	VA	5	$ 152,834	$ 152,834	$ (32,734)	$ 120,100	Cost Recovery/ 1/1/2023
Multifamily (1)	TX	5	119,084	118,717	(617)	118,100	Cash Basis/ 10/1/2024
Office	CA	5	111,542	111,263	(20,463)	90,800	Cost Recovery/ 4/1/2023
Multifamily (1)	NV	5	96,529	96,082	(16,682)	79,400	Cash Basis/ 1/1/2024
Office	GA	5	68,492	68,094	(27,894)	40,200	Cost Recovery/ 9/1/2023
Multifamily (1)	AZ	5	50,164	49,957	(7,157)	42,800	Cash Basis/ 1/1/2024
Multifamily (1)	TX	5	39,279	39,085	(10,885)	28,200	Cash Basis/ 1/1/2024
Multifamily	TX	5	24,865	24,804	(3,604)	21,200	Cash Basis/ 7/1/2024
Other (2)	Other	5	1,651	1,651	-	1,651	Cost Recovery/ 7/1/2020
Other (3)	NY	5	886	884	(884)	-	Cost Recovery/ 6/30/2023
Total risk rated 5 loans			665,326	663,371	(120,920)	542,451	
Multifamily	TX	4	136,355	135,840	-	135,840	Cash Basis/ 7/1/2024
Office	CA	4	95,214	94,827	-	94,827	Cost Recovery/ 9/1/2023
Land	NY	4	87,741	88,166	-	88,166	Cash Basis/ 4/1/2024
Land	NY	4	67,000	67,000	-	67,000	Cash Basis/ 11/1/2021
Total risk rated 4 loans			386,310	385,833	-	385,833	
Total non-accrual			$ 1,051,636	$ 1,049,204	$ (120,920)	$ 928,284	

(1) During the nine months ended September 30, 2025, we acquired legal title to the underlying collateral asset through a mortgage foreclosure. See Note 5 – Real Estate Owned for further detail.
(2) Amounts deemed uncollectible have been charged-off as of December 31, 2024.
(3) In April 2025, we agreed to a loan repayment which resulted in a discounted loan payoff of $775,000.

As of December 31, 2024, loans receivable classified as non-accrual represented 15.3% of our total loans receivable held-for-investment, based on carrying value net of specific CECL reserves. During the year ended December 31, 2024, we recognized $4.6 million of interest income and received $7.1 million of cost recovery proceeds for loans while on non-accrual status. Further, the above table excludes (i) four loans with an aggregate carrying value of $394.8 million that are in maturity default but remain on accrual status as the borrower is either current on interest payments or interest is deemed collectible based on the underlying collateral value and (ii) three loans with an aggregate carrying value of $647.3 million that are delinquent in accordance with our revenue recognition policy but remain on accrual status as the interest is deemed collectible based on the underlying collateral value.

Current Expected Credit Losses

The current expected credit loss reserve required under GAAP reflects our current estimate of potential credit losses related to our loan commitments. See Note 2 for further detail of our current expected credit loss reserve methodology.

The following table illustrates the changes in the current expected credit loss reserve for our loans receivable held-for-investment for the nine months ended September 30, 2025 and 2024, respectively ($ in thousands):

		General CECL Reserve				
	Specific CECL Reserve	Loans Receivable Held-for-Investment	Unfunded Loan Commitments (2)	Total General CECL Reserve	Accrued Interest Receivable (1)	Total CECL Reserve
Total reserve, December 31, 2023	$ 72,587	$ 70,371	$ 9,726	$ 80,097	$ -	$ 152,684
Provision (reversal)	47,285	23,358	(683)	22,675	-	69,960
Charge-offs	(42,266)	-	-	-	-	(42,266)
Total reserve, March 31, 2024	$ 77,606	$ 93,729	$ 9,043	$ 102,772	$ -	$ 180,378
Provision	1,232	31,750	946	32,696	-	33,928
Charge-offs	(561)	-	-	-	-	(561)
Total reserve, June 30, 2024	$ 78,277	$ 125,479	$ 9,989	$ 135,468	$ -	$ 213,745
Provision (reversal)	65,356	(7,737)	(2,108)	(9,845)	23,245	78,756
Charge-offs	(32,107)	-	-	-	(23,245)	(55,352)
Total reserve, September 30, 2024	$ 111,526	$ 117,742	$ 7,881	$ 125,623	$ -	$ 237,149
Total reserve, December 31, 2024	$ 120,920	$ 122,110	$ 5,546	$ 127,656	$ 17,794	$ 266,370
Provision (reversal)	41,458	(3,975)	100	(3,875)	3,540	41,123
Charge-offs	(43,113)	-	-	-	(3,540)	(46,653)
Total reserve, March 31, 2025	$ 119,265	$ 118,135	$ 5,646	$ 123,781	$ 17,794	$ 260,840
Provision	143,121	14,460	958	15,418	30,950	189,489
Charge-offs	(68,909)	-	-	-	(2,915)	(71,824)
Total reserve, June 30, 2025	$ 193,477	$ 132,595	$ 6,604	$ 139,199	$ 45,829	$ 378,505
Provision (reversal)	16,720	1,533	(930)	603	6,911	24,234
Charge-offs	(42,325)	-	-	-	-	(42,325)
Total reserve, September 30, 2025	$ 167,872	$ 134,128	$ 5,674	$ 139,802	$ 52,740	$ 360,414

(1) CECL reserves for accrued interest receivable, if any, are included in other assets on our consolidated balance sheets.
(2) CECL reserve for unfunded commitments is included in other liabilities on the consolidated balance sheets.

The following table illustrates our specific and general CECL reserves as a percentage of total unpaid principal balance of loans receivable held-for-investment as of September 30, 2025, December 31, 2024, September 30, 2024, and December 31, 2023:

	Specific CECL Reserve (1)	General CECL Reserve (2)	Total CECL Reserve (3)
Reserve at December 31, 2023	21.5%	1.2%	2.2%
Reserve at September 30, 2024	21.4%	2.1%	3.7%
Reserve at December 31, 2024	18.2%	2.3%	4.0%
Reserve at September 30, 2025	17.2%	3.9%	6.8%

(1) Represents specific CECL reserves on loans receivable held-for-investment as a percentage of unpaid principal balance of risk rated 5 loans.
(2) Represents general CECL reserves on loans receivable held-for-investment and related unfunded loan commitments as a percentage of unpaid principal balance of loans subject to the general CECL reserve.
(3) Represents total CECL reserves on loans receivable held-for-investment and related unfunded loan commitments as a percent of total unpaid principal balance of loans receivable held-for-investment.

During the nine months ended September 30, 2025, we recorded a provision for current expected credit losses of $254.8 million, which consisted of a $12.1 million increase of our general CECL reserve, a $201.3 million increase in our specific CECL reserve prior to principal and exit fee charge-offs, and a $41.4 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserves was primarily attributable to changes in the historical loss rate of the analogous data set and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the seasoning of our loan portfolio and a reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase in our specific CECL reserves was primarily attributable to specific reserves determined on loans now classified as risk rated 5, changes to collateral values, and protective advances made, offset in part by principal charge-offs recognized. The increase in our CECL reserves on accrued interest receivable is attributable to reserving against interest income previously recognized on loans placed on non-accrual status during the nine months ended September 30, 2025, offset in part by a reduction in reserves upon the receipt of past due interest. As of September 30, 2025, our total current expected credit loss reserve was $360.4 million.

During the nine months ended September 30, 2024, we recorded a provision for current expected credit losses of $182.6 million, which consisted of a $45.5 million increase in our general CECL reserve, a $113.9 million increase in our specific CECL reserve prior to principal charge-offs, and a $23.2 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserve was primarily attributable to changes in the historical loss rate of the analogous dataset and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase in our specific CECL reserves was primarily attributable to changes to collateral values and additional protective advances made, and the reclassification of a loan receivable to held-for-sale. The increase in our CECL reserves on accrued interest receivable was attributable to reserving against interest income previously recognized on a loan placed on non-accrual status during the nine months ended September 30, 2024. As of September 30, 2024, our total current expected credit loss reserve was $237.1 million.

Specific CECL Reserves

In certain circumstances, we may determine that a borrower is experiencing financial difficulty, and, if the repayment of the loan's principal is collateral dependent, the loan is no longer suited for the WARM model. In these instances, there have been diminutions in the fair value and performance of the underlying collateral asset primarily as a result of reduced tenant and/or capital markets demand for such property types in the markets in which these assets and borrowers operate in. Furthermore, we may recognize a specific CECL reserve if we anticipate assuming legal title and/or physical possession of the underlying collateral property and the fair value of the collateral asset is determined to be below the carrying value of our loan. Additionally, in certain circumstances, we may recognize a specific CECL reserve based upon anticipated proceeds from the disposition of our loan. The following table presents a summary of our risk rated 5 loans receivable held-for-investment as of September 30, 2025 ($ in thousands):

Property Type	Location	Unpaid Principal Balance	Carrying Value Before Specific CECL Reserve	Specific CECL Reserve	Net Carrying Value
Multifamily	CA	$ 402,341	$ 402,223	$ (35,423)	$ 366,800
Multifamily	TX	136,355	135,840	(14,840)	121,000
Multifamily	TX	76,308	76,184	(27,384)	48,800
Multifamily	TX	25,258	25,197	(2,797)	22,400
Total Multifamily (1)		640,262	639,444	(80,444)	559,000
Land	VA	156,671	156,671	(36,571)	120,100
Total Land		156,671	156,671	(36,571)	120,100
Office	CA	111,542	111,263	(23,063)	88,200
Office	GA	67,892	67,494	(27,794)	39,700
Total Office		179,434	178,757	(50,857)	127,900
Other (2)	Other	1,607	1,607	-	1,607
Total Other		1,607	1,607	-	1,607
Total		$ 977,974	$ 976,479	$ (167,872)	$ 808,607

(1) Represents loans for which we anticipate assuming legal title and/or physical possession of the underlying collateral properties.
(2) Amounts deemed uncollectible have been charged-off as of September 30, 2025.

Fair values of collateral assets used to determine specific CECL reserves are calculated using a discounted cash flow model, a sales comparison approach, or a market capitalization approach. Estimates of fair values used to determine specific CECL reserves as of September 30, 2025 include assumptions of property specific cash flows over estimated holding periods, assumptions of property redevelopment costs, assumptions of leasing activities, discount rates ranging from 6.0% to 9.5%, and market and terminal capitalization rates ranging from 4.66% to 8.25%. These assumptions are based upon the nature of the properties, recent sales and lease comparables, recent and projected property cash flows, and anticipated real estate and capital market conditions.

Our primary credit quality indicator is our internal risk rating, which is further discussed above. The following table presents the carrying value of our loans receivable held-for-investment as of September 30, 2025 by year of origination and risk rating, and principal charge-offs recognized during the nine months ended September 30, 2025 ($ in thousands):

			Carrying Value by Origination Year as of September 30, 2025							
Risk Rating	**Number of Loans**	**Carrying Value (1)**	**2025**	**2024 (2)**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
1	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	-	-	-	-	-	-	-	-	-	-
3	20	2,443,916	-	101,283	-	1,338,170	591,148	-	181,965	231,350
4	9	1,094,775	-	-	-	474,588	94,827	-	437,194	88,166
5	8	808,607	-	-	-	143,400	455,300	88,200	1,607	120,100
	37	$ 4,347,298	$ -	$ 101,283	$ -	$ 1,956,158	$ 1,141,275	$ 88,200	$ 620,766	$ 439,616
Principal Charge-offs			$ -	$ -	$ -	$ 46,096	$ -	$ 23,675	$ 90,925	$ 42,645

(1) Net of specific CECL reserves of $167.9 million.
(2) Reflects a loan receivable acquired in connection with a full loan repayment in July 2024.

The following table details overall statistics for our loans receivable held-for-investment:

	September 30, 2025	December 31, 2024
Weighted average yield to maturity(1)	6.7%	7.6%
Weighted average term to initial maturity	0.4 years	0.7 years
Weighted average term to fully extended maturity(2)	1.2 years	1.7 years

(1) Represents the weighted average annualized yield to initial maturity of each loan, inclusive of coupon and contractual fees, based on the applicable floating benchmark rate/floors (if applicable), in place as of September 30, 2025 and December 31, 2024. For loans placed on non-accrual, the annualized yield to initial maturity used in calculating the weighted average annualized yield to initial maturity is 0%.
(2) Term to fully extended maturity is determined based on the maximum maturity of each of the corresponding loans, assuming all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date.

Note 4. Equity Method Investment

As of September 30, 2025 and December 31, 2024, we hold a 51% interest in CMTG/TT Mortgage REIT LLC ("CMTG/TT"). We are not deemed to be the primary beneficiary of CMTG/TT in accordance with ASC 810, therefore we do not consolidate this joint venture. During its active investment period, CMTG/TT originated loans collateralized by institutional quality commercial real estate. As of September 30, 2025, the sole remaining loan held by CMTG/TT had an unpaid principal balance of $78.5 million and was placed on non-accrual status effective April 1, 2023. As of September 30, 2025, the carrying value of our 51% equity interest in CMTG/TT approximated $42.2 million.

The following tables present CMTG/TT's consolidated balance sheets as of September 30, 2025 and December 31, 2024 ($ in thousands):

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	$ 16	$ 49
Loans receivable held-for-investment	83,167	83,167
Other assets	1	8
Total assets	$ 83,184	$ 83,224
Liabilities and Members' Capital		
Other liabilities	$ 384	$ 243
Total liabilities	384	243
Members' capital	82,800	82,981
Total capital	82,800	82,981
Total liabilities and members' capital	$ 83,184	$ 83,224

The following tables present CMTG/TT's consolidated statements of operations for the three and nine months ended September 30, 2025 and 2024 ($ in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue				
Interest and related income	$ 1	$ 1	$ 1	$ 4
Total revenue	1	1	1	4
Expenses				
Management fees - affiliate	51	52	155	156
General and administrative expenses	11	21	27	71
Total expenses	62	73	182	227
Net loss	$ (61)	$ (72)	$ (181)	$ (223)

At each reporting period, we assess whether there are any indicators of other-than-temporary impairment of our equity investment. There were no other than temporary impairments of our equity method investment through September 30, 2025.

Note 5. Real Estate Owned

The following table presents additional detail related to our real estate owned held-for-investment, net, as of September 30, 2025 and December 31, 2024 ($ in thousands):

	September 30, 2025	December 31, 2024
Land	$ 223,343	$ 112,898
Building, building improvements, and site improvements	432,978	11,251
Tenant improvements	2,312	4,414
Furniture, fixtures and equipment	5,947	-
Real estate owned	664,580	128,563
Less: accumulated depreciation	(2,972)	(1,423)
Real estate owned, net	$ 661,608	$ 127,140

Depreciation expense related to our real estate owned held-for-investment assets for the three months ended September 30, 2025 and 2024 was $2.0 million and $2.4 million, respectively. Depreciation expense related to our real estate owned held-for-investment assets for the nine months ended September 30, 2025 and 2024 was $2.6 million and $7.2 million, respectively. At each reporting period, we assess whether there are any indicators of impairment of our real estate owned held-for-investment assets. There were no impairments of our real estate owned held-for-investment assets through September 30, 2025.

The following table presents additional detail related to the revenues and operating expenses of our real estate owned assets ($ in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue				
Hotel portfolio	$ 22,193	$ 21,250	$ 57,808	$ 53,995
Mixed-use property fixed rents	1,569	1,985	5,664	6,157
Mixed-use property variable rents	115	190	323	410
Mixed-use property amortization of above and below market leases, net	(295)	(354)	(983)	(1,062)
Mixed-use property straight-line rent adjustment	252	32	434	95
Multifamily properties fixed rents	4,267	-	4,803	-
Multifamily properties variable rents	871	-	976	-
Multifamily property amortization of below market leases, net	37	-	37	-
Total revenue from real estate owned	$ 29,009	$ 23,103	$ 69,062	$ 59,595
Operating expenses				
Hotel portfolio	$ 13,941	$ 13,189	$ 39,251	$ 37,458
Mixed-use property	934	1,538	3,776	4,008
Multifamily properties	3,614	-	4,073	-
Total operating expenses from real estate owned	$ 18,489	$ 14,727	$ 47,100	$ 41,466
Interest expense				
Hotel portfolio	$ 5,203	$ 6,900	$ 19,388	$ 20,098
Mixed-use property	-	-	-	-
Multifamily properties (1)	4,213	-	4,746	-
Total interest expense from real estate owned	$ 9,416	$ 6,900	$ 24,134	$ 20,098

(1) Such assets are pledged to certain of our repurchase agreements and, accordingly, excludes any allocation of amortization of deferred financing costs related to such repurchase agreement.

Hotel Portfolio

On February 8, 2021, we acquired legal title to a portfolio of seven limited service hotels located in New York, NY through a foreclosure and assumed the securitized senior mortgage. As of December 31, 2024, we determined that our hotel portfolio had met the held-for-sale criteria and, accordingly, we reflected this asset as real estate owned held-for-sale on our consolidated balance sheet. We determined the anticipated sale did not reflect a strategic shift and therefore did not qualify for presentation as a discontinued operation. Concurrent with this classification, we recognized an $80.5 million loss based upon the anticipated sales price, less estimated costs to sell. During the nine months ended September 30, 2025, we continued to pursue the sale of this asset. During such period, we incurred $362,000 of capital expenditures at our hotel portfolio, which is included within valuation adjustment for real estate owned held-for-sale on our consolidated statement of operations. As of September 30, 2025, we determined that a sale was no longer advisable given current market conditions. Accordingly, we ceased the sale process, determined the hotel portfolio no longer met the held-for-sale criteria, and reclassified the hotel portfolio to real estate owned, held-for-investment on our consolidated balance sheet. As we determined the fair value of the hotel portfolio to be $320.0 million as of September 30, 2025, we did not recognize depreciation expense during the nine months ended September 30, 2025. Concurrent with the reclassification to held-for-investment, we recognized a $13.0 million reversal of a previously recognized valuation adjustment for real estate owned held-for-sale, representing previously estimated costs to sell.

Mixed-Use Property

On June 30, 2023, we acquired legal title to a mixed-use property located in New York, NY and the equity interests in the borrower through an assignment-in-lieu of foreclosure and is comprised of office, retail, and signage components. As of September 30, 2025, the mixed-use property appears as part of real estate owned, net and related lease intangibles appear within other assets and other liabilities on our consolidated balance sheet. During the three months ended September 30, 2025, we sold two floors of office space to unaffiliated purchasers for an aggregate gross sales price $13.8 million, resulting in (i) an aggregate gain on partial sales of $2.0 million and (ii) proceeds, net of transaction costs and prorations, of $12.1 million. During the nine months ended September 30, 2025, we sold seven floors of primarily office space to unaffiliated purchasers for an aggregate gross sales price of $42.6 million, resulting in (i) an aggregate gain on partial sales, net of $0.4 million and (ii) proceeds, net of transaction costs and prorations, of $38.7 million. In October 2025, we (i) sold the signage component to an unaffiliated purchaser for a gross sales price of $12.2 million and (ii) entered into a binding agreement to sell one additional floor of office space to an unaffiliated purchaser for a gross sales price of $5.9 million.

Multifamily Properties

On May 28, 2025, we acquired legal title to a multifamily property located in Phoenix, AZ through a mortgage foreclosure. Prior to such date, the multifamily property represented the underlying collateral for a senior loan with an unpaid principal balance of $50.2 million. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $7.2 million, resulting in a carrying value of $42.8 million. Upon the mortgage foreclosure, we recognized a reversal of the specific CECL reserve of $0.3 million prior to recognizing a principal charge-off of $6.9 million based upon the multifamily property's $42.8 million estimated fair value as determined by a third-party appraisal and assumption of $0.3 million of net working capital. In connection with the mortgage foreclosure, we incurred $0.1 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net and related lease intangibles appear within other assets on our consolidated balance sheet.

On June 12, 2025, we acquired legal title to a multifamily property located in Henderson, NV through a mortgage foreclosure. Prior to such date, the multifamily property represented the underlying collateral for a senior loan with an unpaid principal balance of $96.5 million. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $16.7 million, resulting in a carrying value of $79.4 million. Upon the mortgage foreclosure, we recognized a reversal of the specific CECL reserve of $0.1 million prior to recognizing a principal charge-off of $16.5 million based upon the multifamily property's $79.4 million estimated fair value as determined by a third-party appraisal and assumption of $0.1 million of net working capital. In connection with the mortgage foreclosure, we incurred $0.4 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net and related lease intangibles appear within other assets on our consolidated balance sheet.

On July 1, 2025, we acquired legal title to a multifamily property located in Dallas, TX through a mortgage foreclosure. Prior to such date, the multifamily property represented the underlying collateral for a senior loan with an unpaid principal balance of $39.3 million prior to principal charge-offs. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $10.9 million, resulting in a carrying value of $28.2 million, and a CECL reserve of $0.3 million on accrued interest receivable recognized prior to placing the loan on non-accrual status. Subsequently, we recognized an additional $2.9 million specific CECL reserve prior to recognizing principal and accrued interest receivable charge-offs of $13.8 million and $0.3 million, respectively, based upon the multifamily property's $25.3 million estimated fair value as determined by a third-party appraisal. During the three months ended September 30, 2025, we recognized a $0.5 million reversal of the previously recognized principal charge-off, representing assumed net working capital. In connection with the mortgage foreclosure, we incurred $0.3 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net and related lease intangibles appear within other assets on our consolidated balance sheet.

On July 1, 2025, we acquired legal title to two multifamily properties located in Dallas, TX through a mortgage foreclosure. Prior to such date, the multifamily properties represented the underlying collateral for a senior loan with an unpaid principal balance of $119.1 million prior to principal charge-offs. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $0.6 million, resulting in a carrying value of $118.1 million, and a CECL reserve of $2.6 million on accrued interest receivable recognized prior to placing the loan on non-accrual status. Subsequently, we recognized an additional $8.6 million specific CECL reserve prior to recognizing principal and accrued interest receivable charge-offs of $7.9 million and $2.6 million, respectively, based upon the multifamily properties' aggregate $110.2 million estimated fair value as determined by a third-party appraisal. During the three months ended September 30, 2025, we recognized an additional principal charge-off of $0.9 million, representing $0.7 million of assumed net working capital and $0.2 million of an additional protective advance made prior to foreclosure. In connection with the mortgage foreclosure, we incurred $0.5 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net, related lease intangibles appear within other assets, and below-market lease values related to a nominal retail component appear within other liabilities on our consolidated balance sheet.

Fair values of multifamily assets we acquired legal title to during the nine months ended September 30, 2025 as determined by third-party appraisers utilized market capitalization rates ranging from 4.75% to 5.50%. Such assumptions are based upon the nature of the properties and recent sales comparables.

In accordance with ASC 805, we allocated the fair value of assets acquired and liabilities assumed in connection with the above mortgage foreclosures on the above mentioned multifamily properties as follows ($ in thousands):

	Phoenix, AZ	Henderson, NV	Dallas, TX	Dallas, TX	Total
Land	$ 6,400	$ 9,000	$ 2,087	$ 22,736	$ 40,223
Building	34,592	64,600	19,273	84,388	202,853
Site improvements	-	2,100	2,445	559	5,104
Furniture, fixtures and equipment	206	400	815	1,069	2,490
In-place lease values (1)	1,602	3,300	680	1,851	7,433
Below market lease values (2)	-	-	-	(403)	(403)
Total	**$ 42,800**	**$ 79,400**	**$ 25,300**	**$ 110,200**	**$ 257,700**

(1) Included within other assets on our consolidated balance sheets.
(2) Included within other liabilities on our consolidated balance sheets.

The following table presents additional detail of the assets acquired and liabilities assumed in connection with the mortgage foreclosures on the above mentioned multifamily properties ($ in thousands):

	Phoenix, AZ	Henderson, NV	Dallas, TX	Dallas, TX	Total
Assets					
Cash	$ 188	$ 65	$ 185	$ -	$ 438
Restricted cash	312	672	821	1,905	3,710
Real estate owned	41,198	76,100	24,620	108,752	250,670
In-place lease values (1)	1,602	3,300	680	1,851	7,433
Other assets	26	54	20	36	136
Total assets	**43,326**	**80,191**	**26,326**	**112,544**	**262,387**
Liabilities					
Below market lease values (2)	$ -	$ -	$ -	$ 403	$ 403
Other liabilities	227	653	558	2,560	3,998
Total liabilities	**227**	**653**	**558**	**2,963**	**4,401**
Equity	**43,099**	**79,538**	**25,768**	**109,581**	**257,986**
Carrying value of loan prior to charge-offs (3)	(49,957)	(96,082)	(39,085)	(118,959)	(304,083)
Accrued interest receivable	-	-	(320)	(2,594)	(2,914)
Principal Charge-off	**$ (6,858)**	**$ (16,544)**	**$ (13,637)**	**$ (11,972)**	**$ (49,011)**

(1) Included within other assets on our consolidated balance sheets.
(2) Included within other liabilities on our consolidated balance sheets.
(3) Carrying values are net of a total $1.2 million of unamortized fees.

Leases

We have non-cancelable operating leases for space in our mixed-use and multifamily properties. These leases provide for fixed rent payments, which we recognize on a straight-line basis, and variable rent payments, including reimbursement of certain operating expenses and miscellaneous fees, which we recognize when earned. As of September 30, 2025, the future minimum fixed rents under our non-cancellable leases for each of the next five years and thereafter are as follows ($ in thousands):

Year	Amount
2025 (1)	$ 1,582
2026	6,489
2027	6,529
2028	6,645
2029	7,384
Thereafter	35,248
Total	$ 63,877

(1)Contractual lease payments due for the remaining three months of 2025.

Lease Intangibles

As of September 30, 2025 and December 31, 2024, our lease intangibles are comprised of the following ($ in thousands):

Intangible	September 30, 2025	December 31, 2024
In-place, above market, and other lease values	$ 28,383	$ 24,289
Less: accumulated amortization	(6,420)	(3,888)
In-place, above market, and other lease values, net (1)	$ 21,963	$ 20,401
Below market lease values	$ (4,612)	$ (4,209)
Less: accumulated amortization	886	565
Below market lease values, net (2)	$ (3,726)	$ (3,644)

(1) Included within other assets on our consolidated balance sheets.
(2) Included within other liabilities on our consolidated balance sheets.

Amortization of our lease intangibles for the three and nine months ended September 30, 2025 and 2024 is as follows ($ in thousands):

	Three Months Ended		Nine Months Ended	
Intangible	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
In-place and other lease values (1)	$ 1,822	$ 200	$ 2,462	$ 601
Above market lease values (2)	(391)	(448)	(1,267)	(1,343)
Below market lease values (2)	133	94	321	282

(1) Amortization of in-place and other lease values is recognized in depreciation and amortization expense on our consolidated statements of operations.
(2) Amortization of above and below market lease values, net is recognized in revenue from real estate owned on our consolidated statements of operations.

As of September 30, 2025, the estimated amortization of our lease intangibles is approximately as follows ($ in thousands):

	In-place and Other Lease Values (1)	Above Market Lease Values (2)	Below Market Lease Values (2)
2025 (3)	$ 1,822	$ (390)	$ 132
2026	3,713	(1,559)	528
2027	684	(1,559)	528
2028	593	(1,559)	402
2029	410	(1,559)	377
Thereafter	1,616	(6,499)	1,759
Total	$ 8,838	$ (13,125)	$ 3,726

(1) Amortization of in-place and other lease values is recognized in depreciation and amortization expense on our consolidated statements of operations.
(2) Amortization of above and below market lease values, net is recognized in revenue from real estate owned on our consolidated statements of operations.
(3) Represents amortization for the remaining three months of 2025.

The weighted average amortization period for in-place lease values and below market lease values acquired during the nine months ended September 30, 2025 was 1.3 years and 2.6 years, respectively.

Note 6. Debt Obligations

As of September 30, 2025 and December 31, 2024, we financed certain of our loans receivable using repurchase agreements, a term participation facility, and/or notes payable. Further, we have a secured term loan and debt related to real estate owned hotel portfolio. Our financings bear interest at a rate equal to SOFR plus a credit spread.

The following table summarizes our financings as of September 30, 2025 and December 31, 2024 ($ in thousands):

	September 30, 2025			December 31, 2024		
	Capacity	Borrowings Outstanding	Weighted Average Spread [1]	Capacity	Borrowings Outstanding	Weighted Average Spread[1]
Repurchase agreements and term participation facility [2]	$ 4,854,931	$ 2,532,188	+ 2.88%	$ 5,454,083	$ 3,667,923	+ 2.75%
Notes payable	195,830	176,505	+ 3.22%	273,330	238,938	+ 3.57%
Secured term loan	712,104	712,104	+ 4.50%	717,825	717,825	+ 4.50%
Debt related to real estate owned hotel portfolio	235,000	235,000	+ 3.18%	275,000	275,000	+ 2.94%
Total/Weighted Average	$ 5,997,865	$ 3,655,797	+ 3.23%	$ 6,720,238	$ 4,899,686	+ 3.05%

(1) Weighted average spread over the applicable benchmark rate is based on unpaid principal balance. SOFR as of September 30, 2025 and December 31, 2024 was 4.13% and 4.33%, respectively.
(2) The repurchase agreements and term participation facility are partially recourse to us. As of September 30, 2025 and December 31, 2024, the weighted average recourse on our repurchase agreements and term participation facility was 30% and 29%, respectively.

Repurchase Agreements and Term Participation Facility

Repurchase Agreements

The following table summarizes our repurchase agreements by lender as of September 30, 2025 ($ in thousands):

Lender	Initial Maturity	Fully Extended Maturity[1]	Maximum Capacity	Borrowings Outstanding and Carrying Value	Undrawn Capacity	Carrying Value of Collateral[2]
JP Morgan Chase Bank, N.A.	7/28/2026	7/28/2028	$ 1,882,487	$ 1,015,681	$ 866,806	$ 1,712,529
JP Morgan Chase Bank, N.A. [3]	3/31/2028	3/31/2030	1,091,253	1,069,939	21,314	1,437,985
Morgan Stanley Bank, N.A.	1/26/2026	1/26/2028	750,000	99,279	650,721	191,717
Barclays Bank PLC	12/20/2025	12/20/2025	500,000	-	500,000	-
Wells Fargo Bank, N.A.	4/30/2026	4/30/2028	250,000	-	250,000	-
Total			$ 4,473,740	$ 2,184,899	$ 2,288,841	$ 3,342,231

(1) Facility maturity dates may be extended, subject to meeting prescribed conditions.
(2) Net of specific CECL reserves, if any.
(3) Repurchase agreement specifically provides for the ability to finance (i) loans receivable, including those which may be delinquent or in default, and (ii) real estate owned assets subsequent to assuming legal title and/or physical possession of the underlying collateral property. As of September 30, 2025, (i) $198.3 million of borrowings outstanding on this repurchase agreement relate to our multifamily real estate owned assets, and (ii) carrying value of collateral for this repurchase agreement includes our multifamily real estate owned assets included in real estate owned, held-for-investment, related lease intangibles included in other assets, and below market lease values included in other liabilities on our consolidated balance sheet.

The Goldman Sachs Bank USA repurchase agreement was terminated in June 2025 in accordance with the terms of the agreement upon the repayment of the last remaining loan receivable pledged to the facility and its associated financing.

The following table summarizes our repurchase agreements by lender as of December 31, 2024 ($ in thousands):

Lender	Initial Maturity	Fully Extended Maturity [1]	Maximum Capacity	Borrowings Outstanding and Carrying Value	Undrawn Capacity	Carrying Value of Collateral [2]
JP Morgan Chase Bank, N.A.	7/28/2026	7/28/2028	$ 2,398,421	$ 1,966,560	$ 431,861	$ 3,015,354
Morgan Stanley Bank, N.A.	1/26/2025	1/26/2028	750,000	454,403	295,597	698,548
Goldman Sachs Bank USA	5/31/2025	5/31/2027	500,000	137,209	362,791	177,044
Barclays Bank PLC	12/20/2025	12/20/2025	500,000	-	500,000	-
Wells Fargo Bank, N.A.	1/13/2025	9/29/2026	750,000	632,167	117,833	863,518
Total			$ 4,898,421	$ 3,190,339	$ 1,708,082	$ 4,754,464

(1) Facility maturity dates may be extended, subject to meeting prescribed conditions.
(2) Net of specific CECL reserves, if any.

Term Participation Facility

On November 4, 2022, we entered into a master participation and administration agreement to finance certain of our loans receivable.

Our term participation facility as of September 30, 2025 is summarized as follows ($ in thousands):

Contractual Maturity Date	Total Commitments	Borrowings Outstanding and Carrying Value	Carrying Value of Collateral
12/23/2029	$ 381,191	$ 347,289	$ 679,290

Our term participation facility as of December 31, 2024 is summarized as follows ($ in thousands):

Contractual Maturity Date	Total Commitments	Borrowings Outstanding and Carrying Value	Carrying Value of Collateral[1]
12/23/2029	$ 555,662	$ 477,584	$ 941,778

(1) Amount includes the carrying value of our mixed-use real estate owned asset, including related net lease intangible assets.

Notes Payable

Our notes payable as of September 30, 2025 are summarized as follows ($ in thousands):

Contractual Maturity Date	Maximum Extension Date	Borrowing Outstanding	Carrying Value	Carrying Value of Collateral
9/2/2026	9/2/2027	$ 120,339	$ 119,817	$ 170,451
2/2/2026	2/2/2027	56,166	55,933	71,087
Total		$ 176,505	$ 175,750	$ 241,538

Our notes payable as of December 31, 2024 are summarized as follows ($ in thousands):

Contractual Maturity Date	Maximum Extension Date	Borrowing Outstanding	Carrying Value	Carrying Value of Collateral
9/2/2026	9/2/2027	$ 105,280	$ 104,333	$ 148,729
7/15/2027	7/15/2027	77,500	76,895	183,427
2/2/2026	2/2/2027	56,158	55,617	70,677
Total		$ 238,938	$ 236,845	$ 402,833

Secured Term Loan, Net

On August 9, 2019, we entered into a $450.0 million secured term loan which, on December 1, 2020, was modified to increase the aggregate principal amount by $325.0 million, increase the interest rate, and to increase the quarterly amortization payment. On December 2, 2021, we further modified our secured term loan to reduce the interest rate to the greater of (i) SOFR plus a 0.10% credit spread adjustment, and (ii) 0.50%, plus a credit spread of 4.50%. Our secured term loan is collateralized by a pledge of equity in certain subsidiaries and their related assets.

The secured term loan as of September 30, 2025 is summarized as follows ($ in thousands):

Contractual Maturity Date	Stated Rate [1]	Interest Rate	Borrowing Outstanding	Carrying Value
8/9/2026	S + 4.50%	8.73%	$ 712,104	$ 707,678

(1) SOFR at September 30, 2025 was 4.13%.

The secured term loan as of December 31, 2024 is summarized as follows ($ in thousands):

Contractual Maturity Date	Stated Rate [1]	Interest Rate	Borrowing Outstanding	Carrying Value
8/9/2026	S + 4.50%	8.93%	$ 717,825	$ 709,777

(1) SOFR at December 31, 2024 was 4.33%.

Debt Related to Real Estate Owned Hotel Portfolio, Net

Upon maturity of our debt related to real estate owned hotel portfolio in February 2025 and subsequent thereto, we entered into forbearance agreements with our lender through September 9, 2025 and concurrently repaid $5.0 million of the principal balance. During the forbearance period, interest accrued at additional rates ranging from 3.0% to 5.0% per annum. On June 9, 2025, we refinanced our debt related to real estate owned hotel portfolio with a non-recourse senior mortgage in the amount of $235.0 million. Such financing matures on June 9, 2027, and we may extend the maturity to June 9, 2030 pursuant to three one-year extension options, subject to meeting prescribed conditions.

Our debt related to real estate owned hotel portfolio as of September 30, 2025 is summarized as follows ($ in thousands):

Contractual Maturity Date	Stated Rate (1)	Net Interest Rate (1)	Borrowing Outstanding	Carrying Value
6/9/2027	S + 3.18%	7.31%	$ 235,000	$ 230,284

(1) SOFR at September 30, 2025 was 4.13%, which was below the 6.79% strike rate provided by our interest rate cap. See Note 7 – Derivatives for further detail.

Our debt related to real estate owned hotel portfolio as of December 31, 2024 is summarized as follows ($ in thousands):

Contractual Maturity Date	Stated Rate (1)	Net Interest Rate (1)	Borrowing Outstanding	Carrying Value
2/9/2025	S + 2.94%	7.27%	$ 275,000	$ 274,604

(1) SOFR at December 31, 2024 was 4.33%, which was below the 5.00% strike rate provided by our interest rate cap. See Note 7 – Derivatives for further detail.

Interest Expense and Amortization

The following table summarizes our interest and amortization expense on our secured financings, debt related to real estate owned hotel portfolio and secured term loan for the three and nine months ended September 30, 2025 and 2024, respectively ($ in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest expense on secured financings	$ 49,442	$ 87,141	$ 177,667	$ 270,314
Interest expense on secured term loan	16,320	18,292	48,543	54,711
Amortization of deferred financing costs	6,077	5,663	16,851	15,227
Interest and related expense	71,839	111,096	243,061	340,252
Interest expense on debt related to real estate owned hotel portfolio (1)	5,203	6,900	19,388	20,098
Interest expense on multifamily real estate owned properties (2)	4,213	-	4,746	-
Total interest and related expense	$ 81,255	$ 117,996	$ 267,195	$ 360,350

(1) For the three months ended September 30, 2025 and 2024, interest expense on debt related to real estate owned hotel portfolio includes $0.7 million and $1.1 million, respectively, of amortization of deferred financing costs. For the nine months ended September 30, 2025 and 2024, interest expense on debt related to real estate owned hotel portfolio includes $1.6 million and $2.5 million, respectively, of amortization of deferred financing costs.

(2) Our multifamily real estate owned assets are pledged to certain of our repurchase agreements. Thus, amount excludes any allocation of amortization of deferred financing costs related to such repurchase agreement.

Financial Covenants

Our financing agreements generally contain certain financial covenants. For example, our ratio of earnings before interest, taxes, depreciation, and amortization to interest charges ("Interest Coverage Ratio"), as calculated in accordance with our repurchase agreements and term participation facility, shall not be less than 1.1 to 1.0, whereas our ratio of earnings before interest, taxes, depreciation, and amortization to interest charges as calculated in accordance with our secured term loan agreement shall not be less than 1.5 to 1.0. Further, our tangible net worth, as calculated in accordance with our repurchase agreements, shall not be less than $1.7 billion, whereas our tangible net worth, as calculated in accordance with our secured term loan agreement, which permits us to make certain adjustments for our current expected credit loss reserve, shall not be less than $1.86 billion as of each measurement date. Additionally, (i) cash liquidity shall not be less than the greater of (x) $20 million or (y) 5% of our recourse indebtedness (which includes our secured term loan); and (ii) our indebtedness shall not exceed 77.8% of our total assets, which is the most restrictive indebtedness covenant as of the reporting date. As of September 30, 2025, we are in compliance with all financial covenants under our financing agreements. Commencing with the quarter ending December 31, 2025, our Interest Coverage Ratio shall not be less than 1.3 to 1.0.

Future compliance with our financial covenants is dependent upon the results of our operating activities, our financial condition, and the overall market conditions in which we and our borrowers operate. The impact of macroeconomic conditions on the commercial real estate and capital markets, including high benchmark interest rates compared to recent historical standards and the effects thereof on our and our borrowers' operating performance, may make it more difficult for us to satisfy these financial covenants in the future. Non-compliance with financial covenants may result in our lenders exercising their rights and remedies as provided for in the respective agreements. As the results of our operating activities, our financial condition, and the overall market conditions in which we and our borrowers operate evolve, we may continue to work with our counterparties on modifying financial covenants as needed; however, there is no assurance that our counterparties will agree to such modifications.

Note 7. Derivatives

On June 2, 2021 and in connection with our debt related to real estate owned hotel portfolio, we acquired an interest rate cap with a notional amount of $290.0 million, a strike rate of 3.00%, and a maturity date of February 15, 2024. Such interest rate cap effectively limited the maximum interest rate of our debt related to real estate owned hotel portfolio to 5.83% through its then maturity. Subsequent thereto and in connection with modifications of our debt related to real estate owned hotel portfolio, we acquired interest rate caps with maturity dates and notional amounts equal to that of the then maturity dates and outstanding principal balance of our debt related to real estate owned hotel portfolio, respectively, and strike rates of 5.00%. Through the contractual maturity of our debt related to real estate owned hotel portfolio, the interest rate caps effectively limited the maximum interest rate of our debt related to real estate owned hotel portfolio to 7.94%. Concurrent with refinancing our debt related to real estate owned hotel portfolio in June 2025, we acquired an interest rate cap for a price of $71,000 with a notional amount of $235.0 million, a strike rate of 6.79%, and a maturity date of June 2027, which effectively limits the maximum interest rate of our debt related to real estate owned hotel portfolio to 9.97%.

Changes in the fair value of our interest rate cap are recorded as an unrealized gain or loss on interest rate cap on our consolidated statements of operations and the fair value is recorded in other assets on our consolidated balance sheets. Proceeds received from our counterparty related to the interest rate cap are recorded as proceeds from interest rate cap on our consolidated statements of operations. As of September 30, 2025 and December 31, 2024, the fair values of our interest rate caps were de minimis. During the three months ended September 30, 2025 and 2024, we recognized $0.0 million and $0.2 million, respectively, of proceeds from interest rate cap. During the nine months ended September 30, 2025 and 2024, we recognized $0.0 million and $1.3 million, respectively, of proceeds from interest rate cap.

Note 8. Fair Value Measurements

ASC 820, "*Fair Value Measurements and Disclosures*" establishes a framework for measuring fair value as well as disclosures about fair value measurements. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use when pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability other than quoted prices, such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement fall is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Financial Instruments Reported at Fair Value

The fair value of our interest rate caps are determined by using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the interest rate caps. The variable interest rates used in the calculation of projected receipts on the interest rate caps are based on a third-party expert's expectation of future interest rates derived from observable market interest rate curves and volatilities. Our interest rate caps are classified as Level 2 in the fair value hierarchy. As of September 30, 2025 and December 31, 2024, the fair values of our interest rate caps were de minimis.

Financial Instruments Not Reported at Fair Value

The carrying value and estimated fair value of financial instruments not recorded at fair value on a recurring basis but required to be disclosed at fair value were as follows ($ in thousands):

	September 30, 2025					
	Carrying Value	Unpaid Principal Balance	Fair Value	Fair Value Hierarchy Level		
				Level 1	Level 2	Level 3
Loans receivable held-for-investment, net	$ 4,213,170	$ 4,518,241	$ 4,194,902	$ -	$ -	$ 4,194,902
Loan receivable held-for-sale	28,069	28,069	28,069	-	-	28,069
Repurchase agreements	2,184,899	2,184,899	2,184,899	-	-	2,184,899
Term participation facility	347,289	347,289	343,716	-	-	343,716
Notes payable, net	175,750	176,505	175,714	-	-	175,714
Secured term loan, net	707,678	712,104	686,290	-	-	686,290
Debt related to real estate owned hotel portfolio, net	230,284	235,000	235,086	-	-	235,086

	December 31, 2024					
	Carrying Value	Unpaid Principal Balance	Fair Value	Fair Value Hierarchy Level		
				Level 1	Level 2	Level 3
Loans receivable held-for-investment, net	$ 5,947,262	$ 6,200,290	$ 5,934,590	$ -	$ -	$ 5,934,590
Loans receivable held-for-sale	277,062	312,471	277,062	-	-	277,062
Repurchase agreements	3,190,339	3,190,339	3,190,339	-	-	3,190,339
Term participation facility	477,584	477,584	476,099	-	-	476,099
Notes payable, net	236,845	238,938	236,939	-	-	236,939
Secured term loan, net	709,777	717,825	685,522	-	-	685,522
Debt related to real estate owned hotel portfolio, net	274,604	275,000	274,680	-	-	274,680

Note 9. Equity

Common Stock

Our charter provides for the issuance of up to 500,000,000 shares of common stock with a par value of $0.01 per share. As of September 30, 2025 and December 31, 2024, we had 140,218,764 and 139,362,657 shares of common stock issued and outstanding, respectively.

The following table provides a summary of the number of shares of common stock outstanding during the nine months ended September 30, 2025 and 2024, respectively:

	Nine Months Ended	
Common Stock Outstanding	**September 30, 2025**	**September 30, 2024**
Beginning balance	139,362,657	138,745,357
Issuance of common stock in exchange for fully vested RSUs	856,107	617,300
Ending balance	140,218,764	139,362,657

At the Market Stock Offering Program

On May 10, 2024, we entered into an equity distribution agreement with certain sales agents, pursuant to which we may sell, from time to time, up to an aggregate sales price of $150.0 million of our common stock pursuant to a continuous offering program (the "ATM Agreement") under our in place effective shelf registration. Sales of our common stock made pursuant to the ATM Agreement may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended. The timing and amount of actual sales will depend on a variety of factors, including market conditions, the trading price of our common stock, our capital needs, and our determination of the appropriate sources of funding to meet such needs. During the nine months ended September 30, 2025, we did not issue any shares of our common stock pursuant to the

ATM Agreement. As of September 30, 2025, the ATM Agreement has not been utilized, and $150.0 million remained available for issuance of our common stock pursuant to the ATM Agreement.

Dividends

The Board did not declare any dividends during the nine months ended September 30, 2025. The following table details our dividend activity for common stock for the nine months ended September 30, 2024 ($ in thousands, except per share data):

	For the Quarter Ended					
	March 31, 2024		June 30, 2024		September 30, 2024	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Dividends declared - common stock	$ 34,687	$ 0.25	$ 34,739	$ 0.25	$ 13,936	$ 0.10
Record Date - common stock	March 29, 2024		June 28, 2024		September 30, 2024	
Payment Date - common stock	April 15, 2024		July 15, 2024		October 15, 2024	

Note 10. Earnings Per Share

We calculate basic earnings per share ("EPS") using the two-class method, which defines unvested share-based payment awards that contain nonforfeitable rights to dividends as participating securities. Under the two-class method, both distributed and undistributed earnings are allocated to common stock and participating securities based on their respective rights. Basic EPS is calculated by dividing our net income (loss) less participating securities' share in earnings by the weighted average number of shares of common stock outstanding during each period.

Diluted EPS is calculated under the more dilutive of the treasury stock or the two-class method. Under the treasury stock method, diluted EPS is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding plus the incremental potential shares of common stock assumed issued during the period if they are dilutive.

For the three and nine months ended September 30, 2025 and 2024, we had no dilutive securities. As a result, basic and diluted EPS are the same. The calculation of basic and diluted EPS is as follows ($ in thousands, except for share and per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net loss	$ (9,528)	$ (56,218)	$ (269,858)	$ (120,567)
Dividends on participating securities [1]	-	(245)	-	(1,949)
Participating securities' share in earnings	-	-	-	-
Basic loss	$ (9,528)	$ (56,463)	$ (269,858)	$ (122,516)
Weighted average shares of common stock outstanding, basic and diluted [2]	140,563,026	139,561,491	140,052,069	139,145,099
Net loss per share of common stock, basic and diluted	$ (0.07)	$ (0.40)	$ (1.93)	$ (0.88)

(1) For the three months ended September 30, 2025 and 2024, dividends on participating securities excludes $0 and $9,000 of dividends on fully vested RSUs, respectively. For the nine months ended September 30, 2025 and 2024, dividends on participating securities excludes $0 and $42,000 of dividends on fully vested RSUs, respectively.

(2) Amounts as of September 30, 2025 and 2024 include 205,150 and 95,380 fully vested RSUs, respectively.

For the three months ended September 30, 2025 and 2024, 2,519,608 and 2,459,978 of weighted average unvested RSUs, respectively, were excluded from the calculation of diluted EPS because the effect was anti-dilutive. For the nine months ended September 30, 2025 and 2024, 2,683,845 and 2,755,785 of weighted average unvested RSUs, respectively, were excluded from the calculation of diluted EPS because the effect was anti-dilutive.

Note 11. Related Party Transactions

Our activities are managed by our Manager. Pursuant to the terms of the Management Agreement, our Manager is responsible for originating investment opportunities, providing asset management services and administering our day-to-day operations. Our Manager is entitled to receive a management fee, an incentive fee, and a termination fee as defined below.

The following table summarizes our management fees ($ in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Management fees	$ 7,733	$ 9,079	$ 24,327	$ 27,300

Management Fees

Effective October 1, 2015, our Manager earns a base management fee in an amount equal to 1.50% per annum of Stockholders' Equity, as defined in the Management Agreement. Management fees are reduced by our pro rata share of any management fees and incentive fees (if incentive fees are not incurred by us) incurred to our Manager by CMTG/TT. Management fees are generally paid quarterly, in arrears, and $7.7 million and $27.0 million were accrued and were included in management fee payable – affiliate, on our consolidated balance sheets at September 30, 2025 and December 31, 2024, respectively.

Incentive Fees

Our Manager is entitled to an incentive fee equal to 20% of the excess of our Core Earnings on a rolling four-quarter basis, as defined in the Management Agreement, over a 7.00% return on Stockholders' Equity. Incentive fees are reduced by our pro rata share of any incentive fees incurred to our Manager by CMTG/TT.

During the nine months ended September 30, 2025, we did not incur any incentive fees. As of September 30, 2025 and December 31, 2024, there were no accrued incentive fees on our consolidated balance sheets.

Termination Fees

If we elect to terminate the Management Agreement, we are required to pay our Manager a termination fee equal to three times the sum of the average total annual amount of management fees and the average annual incentive fee paid by us over the prior two years.

Reimbursable Expenses

Our Manager or its affiliates are entitled to reimbursement for certain documented costs and expenses incurred by them on our behalf, as set forth in the Management Agreement, excluding any expenses specifically required to be borne by our Manager under the Management Agreement. For the three months ended September 30, 2025 and 2024, we incurred $1.1 million and $1.0 million, respectively, of reimbursable expenses incurred on our behalf by our Manager which are included in general and administrative expenses on our consolidated statements of operations. For the nine months ended September 30, 2025 and 2024, we incurred $3.2 million and $3.2 million, respectively, of reimbursable expenses incurred on our behalf by our Manager. As of September 30, 2025 and December 31, 2024, $1.0 million and $3.1 million, respectively, of reimbursable expenses incurred on our behalf and due to our Manager are included in other liabilities on our consolidated balance sheets.

Note 12. Stock-Based Compensation

Incentive Award Plan

We are externally managed and do not currently have any employees. On March 30, 2016, we adopted the 2016 Incentive Award Plan (the "Plan") to promote the success and enhance the value of the Company by linking the individual interests of employees of our Manager and its affiliates to those of our stockholders. As of September 30, 2025, the maximum remaining number of shares that may be issued under the Plan is 2,425,048 shares. Awards granted under the Plan may be granted with the right to receive dividend equivalents and generally vest in equal installments on the specified anniversaries of the grant.

Deferred Compensation Plan

On May 24, 2022, we adopted the Deferred Compensation Plan to provide our directors and certain executives with an opportunity to defer payment of their stock-based compensation or RSUs and director cash fees, if applicable, pursuant to the terms of the Deferred Compensation Plan.

Under our Deferred Compensation Plan, certain of our Board members elected to receive the annual fees and/or time-based RSUs to which they are entitled under our Non-Employee Director Compensation Program in the form of deferred RSUs. Accordingly, during the three months ended September 30, 2025 and 2024, we issued 18,008 and 6,098, respectively, of deferred RSUs in lieu of cash fees to such directors, and recognized an expense of approximately $53,000 and $47,000, respectively. During the nine months ended September 30, 2025 and 2024, we issued 43,611 and 14,576, respectively, of deferred RSUs in lieu of cash fees to such directors, and recognized an expense of approximately $159,000 and $144,000, respectively. Such expense is included in general and administrative expenses on our consolidated statements of operations.

Non-Employee Director Compensation Program

Our Board awards time-based RSUs to eligible non-employee Board members on an annual basis as part of such Board members' annual compensation in accordance with the Non-Employee Director Compensation Program. The time-based awards are generally issued in the second quarter on the date of the annual meeting of our stockholders, in conjunction with the director's election to our Board, and the awards vest on the earlier of (x) the one-year anniversary of the grant date and (y) the date of the next annual meeting of our stockholders following the grant date, subject to the applicable participants' continued service through such vesting date. Effective January 1, 2025, to maintain competitiveness in our recruitment and retention of directors, our Non-Employee Director Compensation Program was amended to increase the value of the annual director grants and increase the annual retainer fees payable to the chairs and members of the Audit, Compensation and Nominating and Corporate Governance Committees, and the Lead Independent Director, as set forth in the amended Non-Employee Director Compensation Program.

Eligible non-executive members of our Board were granted the time-based RSUs under the Plan. Each RSU was granted with the right to receive dividend equivalents. Additionally, certain directors elected to defer their RSUs pursuant to the terms of the Deferred Compensation Plan. Such deferred awards will become payable on the earliest to occur of the participant's separation from service or a change in control. On June 1, 2025, we granted 276,750 RSUs to non-executive board members with a grant date fair value per share of $2.71.

Stock-Based Compensation Expense

For the three months ended September 30, 2025 and 2024, we recognized $2.1 million and $5.0 million, respectively, of stock-based compensation expense related to the RSUs. For the nine months ended September 30, 2025 and 2024, we recognized $11.9 million and $13.3 million, respectively, of stock-based compensation expense related to the RSUs. As of September 30, 2025, total unrecognized compensation expense was $10.3 million based on the grant date fair value of RSUs granted. This expense is expected to be recognized over a remaining period of 1.6 years from September 30, 2025.

Certain participants of the Plan are required to settle their tax liabilities through a reduction of their vested RSU delivery. Such amount will result in a corresponding adjustment to additional paid-in capital and a cash payment to our Manager or its affiliates in order to remit the required statutory tax withholding to each respective taxing authority. The following table details the deliveries of shares of our common stock for vested RSUs and corresponding payments for withholding taxes upon delivery of such vested RSUs, which are reflected as adjustments to additional paid-in capital on our consolidated statement of changes in equity during the three and nine months ended September 30, 2025 and 2024 ($ in thousands).

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Vested RSUs	629,459	652,425	1,348,713	1,012,741
Shares of common stock delivered	396,763	408,224	826,369	596,454
Payments for withholding taxes upon delivery of stock-based awards	$ 805	$ 2,054	$ 1,467	$ 3,489

The following tables detail the time-based RSU activity during the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value Per Share	Number of Restricted Share Units	Weighted Average Grant Date Fair Value Per Share
Unvested, beginning of period	2,722,295	$ 11.70	2,526,202	$ 15.31
Granted	1,486,259	2.51	1,269,544	9.53
Vested	(1,437,927)	13.70	(1,072,611)	15.74
Forfeited	(261,014)	8.22	(277,505)	12.67
Unvested, end of period	2,509,613	5.47	2,445,630	12.42

Note 13. Income Taxes

We have elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code commencing with our taxable year ended December 31, 2015 and expect to continue to operate so as to qualify as a REIT. As a result, we will generally not be subject to federal and state income tax on that portion of our income that we distribute to stockholders if we (i) distribute at least 90% of our taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains, and (ii) comply with certain other requirements to qualify as a REIT. Since Commencement of Operations, we have been in compliance with all REIT requirements and we plan to continue to operate so that we meet the requirements for taxation as a REIT. Therefore, other than amounts relating to our taxable REIT subsidiary ("TRS"), as described below, we have not provided for current income tax expense related to our REIT taxable income for the three and nine months ended September 30, 2025 and 2024, respectively. Additionally, no provision has been made for federal or state income taxes in the accompanying financial statements, as we believe we have met the prescribed requisite requirements.

In December 2024, our Board paused our quarterly dividend on our common stock commencing with the fourth quarter 2024 dividend that would have otherwise been paid in January 2025. The timing and amount of any future dividends declared by our Board depend on a variety of factors, including cash generated by operating activities, our financial condition, capital requirements, annual distribution requirements under the REIT provisions of the Internal Revenue Code, and such other factors as our Board deems relevant.

Our real estate owned hotel portfolio is held in a TRS. A TRS is a corporation that is owned directly or indirectly by a REIT and has jointly elected with the REIT to be treated as a TRS for tax purposes. Given the TRS's history of generating taxable losses, we are not able to conclude that it is more likely than not that we will realize the future benefit of the TRS's deferred tax assets and therefore recorded a full valuation allowance. Given the full valuation allowance, we did not record a provision or benefit for income taxes for the three and nine months ended September 30, 2025 and 2024, and we did not have any deferred tax assets or deferred tax liabilities as of September 30, 2025 and December 31, 2024. Our deferred tax asset and valuation allowance at September 30, 2025 were $55.6 million, respectively. As of December 31, 2024, our deferred tax asset and valuation allowance were $56.6 million, respectively.

We recognize tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions, if applicable, are included as a component of the provision for income taxes in our consolidated statements of operations. As of September 30, 2025 and December 31, 2024, we have not recorded any amounts for uncertain tax positions.

Our tax returns are subject to audit by taxing authorities. As of the date of this filing, tax years 2022 and onward remain open to examination by major taxing jurisdictions in which we are subject to taxes.

On July 4, 2025, a budget reconciliation bill (the "Bill") was signed into law in the United States. The Bill includes several significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act of 2017 and other changes to the Internal Revenue Code, that affect REITs and their investors. For instance, for taxable years beginning after December 31, 2025, the Bill modifies the REIT asset test requirement with respect to TRSs, providing that not more than 25% (previously 20%) of the gross value of a REIT's assets may be represented by securities of one or more TRSs. Additionally, the Bill permanently extends the Internal Revenue Code Section 199A pass-through qualified business income deduction. This allows certain individuals, trusts, and estates to continue deducting 20% of their qualified business income, including qualified REIT dividends. This deduction was set to expire for taxable years beginning after December 31, 2025. The Bill is not expected to have a material impact on our consolidated financial statements.

Note 14. Commitments and Contingencies

We hold a 51% interest in CMTG/TT as a result of committing to invest $124.9 million in CMTG/TT. As of September 30, 2025 and December 31, 2024, we have contributed $163.1 million to CMTG/TT and have received return of capital distributions of $123.3 million, of which $111.1 million were recallable. As of September 30, 2025 and December 31, 2024, our remaining capital commitment to CMTG/TT was $72.9 million.

As of September 30, 2025 and December 31, 2024, we had aggregate unfunded loan commitments of $347.8 million and $498.3 million, respectively, which amounts will generally be funded to finance construction or leasing related expenditures by our borrowers, subject to them achieving certain conditions precedent to such funding. These future commitments will expire over the remaining term of the loans, none of which exceed five years.

To the extent a financing is expected to reach final maturity, we may seek replacement financings, extension of existing financings, or other capital solutions as deemed appropriate by management. Our contractual payments due under all financings were as follows as of September 30, 2025 ($ in thousands):

Year	Initial Maturity[1]	Fully Extended Maturity[2]
2025 [3][4]	$ 1,378,707	$ 1,057,161
2026	1,761,525	1,285,746
2027	317,279	599,687
2028	-	279,917
2029	-	-
Thereafter	198,286	433,286
Total	$ 3,655,797	$ 3,655,797

(1) Initial maturity is based on the earlier of the initial maturity date of each individual corresponding loan receivable or the maximum maturity date under the respective financing agreement, assuming conditions to extend are met.
(2) Fully extended maturity is based on the earlier of the fully extended maturity date of each individual corresponding loan receivable or the maximum maturity date under the respective financing agreement, assuming conditions to extend are met.
(3) Includes financings outstanding of $946.1 million related to eleven loans in maturity default with aggregate unpaid principal balance of $1.7 billion.
(4) In October 2025, we repaid $109.2 million of our secured financings due during the remainder of 2025 using a portion of the proceeds received from the repayment of a loan receivable.

In the normal course of business, we may enter into contracts that contain a variety of representations and provide for general indemnifications. Our maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against us that have not yet occurred. However, based on experience, we expect the risk of loss to be remote.

Note 15. Segment Reporting

We have determined that we have two operating segments and two reporting segments, with activities related to investing in income-producing loans collateralized by institutional quality commercial real estate and activities related to the operations of our real estate owned assets. Our Chief Operating Decision Maker is J. Michael McGillis, our Chief Financial Officer, President, and Director, who primarily utilizes Distributable Earnings (Loss) as described below.

Distributable Earnings (Loss) is a non-GAAP measure used to evaluate our performance excluding the effects of certain transactions, non-cash items and GAAP adjustments. Distributable Earnings (Loss) is a non-GAAP measure, which we define as net income (loss) in accordance with GAAP, excluding (i) non-cash stock-based compensation expense, (ii) real estate owned held-for-investment depreciation and amortization, (iii) any unrealized gains or losses from mark-to-market valuation changes (other than permanent impairments) that are included in net income (loss) for the applicable period, (iv) one-time events pursuant to changes in GAAP and (v) certain non-cash items, which in the judgment of our Manager, should not be included in Distributable Earnings (Loss).

The following table provides a calculation of Distributable (Loss) Earnings for our loan and REO portfolios, as well as a reconciliation to net loss, for the three months ended September 30, 2025 and 2024 ($ in thousands):

	Three Months Ended September 30, 2025			Three Months Ended September 30, 2024		
	Loan Portfolio	REO Portfolio	Total	Loan Portfolio	REO Portfolio	Total
Interest and related income	$ 88,904	$ -	$ 88,904	$ 152,870	$ -	$ 152,870
Interest and related expense	(71,839)	-	(71,839)	(111,096)	-	(111,096)
Revenue from real estate owned	-	29,009	29,009	-	23,103	23,103
Amortization of above and below market leases, net	-	258	258	-	354	354
Management fees - affiliate	(7,733)	-	(7,733)	(9,079)	-	(9,079)
General and administrative expenses	(4,812)	-	(4,812)	(3,645)	-	(3,645)
Real estate owned:						
Operating expenses	-	(18,489)	(18,489)	-	(14,727)	(14,727)
Interest expense	-	(9,416)	(9,416)	-	(6,900)	(6,900)
Proceeds from interest rate cap	-	-	-	-	198	198
Loss from equity method investment	(32)	-	(32)	(37)	-	(37)
Loss on extinguishment of debt	-	-	-	(262)	-	(262)
Principal charge-offs [(1)]	(42,325)	-	(42,325)	(55,352)	-	(55,352)
Valuation adjustment for real estate owned held-for-sale	-	12,980	12,980	-	-	-
Gain on partial sales of real estate owned, net	-	2,006	2,006	-	-	-
Previously recognized depreciation and amortization on portion of real estate owned [(2)]	-	(58)	(58)	-	-	-
Distributable (Loss) Earnings	$ (37,837)	$ 16,290	$ (21,547)	$ (26,601)	$ 2,028	$ (24,573)
Reconciliation to net loss						
Principal charge-offs [(1)]			42,325			55,352
Previously recognized depreciation and amortization on portion of real estate owned [(2)]			58			-
Provision for current expected credit loss reserve			(24,234)			(78,756)
Valuation adjustment for loan receivable held-for-sale			-			-
Depreciation and amortization			(3,740)			(2,628)
Amortization of above and below market leases, net			(258)			(354)
Stock-based compensation expense			(2,061)			(4,972)
Unrealized loss on interest rate cap			(71)			(287)
Net loss			$ (9,528)			$ (56,218)

(1) For the three months ended September 30, 2024, amount includes a $23.2 million charge-off of accrued interest receivable related to the reclassification of a for sale condo loan to held-for-sale.

(2) Reflects previously recognized depreciation and amortization on the portions of our mixed-use real estate owned asset that were sold during the three months ended September 30, 2025. Amount not previously recognized in Distributable Earnings (Loss).

The following table provides a calculation of Distributable (Loss) Earnings for our loan and REO portfolios, as well as a reconciliation to net loss, for the nine months ended September 30, 2025 and 2024 ($ in thousands):

	Nine Months Ended September 30, 2025			Nine Months Ended September 30, 2024		
	Loan Portfolio	REO Portfolio	Total	Loan Portfolio	REO Portfolio	Total
Interest and related income	$ 315,080	$ -	$ 315,080	$ 468,846	$ -	$ 468,846
Interest and related expense	(243,061)	-	(243,061)	(340,252)	-	(340,252)
Revenue from real estate owned	-	69,062	69,062	-	59,595	59,595
Amortization of above and below market leases, net	-	946	946	-	1,062	1,062
Management fees - affiliate	(24,327)	-	(24,327)	(27,300)	-	(27,300)
General and administrative expenses	(14,118)	-	(14,118)	(12,367)	-	(12,367)
Real estate owned:						
Operating expenses	-	(47,100)	(47,100)	-	(41,466)	(41,466)
Interest expense	-	(24,134)	(24,134)	-	(20,098)	(20,098)
Proceeds from interest rate cap	-	-	-	-	1,291	1,291
Loss from equity method investment	(93)	-	(93)	(114)	-	(114)
Loss on extinguishment of debt	(547)	-	(547)	(3,505)	-	(3,505)
Principal charge-offs (1)	(209,795)	-	(209,795)	(98,179)	-	(98,179)
Valuation adjustment for real estate owned held-for-sale	-	12,618	12,618	-	-	-
Gain on partial sales of real estate owned, net	-	366	366	-	-	-
Previously recognized depreciation and amortization on portion of real estate owned (2)	-	(2,198)	(2,198)	-	-	-
Distributable (Loss) Earnings	$ (176,861)	$ 9,560	$ (167,301)	$ (12,871)	$ 384	$ (12,487)
Reconciliation to net loss						
Principal charge-offs (1)			209,795			98,179
Previously recognized depreciation and amortization on portion of real estate owned (2)			2,198			-
Provision for current expected credit loss reserve			(254,846)			(182,644)
Valuation adjustment for loan receivable held-for-sale			(41,767)			-
Depreciation and amortization			(5,023)			(7,850)
Amortization of above and below market leases, net			(946)			(1,062)
Stock-based compensation expense			(11,897)			(13,324)
Unrealized loss on interest rate cap			(71)			(1,379)
Net loss			$ (269,858)			$ (120,567)

(1) For the nine months ended September 30, 2025, amount includes (i) a $6.5 million charge-off of accrued interest receivable related to the discounted payoff of a land loan in March 2025 and the mortgage foreclosures on multifamily properties in July 2025 and (ii) a $0.5 million charge-off of an exit fee related to the discounted payoff of a land loan in March 2025.

(2) Reflects previously recognized depreciation and amortization on the portions of our mixed-use property that were sold during the nine months ended September 30, 2025. Amount not previously recognized in Distributable Earnings (Loss).

Note 16. Subsequent Events

We have evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q and note the following transactions or events that have occurred:

1. In October 2025, we completed the sale of our right, title, and interest in the collateral asset of a land loan for a gross sales price of $28.1 million. See Note 3 for further detail.
2. In October 2025, we received the full repayment of a multifamily loan with an unpaid principal balance of $136.5 million as of September 30, 2025.
3. In October 2025, we (i) sold the signage component of our mixed-use real estate owned asset to an unaffiliated purchaser for a gross sales price of $12.2 million and (ii) entered into a binding agreement to sell one additional floor of office space of our mixed-use real estate owned asset to an unaffiliated purchaser for a gross sales price of $5.9 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our unaudited consolidated financial statements and notes thereto appearing elsewhere in this quarterly report on Form 10-Q. References herein to "Claros Mortgage Trust," "Company," "we," "us" or "our" refer to Claros Mortgage Trust, Inc. and its subsidiaries unless the context specifically requires otherwise. References to our "Manager" refer to Claros REIT Management LP and references to our "Sponsor" refer to Mack Real Estate Credit Strategies, L.P. ("MRECS"), the CRE lending and debt investment business affiliated with our Manager and Mack Real Estate Group, LLC ("MREG"). Although MRECS and MREG are distinct legal entities, for convenience, references to our "Sponsor" are deemed to include references to MRECS and MREG, individually or collectively, as appropriate for the context and unless otherwise indicated. References to "CRE" throughout this Quarterly Report on Form 10-Q means commercial real estate.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements herein and will make forward-looking statements in future filings with the SEC, press releases or other written or oral communications within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For these statements, we claim the protections of the safe harbor for forward-looking statements contained in such Sections. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, it intends to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: our business and investment strategy; changes in interest rates and their impact on our borrowers and on the availability and cost of our financing; our projected operating results; defaults by borrowers in paying debt service on outstanding loans; the timing of cash flows, if any, from our investments; the state of the U.S. and global economy generally or in specific geographic regions; reduced demand for office, multifamily or retail space, including as a result of the increase in remote and/or hybrid work trends which allow work from remote locations other than the employer's office premises; governmental actions and initiatives and changes to government policies; the amount of commercial mortgage loans requiring refinancing; our ability to obtain and maintain financing arrangements on attractive terms, or at all; our ability to maintain compliance with financial covenants under our financing arrangements; current and prospective financing costs and advance rates for our existing and target assets; our expected leverage; general volatility of the capital markets and the markets in which we may invest and our borrowers operate in; the impact of a protracted decline in the liquidity of capital markets on our business; the state of the regional, national, and global banking systems; the uncertainty surrounding the strength of the national and global economies; the return on or impact of current and future investments, including our loan portfolio and real estate owned assets; allocation of investment opportunities to us by our Manager and our Sponsor; changes in the market value of our investments; effects of hedging instruments on our existing and target assets; rates of default, decreased recovery rates, and/or increased loss severity rates on our existing and target assets and related impairment charges, including as it relates to our real estate owned assets; the degree to which our hedging strategies may or may not protect us from interest rate volatility; changes in governmental regulations, tax law and rates, and similar matters (including interpretation thereof); our ability to maintain our qualification as a real estate investment trust ("REIT"); our ability to maintain our exclusion from registration under the Investment Company Act of 1940, as amended (the "1940 Act"); availability and attractiveness of investment opportunities we are able to originate in our target assets; the ability of our Manager to locate suitable investments for us, monitor, service and administer our investments and execute our investment strategy; availability of qualified personnel from our Sponsor and its affiliates, including our Manager; estimates relating to our ability to pay dividends to our stockholders in the future; our understanding of our competition; impact of increased competition on projected returns; the risk of securities class action litigation or stockholder activism; geopolitical or economic conditions or uncertainty, which may include military conflicts and activities (including the military conflicts between Russia and Ukraine, Israel and Hamas, and elsewhere throughout the Middle East and North Africa more broadly), tensions involving Russia, China, and Iran, political instability, social unrest, civil disturbances, terrorism, natural disasters and pandemics; and market trends in our industry, interest rates, real estate values, the debt markets generally, the CRE debt market or the general economy.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events and you should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. See "Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K. These and other risks, uncertainties, and factors, including those described in the annual, quarterly and current reports that we file with the SEC, could cause our actual results to differ materially from those included in any forward-looking statements we make. If a change occurs, our business, financial condition, liquidity, results of operations and prospects may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Introduction

We are a CRE finance company focused primarily on originating senior and subordinate loans on transitional CRE assets located in major U.S. markets, including mortgage loans secured by a first priority or subordinate mortgage on transitional CRE assets, and subordinate loans including mezzanine loans secured by a pledge of equity ownership interests in the direct or indirect property owner rather than directly in the underlying commercial properties. These loans are subordinate to a mortgage loan but senior to the property owner's equity ownership interests. Transitional CRE assets are properties that require repositioning, renovation, rehabilitation, leasing, development or redevelopment or other value-added elements in order to maximize value. We believe our Sponsor's real estate development, ownership and operations experience, and infrastructure differentiates us in lending on these transitional CRE assets. Our objective is to be a premier provider of debt capital for transitional CRE assets and, in doing so, to generate attractive risk-adjusted returns for our stockholders over time, primarily through dividends. We strive to create a diversified investment portfolio of CRE loans that we generally intend to hold to maturity. We focus primarily on originating loans ranging from $50 million to $300 million on transitional CRE assets located in U.S. markets with attractive fundamental characteristics supported by macroeconomic tailwinds.

Our loan origination and repayment volume may fluctuate based on market conditions or other conditions inherent in our portfolio. As such, we may modify our investment strategy from time to time by shifting focus to optimizing outcomes within our existing portfolio, which may include actions such as selling a loan or syndicating a portion of a loan, working with our borrowers to enhance the value of underlying properties that constitute our collateral, and in certain circumstances assuming legal title and/or physical possession of the underlying collateral property of a defaulted loan.

We were organized as a Maryland corporation on April 29, 2015 and commenced operations on August 25, 2015, and our common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "CMTG." We have elected and believe we have qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2015. We are externally managed and advised by our Manager, an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC") pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). We operate our business in a manner that permits us to maintain our exclusion from registration under the 1940 Act.

I. Key Financial Measures and Indicators

As a CRE finance company, we believe the key financial measures and indicators for our business are net income (loss) per share, Distributable Earnings (Loss) per share, Distributable Earnings per share prior to realized gains and losses, which includes charge-offs of principal, accrued interest receivable, and/or exit fees, dividends declared per share, book value per share, adjusted book value per share, Net Debt-to-Equity Ratio and Total Leverage Ratio. During the three months ended September 30, 2025, we had net loss per share of $0.07, Diluted Distributable Loss per share of $0.15, Diluted Distributable Earnings per share prior to realized gains and losses of $0.04, and our Board did not declare any dividends. As of September 30, 2025, our book value per share was $12.24, our adjusted book value per share was $13.28, our Net Debt-to-Equity Ratio was 1.9x, and our Total Leverage Ratio was 2.4x. We use Net Debt-to-Equity Ratio and Total Leverage Ratio, financial measures which are not prepared in accordance with GAAP, to evaluate our financial leverage, which in the case of our Total Leverage Ratio, makes certain adjustments that we believe provide a more conservative measure of our financial condition.

Net Loss Per Share and Dividends Declared Per Share

The following table sets forth the calculation of basic and diluted net loss per share and dividends declared per share ($ in thousands, except share and per share data):

	Three Months Ended	
	September 30, 2025	June 30, 2025
Net loss	$ (9,528)	$ (181,707)
Weighted average shares of common stock outstanding, basic and diluted	140,563,026	140,105,546
Basic and diluted net loss per share of common stock	$ (0.07)	$ (1.30)
Dividends declared per share of common stock	$ -	$ -

Distributable Earnings (Loss)

Distributable Earnings (Loss) is a non-GAAP measure used to evaluate our performance excluding the effects of certain transactions, non-cash items and GAAP adjustments, as determined by our Manager. Distributable Earnings (Loss) is a non-GAAP measure, which we define as net income (loss) in accordance with GAAP, excluding (i) non-cash stock-based compensation expense, (ii) real estate owned held-for-investment depreciation and amortization, (iii) any unrealized gains or losses from mark-to-market valuation changes (other than permanent impairments) that are included in net income (loss) for the applicable period, (iv) one-time events pursuant to changes in GAAP and (v) certain non-cash items, which in the judgment of our Manager, should not be included in Distributable Earnings (Loss). Furthermore, we present Distributable Earnings prior to realized gains and losses, which such gains and losses include charge-offs of principal, accrued interest receivable, and/or exit fees as we believe this more easily allows our Board, Manager, and investors to compare our operating performance to our peers, to assess our ability to declare and pay dividends, and to determine our compliance with certain financial covenants. Pursuant to the Management Agreement, we use Core Earnings, which is substantially the same as Distributable Earnings (Loss) excluding incentive fees, to determine the incentive fees we pay our Manager.

We believe that Distributable Earnings (Loss) and Distributable Earnings prior to realized gains and losses provide meaningful information to consider in addition to our net income (loss) and cash flows from operating activities in accordance with GAAP. Distributable Earnings (Loss) and Distributable Earnings prior to realized gains and losses do not represent net income (loss) or cash flows from operating activities in accordance with GAAP and should not be considered as an alternative to GAAP net income (loss), an indication of our cash flows from operating activities, a measure of our liquidity or an indication of funds available for our cash needs. In addition, our methodology for calculating these non-GAAP measures may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures and, accordingly, our reported Distributable Earnings (Loss) and Distributable Earnings prior to realized gains and losses may not be comparable to the Distributable Earnings (Loss) and Distributable Earnings prior to realized gains and losses reported by other companies.

In order to maintain our status as a REIT, we are required to distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain, as dividends. Distributable Earnings (Loss), Distributable Earnings prior to realized gains and losses, and other similar measures, have historically been a useful indicator over time of a mortgage REIT's ability to cover its dividends, and to mortgage REITs themselves in determining the amount of any dividends to declare. Distributable Earnings (Loss) and Distributable Earnings prior to realized gains and losses are key factors, among others, considered by our Board in determining the dividend each quarter and as such we believe Distributable Earnings (Loss) and Distributable Earnings prior to realized gains and losses are also useful to investors.

While Distributable Earnings (Loss) excludes the impact of our provision for or reversal of current expected credit loss reserve, charge-offs of principal, accrued interest receivable, and/or exit fees are recognized through Distributable Earnings (Loss) 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, when we acquire title in the case of foreclosure, deed-in-lieu of foreclosure, or assignment-in-lieu of foreclosure, or when the loan is sold or anticipated to be sold for an amount less than its carrying value), or (ii) with respect to any amount due under any loan, when such amount is determined to be uncollectible.

In determining Distributable Earnings (Loss) per share and Distributable Earnings per share prior to realized gains and losses, the dilutive effect of unvested RSUs is considered. The weighted average diluted shares outstanding used for Distributable Earnings (Loss) and Distributable Earnings per share prior to realized gains and losses have been adjusted from weighted average diluted shares under GAAP to include weighted average unvested RSUs.

The table below summarizes the reconciliation from weighted average diluted shares under GAAP to the weighted average diluted shares used for Distributable Loss and Distributable Earnings prior to realized gains and losses for the three months ended September 30, 2025 and June 30, 2025:

	Three Months Ended	
Weighted Averages	**September 30, 2025**	**June 30, 2025**
Diluted Shares - GAAP	140,563,026	140,105,546
Unvested RSUs	2,519,608	2,817,086
Diluted Shares - Distributable Loss	143,082,634	142,922,632

The following table provides a reconciliation of net loss to Distributable Loss and Distributable Earnings prior to realized gains and losses ($ in thousands, except share and per share data):

	Three Months Ended	
	September 30, 2025	June 30, 2025
Net loss	$ (9,528)	$ (181,707)
Adjustments:		
Non-cash stock-based compensation expense	2,061	4,762
Provision for current expected credit loss reserve	24,234	189,489
Depreciation and amortization expense	3,740	845
Amortization of above and below market lease values, net	258	334
Unrealized loss on interest rate cap	71	-
Valuation adjustment for loan receivable held-for-sale	-	(827)
Valuation adjustment for real estate owned held-for-sale	(12,980)	313
(Gain) loss on partial sales of real estate owned	(2,006)	1,640
Distributable Earnings prior to realized gains and losses	$ 5,850	$ 14,849
Principal charge-offs [1]	(42,325)	(120,817)
Valuation adjustment for real estate owned held-for-sale	12,980	(313)
Gain (loss) on partial sales of real estate owned	2,006	(1,640)
Previously recognized depreciation and amortization on portion of real estate owned [2]	(58)	(2,140)
Distributable Loss	$ (21,547)	$ (110,061)
Weighted average diluted shares - Distributable Loss	143,082,634	142,922,632
Diluted Distributable Earnings per share prior to realized gains and losses	$ 0.04	$ 0.10
Diluted Distributable Loss per share	$ (0.15)	$ (0.77)

(1) For the three months ended June 30, 2025, amount includes a $2.9 million charge-off of accrued interest receivable.
(2) Reflects previously recognized depreciation and amortization on the portions of our mixed-use real estate owned asset that were sold during the three months ended September 30, 2025 and the three months ended June 30, 2025. Amount not previously recognized in Distributable Earnings (Loss).

Book Value Per Share

We believe that presenting book value per share adjusted for our general current expected credit loss reserve and accumulated depreciation and amortization on our real estate owned held-for-investment is useful for investors as it enhances the comparability to our peers who may not hold real estate investments. Further, we believe that our investors and lenders consider book value excluding these items as an important metric related to our overall capitalization.

The following table sets forth the calculation of our book value and our adjusted book value per share, a non-GAAP financial measure, as of September 30, 2025 and December 31, 2024 ($ in thousands, except share and per share data):

	September 30, 2025	December 31, 2024
Total Equity	$ 1,748,811	$ 2,008,086
Number of shares of common stock outstanding and RSUs	142,933,527	142,187,015
Book Value per share[1]	$ 12.24	$ 14.12
Add back: accumulated depreciation and amortization on real estate owned and related lease intangibles	0.06	0.03
Add back: general CECL reserve	0.98	1.02
Adjusted Book Value per share	$ 13.28	$ 15.17

(1) Calculated as (i) total equity divided by (ii) number of shares of common stock outstanding and RSUs at period end.

II. Our Portfolio

The below table summarizes our loans receivable held-for-investment as of September 30, 2025 ($ in thousands):

	Number of Loans	Loan Commitment(1)	Unpaid Principal Balance	Carrying Value(2)	Weighted Average(3) Yield to Maturity(4)	Weighted Average(3) Term to Initial Maturity	Weighted Average(3) Term to Fully Extended Maturity(5)	Weighted Average Origination LTV (6)	Weighted Average Adjusted LTV (7)
Senior and subordinate loans	37	$ 4,866,018	$ 4,518,241	$ 4,347,298	6.7%	0.4 years	1.2 years	70.5%	74.6%

(1) Loan commitment represents principal outstanding plus remaining unfunded loan commitments.
(2) Net of specific CECL reserve of $167.9 million.
(3) Weighted averages are based on unpaid principal balance.
(4) Represents the weighted average annualized yield to initial maturity of each loan, inclusive of coupon, and fees received, based on the applicable floating benchmark rate/floors (if applicable), in place as of September 30, 2025. For loans placed on non-accrual, the annualized yield to initial maturity used in calculating the weighted average annualized yield to initial maturity is 0%.
(5) Fully extended maturity assumes all extension options are exercised by the borrower upon satisfaction of the applicable conditions.
(6) Origination LTV represents "loan-to-value" or "loan-to-cost," which is calculated as our total loan commitment upon origination, as if fully funded, plus any financings that are pari passu with or senior to our loan, divided by our estimate of either (1) the value of the underlying real estate, determined in accordance with our underwriting process (typically consistent with, if not less than, the value set forth in a third-party appraisal) or (2) the borrower's projected, fully funded cost basis in the asset, in each case as we deem appropriate for the relevant loan and other loans with similar characteristics. Underwritten values and projected costs should not be assumed to reflect our judgment of current market values or project costs, which may have changed materially since the date of origination. Weighted average origination LTV is based on loan commitment, including non-consolidated senior interests and pari passu interests, and excludes risk rated 5 loans.
(7) Adjusted LTV represents origination LTV updated only in connection with a partial loan paydown and/or release of collateral, material changes to expected project costs, the receipt of a new appraisal (typically in connection with financing or refinancing activity) or a change in our loan commitment. Adjusted LTV should not be assumed to reflect our judgment of current market values or project costs, which may have changed materially since the date of the most recent determination of LTV. Weighted average adjusted LTV is based on loan commitment, including non-consolidated senior interests, pari passu interests, and risk rated 5 loans. Loans with specific CECL reserves are reflected as 100% LTV.

Sales of Loans Receivable

The following table summarizes our loans receivable sold during the nine months ended September 30, 2025 ($ in thousands):

Property Type (1)	Location	Loan Commitment	Unpaid Principal Balance Before Principal Charge-Off / Valuation Allowance	Carrying Value Before Principal Charge-Off / Valuation Allowance	Cumulative Principal Charge-Off / Valuation Allowance	Carrying Value Upon Sale	Risk Rating (2)
Land (3)	MA	$ 30,000	$ 30,000	$ 30,000	$ (1,931)	$ 28,069	3
Total held-for-sale, September 30, 2025		$ 30,000	$ 30,000	$ 30,000	$ (1,931)	$ 28,069	
For Sale Condo (4)	CA	$ 247,260	$ 223,491	$ 223,491	$ (77,100)	$ 146,391	4
Hospitality (5)	CA	101,059	101,059	101,299	(315)	100,984	3
Hospitality (6)	CA	80,408	80,408	80,408	(23,782)	56,626	4
Total sold, nine months ended September 30, 2025		$ 428,727	$ 404,958	$ 405,198	$ (101,197)	$ 304,001	

(1) For each loan receivable sold, the financial asset was legally isolated, control of the financial asset was transferred to the transferee, the transfer imposed no condition that would constrain the transferee from pledging the financial asset received, and we have no continuing involvement with the transferred financial asset. As such, we have determined each transaction constituted a sale.
(2) Reflects risk rating of the loan receivable prior to the loan sale or reclassification to held-for-sale.
(3) In September 2025, through a mortgage foreclosure auction of the underlying collateral asset, we entered into an agreement with an unaffiliated purchaser to sell our right, title, and interest in the collateral asset for a gross sales price of $28.1 million. The sale was completed in October 2025 and, as a result, this loan was classified as held-for-sale and a principal charge-off was recognized as of September 30, 2025.
(4) Principal charge-offs and valuation allowance attributable to the delinquency of the loan and its $23.8 million of remaining unfunded commitments. During the nine months ended September 30, 2025 and through the sale of this loan in May 2025, we recognized a further adjustment to reduce the held-for-sale carrying value of this loan by $41.8 million as a result of additional protective advances made and a reduction in anticipated proceeds from the sale, which is reflected as a valuation adjustment for loan receivable held-for-sale on our consolidated statement of operations. Effective October 1, 2024, this loan was placed on non-accrual status.
(5) Loan classified as held-for-sale as of December 31, 2024 and sold in January 2025. Principal charge-off recognized upon reclassification to held-for-sale as of December 31, 2024.

(6) In June 2025, this loan was sold. Principal charge-off attributable to the diminution in value of the collateral asset, and prorations and transaction costs related to the sale.

Portfolio Activity and Overview

The following table summarizes changes in unpaid principal balance for our loans receivable held-for-investment ($ in thousands):

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Unpaid principal balance, beginning of period	$ 5,213,147	$ 6,200,290
Advances on existing loans	33,498	123,746
Repayments of loans receivable	(522,662)	(1,308,007)
Principal charge-offs	(40,394)	(105,339)
Sale of loan receivable	-	(80,408)
Transfer to loans receivable held-for-sale	(30,000)	(30,000)
Transfer to real estate owned, held-for-investment (See Note 5)	(135,348)	(282,041)
Total fundings, net of repayments, sales, and transfers to real estate owned	(694,906)	(1,682,049)
Unpaid principal balance, end of period	$ 4,518,241	$ 4,518,241

The following table details our individual loans receivable held-for-investment based on unpaid principal balances as of September 30, 2025 ($ in thousands):

Loan Number	Loan Type	Origination Date	Loan Commitment (1)	Unpaid Principal Balance	Carrying Value (2)	Origination LTV(3)	Fully Extended Maturity(4)	Property Type (5)	Construction (5)(6)	Location	Risk Rating (7)
1	Senior	12/16/2021	$ 405,000	$ 402,341	$ 366,800	n/m	7/31/2025	Multifamily	-	CA	5
2	Senior	7/12/2018	230,000	230,000	231,350	52.9%	8/1/2028	Hospitality	-	NY	3
3	Senior	6/30/2022	227,000	224,938	225,520	63.9%	6/30/2029	Hospitality	-	CA	3
4	Senior	9/26/2019	319,900	220,194	220,192	68.0%	3/31/2026	Office	-	GA	4
5	Senior	8/17/2022	235,000	220,000	220,325	68.3%	8/17/2027	Hospitality	-	CA	3
6	Senior	4/14/2022	187,480	177,592	177,506	55.7%	4/14/2027	Multifamily	-	MI	3
7	Senior	9/2/2022	176,257	171,195	170,452	60.0%	9/2/2027	Multifamily	-	UT	3
8	Senior	1/14/2022	170,000	170,000	170,000	64.8%	1/14/2027	Multifamily	-	CO	4
9	Senior	1/9/2018	156,671	156,671	120,100	n/m	1/9/2024	Land	-	VA	5
10	Senior	9/8/2022	160,000	155,000	155,000	63.5%	9/8/2027	Multifamily	-	AZ	4
11	Senior	2/28/2019	150,000	150,000	150,000	72.2%	2/28/2024	Office	-	CT	4
12 (8)	Senior	12/30/2021	136,500	136,500	136,415	76.7%	12/30/2025	Multifamily	-	PA	3
13	Senior	4/26/2022	151,698	136,355	121,000	n/m	4/26/2027	Multifamily	-	TX	5
14	Senior	12/10/2021	130,000	130,000	130,000	75.6%	12/10/2026	Multifamily	-	VA	3
15	Senior	6/17/2022	126,535	126,535	126,535	62.8%	6/17/2027	Multifamily	-	TX	3
16	Subordinate	12/9/2021	125,000	125,000	124,924	80.3%	1/1/2027	Office	-	IL	3
17	Senior	4/29/2019	117,323	115,489	114,620	61.5%	10/29/2026	Mixed-Use	-	NY	3
18	Senior	7/20/2021	113,468	113,468	113,809	76.2%	7/20/2026	Multifamily	-	IL	3
19	Senior	2/13/2020	123,910	111,542	88,200	n/m	2/13/2026	Office	-	CA	5
20	Senior	11/4/2022	135,000	109,855	109,767	43.1%	11/9/2026	Mixed-Use	Y	MA	3
21	Senior	7/30/2024	104,455	102,376	101,283	82.4%	10/21/2026	Other	-	NJ	3
22	Senior	12/21/2022	112,100	95,312	95,007	60.9%	12/21/2027	Multifamily	Y	WA	3
23	Senior	8/2/2021	97,000	95,214	94,827	68.5%	8/2/2026	Office	-	CA	4
24	Senior	12/21/2018	87,741	87,741	88,166	50.6%	6/21/2022	Land	-	NY	4
25	Senior	12/15/2021	86,000	86,000	86,000	58.5%	12/15/2026	Mixed-Use	-	TN	3
26	Senior	8/1/2022	115,250	78,500	78,500	82.1%	7/30/2026	Hospitality	Y	NY	4
27	Senior	1/10/2022	117,961	78,339	77,908	65.0%	1/9/2027	Other	-	PA	3
28	Senior	12/22/2021	83,901	76,308	48,800	n/m	12/22/2026	Multifamily	-	TX	5
29	Senior	7/27/2022	75,550	75,550	75,507	66.1%	7/27/2027	Multifamily	-	UT	3
30	Senior	2/2/2022	90,000	71,299	71,088	66.3%	2/2/2027	Office	-	WA	4
31	Senior	8/27/2021	81,210	67,892	39,700	n/m	8/27/2026	Office	-	GA	5
32	Senior	7/31/2019	67,000	67,000	67,000	42.4%	1/30/2022	Land	-	NY	4
33	Senior	1/19/2022	73,677	59,825	59,645	51.2%	1/19/2027	Hospitality	-	TN	3
34	Senior	4/5/2019	37,345	37,345	37,345	n/m	4/5/2028	Other	-	Other	3
35	Senior	4/5/2019	30,000	30,000	30,000	49.0%	4/5/2026	Other	-	NY	3
36	Senior	2/17/2022	28,479	25,258	22,400	n/m	2/17/2027	Multifamily	-	TX	5
37	Senior	7/1/2019	1,607	1,607	1,607	n/m	12/30/2020	Other	-	Other	5
Total			4,866,018	4,518,241	4,347,298						
General CECL reserve					(134,128)						
Grand Total/Weighted Average			$ 4,866,018	$ 4,518,241	$ 4,213,170				7%		3.6

(1) Loan commitment represents principal outstanding plus remaining unfunded loan commitments.
(2) Net of specific CECL reserve of $167.9 million.
(3) Origination LTV represents "loan-to-value" or "loan-to-cost," which is calculated as our total loan commitment upon origination, as if fully funded, plus any financings that are pari passu with or senior to our loan, divided by our estimate of either (1) the value of the underlying real estate, determined in accordance with our underwriting process (typically consistent with, if not less than, the value set forth in a third-party appraisal) or (2) the borrower's projected, fully funded cost basis in the asset, in each case as we deem appropriate for the relevant loan and other loans with similar characteristics. Underwritten values and projected costs should not be assumed to reflect our judgment of current market values or project costs, which may have changed materially since the date of origination. Weighted average origination LTV of 70.5% is based on loan commitment, including non-consolidated senior interests and pari passu interests, and excludes risk rated 5 loans.
(4) Fully extended maturity assumes all extension options are exercised by the borrower upon satisfaction of the applicable conditions.
(5) Classification of property type and construction status reflect the state of collateral as of September 30, 2025.
(6) Percent of total construction loans based on loan commitments as of September 30, 2025.
(7) Weighted average risk rating weighted by carrying value net of specific CECL reserves
(8) In October 2025, this loan was repaid.

Real Estate Owned

On February 8, 2021, we acquired legal title to a portfolio of seven limited service hotels located in New York, NY through a foreclosure and assumed the securitized senior mortgage. As of December 31, 2024, we determined that our hotel portfolio had met the held-for-sale criteria and, accordingly, we reflected this asset as real estate owned held-for-sale on our consolidated balance sheet. We determined the anticipated sale did not reflect a strategic shift and therefore did not qualify for presentation as a discontinued operation. Concurrent with this classification, we recognized an $80.5 million loss based upon the anticipated sales price, less estimated costs to sell. During the nine months ended September 30, 2025, we continued to pursue the sale of this asset. During such period, we incurred $362,000 of capital expenditures at our hotel portfolio, which is included within valuation adjustment for real estate owned held-for-sale on our consolidated statement of operations. As of September 30, 2025, we determined that a sale was no longer advisable given current market conditions. Accordingly, we ceased the sale process, determined the hotel portfolio no longer met the held-for-sale criteria, and reclassified the hotel portfolio to real estate owned, held-for-investment on our consolidated balance sheet. As we determined the fair value of the hotel portfolio to be $320.0 million as of September 30, 2025, we did not recognize depreciation expense during the nine months ended September 30, 2025. Concurrent with the reclassification to held-for-investment, we recognized a $13.0 million reversal of a previously recognized valuation adjustment for real estate owned held-for-sale, representing previously estimated costs to sell.

On June 30, 2023, we acquired legal title to a mixed-use property located in New York, NY and the equity interests in the borrower through an assignment-in-lieu of foreclosure and is comprised of office, retail, and signage components. As of September 30, 2025, the mixed-use property appears as part of real estate owned, net and related lease intangibles appear within other assets and other liabilities on our consolidated balance sheet. During the three months ended September 30, 2025, we sold two floors of office space to unaffiliated purchasers for an aggregate gross sales price $13.8 million, resulting in (i) an aggregate gain on partial sales of $2.0 million and (ii) proceeds, net of transaction costs and prorations, of $12.1 million. During the nine months ended September 30, 2025, we sold seven floors of primarily office space to unaffiliated purchasers for an aggregate gross sales price of $42.6 million, resulting in (i) an aggregate gain on partial sales, net of $0.4 million and (ii) proceeds, net of transaction costs and prorations, of $38.7 million. In October 2025, we (i) sold the signage component to an unaffiliated purchaser for a gross sales price of $12.2 million and (ii) entered into a binding agreement to sell one additional floor of office space to an unaffiliated purchaser for a gross sales price of $5.9 million.

On May 28, 2025, we acquired legal title to a multifamily property located in Phoenix, AZ through a mortgage foreclosure. Prior to such date, the multifamily property represented the underlying collateral for a senior loan with an unpaid principal balance of $50.2 million. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $7.2 million, resulting in a carrying value of $42.8 million. Upon the mortgage foreclosure, we recognized a reversal of the specific CECL reserve of $0.3 million prior to recognizing a principal charge-off of $6.9 million based upon the multifamily property's $42.8 million estimated fair value as determined by a third-party appraisal and assumption of $0.3 million of net working capital. In connection with the mortgage foreclosure, we incurred $0.1 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net and related lease intangibles appear within other assets on our consolidated balance sheet.

On June 12, 2025, we acquired legal title to a multifamily property located in Henderson, NV through a mortgage foreclosure. Prior to such date, the multifamily property represented the underlying collateral for a senior loan with an unpaid principal balance of $96.5 million. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $16.7 million, resulting in a carrying value of $79.4 million. Upon the mortgage foreclosure, we recognized a reversal of the specific CECL reserve of $0.1 million prior to recognizing a principal charge-off of $16.5 million based upon the multifamily property's $79.4 million estimated fair value as determined by a third-party appraisal and assumption of $0.1 million of net working capital. In connection with the mortgage foreclosure, we incurred $0.4 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net and related lease intangibles appear within other assets on our consolidated balance sheet.

On July 1, 2025, we acquired legal title to a multifamily property located in Dallas, TX through a mortgage foreclosure. Prior to such date, the multifamily property represented the underlying collateral for a senior loan with an unpaid principal balance of $39.3 million prior to principal charge-offs. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $10.9 million, resulting in a carrying value of $28.2 million, and a CECL reserve of $0.3 million on accrued interest receivable recognized prior to placing the loan on non-accrual status. Subsequently, we recognized an additional $2.9 million specific CECL reserve prior to recognizing principal and accrued interest receivable charge-offs of $13.8 million and $0.3 million, respectively, based upon the multifamily property's $25.3 million estimated fair value as determined by a third-party appraisal. During the three months ended September 30, 2025, we recognized a $0.5 million reversal of the previously recognized principal charge-off, representing assumed net working capital. In connection with the mortgage foreclosure, we incurred $0.3 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net and related lease intangibles appear within other assets on our consolidated balance sheet.

On July 1, 2025, we acquired legal title to two multifamily properties located in Dallas, TX through a mortgage foreclosure. Prior to such date, the multifamily properties represented the underlying collateral for a senior loan with an unpaid principal balance of $119.1 million prior to principal charge-offs. During the year ended December 31, 2024, the borrower defaulted on the loan and, in anticipation of the mortgage foreclosure, we recognized a specific CECL reserve of $0.6 million, resulting in a carrying value of $118.1 million, and a CECL reserve of $2.6 million on accrued interest receivable recognized prior to placing the loan on non-accrual status. Subsequently, we recognized an additional $8.6 million specific CECL reserve prior to recognizing principal and accrued interest receivable charge-offs of $7.9 million and $2.6 million, respectively, based upon the multifamily properties' aggregate $110.2 million estimated fair value as determined by a third-party appraisal. During the three months ended September 30, 2025, we recognized an additional principal charge-off of $0.9 million, representing $0.7 million of assumed net working capital and $0.2 million of an additional protective advance made prior to foreclosure. In connection with the mortgage foreclosure, we incurred $0.5 million of transaction costs. As of September 30, 2025, the multifamily property appears as part of real estate owned, net, related lease intangibles appear within other assets, and below-market lease values related to a nominal retail component appear within other liabilities on our consolidated balance sheet.

Fair values of multifamily assets we acquired legal title to during the nine months ended September 30, 2025, as determined by third-party appraisers, utilized market capitalization rates ranging from 4.75% to 5.50%. Such assumptions are based upon the nature of the properties and recent sales comparables.

See Note 5 to our consolidated financial statements for additional details.

Asset Management

Our Manager proactively manages the loans in our portfolio from closing to final repayment or resolution of our investment and our Sponsor has dedicated asset management employees who perform asset management services. Following the closing of an investment, the asset management team rigorously monitors the loan, with an emphasis on ongoing analyses of both quantitative and qualitative matters, including financial, legal, and market conditions. Through the final repayment of a loan or resolution of our investment, the asset management team maintains regular contact with borrowers, servicers, property managers, and local market experts monitoring performance of the collateral, anticipating borrower, property and market issues, and enforcing our rights and remedies when appropriate.

Some of our borrowers may experience delays in the execution of their business plans, changes in their capital position and available liquidity and/or changes in market conditions which may impact the performance of the underlying collateral asset, borrower, or sponsor. As a transitional lender, we may from time to time execute loan modifications with borrowers when and if appropriate, which may include additional equity contributions from them, repurposing of reserves, pledges of additional collateral or other forms of credit support, additional guarantees, temporary deferrals of interest or principal, partial deferral of coupon interest as payment-in-kind interest, and/or a discounted loan payoff. To the extent warranted by ongoing conditions specific to our borrowers or overall market conditions, we may make additional modifications when and if appropriate, depending on the business plans, financial condition, liquidity and results of operations of our borrowers, among other factors.

Our Manager evaluates the credit quality of each of our loans receivable on an individual basis and assigns a risk rating at least quarterly. We have developed a loan grading system for all of our outstanding loans receivable that are collateralized directly or indirectly by real estate. Grading criteria include, but are not limited to, as-is or as-stabilized debt yield, term of loan, property type, property or collateral location, loan type, structure, collateral cash flow volatility and other more subjective variables that include, but are not limited to, as-is or as-stabilized collateral value, market conditions, industry conditions, borrower/sponsor financial stability, and borrower/sponsor exit plan. While evaluating the credit quality of each loan within our portfolio, we assess these quantitative and qualitative factors as a whole and with no pre-prescribed weight on their impact to our determination of a loan’s risk rating. However, based upon the facts and circumstances for each loan and the overall market conditions, we may consider certain previously mentioned factors more or less relevant than others. We utilize the grading system to determine each loan’s risk of loss and to provide a determination as to whether an individual loan is impaired and whether a specific CECL reserve is necessary. Based on a 5-point scale, the loans are graded “1” through “5,” from less risk to greater risk, respectively. The weighted average risk rating of our loans receivable held-for-investment portfolio was 3.6 as of September 30, 2025, weighted by carrying value net of specific CECL reserves

Current Expected Credit Losses

The current expected credit loss reserve required under GAAP reflects our current estimate of potential credit losses related to our loan portfolio, which may fluctuate depending on market conditions and changes in our loan portfolio. See Note 2 to our consolidated financial statements for further detail of our current expected credit loss reserve methodology.

During the nine months ended September 30, 2025, we recorded a provision for current expected credit losses of $254.8 million, which consisted of a $12.1 million increase of our general CECL reserve, a $201.3 million increase in our specific CECL reserve prior to principal and exit fee charge-offs, and a $41.4 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserves was primarily attributable to changes in the historical loss rate of the analogous data set and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the seasoning of our loan portfolio and a reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase in our specific CECL reserves was primarily attributable to specific reserves determined on loans now classified as risk rated 5, changes to collateral values, and protective advances made, offset in part by principal charge-offs recognized. The increase in our CECL reserves on accrued interest receivable is attributable to reserving against interest income previously recognized on loans placed on non-accrual status during the nine months ended September 30, 2025, offset in part by a reduction in reserves upon the receipt of past due interest. As of September 30, 2025, our total current expected credit loss reserve was $360.4 million.

During the nine months ended September 30, 2024, we recorded a provision for current expected credit losses of $182.6 million, which consisted of a $45.5 million increase in our general CECL reserve, a $113.9 million increase in our specific CECL reserve prior to principal charge-offs, and a $23.2 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserve was primarily attributable to changes in the historical loss rate of the analogous dataset and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase in our specific CECL reserves was primarily attributable to changes to collateral values and additional protective advances made, and the reclassification of a loan receivable to held-for-sale. The increase in our CECL reserves on accrued interest receivable was attributable to reserving against interest income previously recognized on a loan placed on non-accrual status during the nine months ended September 30, 2024. As of September 30, 2024, our total current expected credit loss reserve was $237.1 million.

Specific CECL Reserves

In certain circumstances, we may determine that a borrower is experiencing financial difficulty, and, if the repayment of the loan's principal is collateral dependent, the loan is no longer suited for the WARM model. In these instances, there have been diminutions in the fair value and performance of the underlying collateral asset primarily as a result of reduced tenant and/or capital markets demand for such property types in the markets in which these assets and borrowers operate in. Furthermore, we may recognize a specific CECL reserve if we anticipate assuming legal title and/or physical possession of the underlying collateral property and the fair value of the collateral asset is determined to be below the carrying value of our loan. Additionally, in certain circumstances, we may recognize a specific CECL reserve based upon anticipated proceeds from the disposition of our loan. The following table presents a summary of our risk rated 5 loans receivable held-for-investment as of September 30, 2025 ($ in thousands):

Property Type	Location	Unpaid Principal Balance	Carrying Value Before Specific CECL Reserve	Specific CECL Reserve	Net Carrying Value
Multifamily	CA	$ 402,341	$ 402,223	$ (35,423)	$ 366,800
Multifamily	TX	136,355	135,840	(14,840)	121,000
Multifamily	TX	76,308	76,184	(27,384)	48,800
Multifamily	TX	25,258	25,197	(2,797)	22,400
Total Multifamily (1)		640,262	639,444	(80,444)	559,000
Land	VA	156,671	156,671	(36,571)	120,100
Total Land		156,671	156,671	(36,571)	120,100
Office	CA	111,542	111,263	(23,063)	88,200
Office	GA	67,892	67,494	(27,794)	39,700
Total Office		179,434	178,757	(50,857)	127,900
Other (2)	Other	1,607	1,607	-	1,607
Total Other		1,607	1,607	-	1,607
Total		$ 977,974	$ 976,479	$ (167,872)	$ 808,607

(1) Represents loans for which we anticipate assuming legal title and/or physical possession of the underlying collateral properties.
(2) Amounts deemed uncollectible have been charged-off as of September 30, 2025.

Fair values of collateral assets used to determine specific CECL reserves are calculated using a discounted cash flow model, a sales comparison approach, or a market capitalization approach. Estimates of fair values used to determine specific CECL reserves as of September 30, 2025 include assumptions of property specific cash flows over estimated holding periods, assumptions of property redevelopment costs, assumptions of leasing activities, discount rates ranging from 6.0% to 9.5%, and market and terminal capitalization rates ranging from 4.66% to 8.25%. These assumptions are based upon the nature of the properties, recent sales and lease comparables, recent and projected property cash flows, and anticipated real estate and capital market conditions.

The following table presents our loan commitment originations, loan commitment realizations, and the amount of principal charge-offs recognized for each origination vintage year as of September 30, 2025 by year of origination ($ in thousands):

		Total by Origination Year as of September 30, 2025							
	Total	2025	2024[2]	2023	2022	2021	2020	2019	2018 and Prior
Loan Commitment Originations [1]	$ 18,127,722	$ -	$ 104,455	$ 101,059	$ 3,463,564	$ 2,959,122	$ 401,743	$ 4,056,115	$ 7,041,664
Loan Commitment Realizations through Repayment or Sale	$ 12,471,967	$ -	$ -	$ 101,059	$ 936,125	$ 1,666,411	$ 276,933	$ 3,306,592	$ 6,184,847
Principal Charge-offs from Repayment or Sale	$ 326,675	$ -	$ -	$ 315	$ 46,484	$ 8,251	$ 23,675	$ 203,517	$ 44,433
Loan Commitment Realizations through REO	$ 634,772	$ -	$ -	$ -	$ 320,868	$ -	$ -	$ -	$ 313,904
Principal Charge-offs from REO [3]	$ 113,032	$ -	$ -	$ -	$ 46,097	$ -	$ -	$ -	$ 66,935

(1) Loan commitment upsizes and protective advances subsequent to origination are reflected as increases in loan commitment in the year that the loan was originated.
(2) Reflects a loan receivable acquired in connection with a full loan repayment.
(3) Excludes loss recognized in connection with the reclassification of our real estate owned hotel portfolio to held-for-sale and partial sales of our mixed-use real estate owned asset.

Portfolio Financing

Our financing arrangements include repurchase arrangements, a term participation facility, asset-specific financings, debt related to real estate owned hotel portfolio, and secured term loan borrowings.

The following table summarizes our loans portfolio financing ($ in thousands):

	September 30, 2025		
	Capacity	Borrowings Outstanding	Weighted Average Spread[1]
Repurchase agreements and term participation facility	$ 4,854,931	$ 2,532,188	+ 2.88%
Notes payable	195,830	176,505	+ 3.22%
Secured term loan	712,104	712,104	+ 4.50%
Debt related to real estate owned hotel portfolio	235,000	235,000	+ 3.18%
Total/Weighted Average	$ 5,997,865	$ 3,655,797	+ 3.23%

(1) Weighted average spread over the applicable benchmark rate is based on unpaid principal balance. SOFR as of September 30, 2025 was 4.13%.

See Note 6 to our consolidated financial statements for additional details.

Repurchase Agreements and Term Participation Facility

We finance certain of our loans and multifamily real estate owned properties using repurchase agreements and a term participation facility. As of September 30, 2025, aggregate borrowings outstanding under our repurchase agreements and term participation facility totaled $2.5 billion, with a weighted average spread of SOFR plus 2.88% per annum based on unpaid principal balance. As of September 30, 2025, the loans receivable securing the outstanding borrowings under these facilities had a weighted average term to initial maturity and fully extended maturity of 0.6 years and 1.5 years, respectively, assuming all conditions to extend are met. Further, we have a repurchase agreement that specifically provides for the ability to finance (i) loans receivable, including those which may be delinquent or in default, and (ii) real estate owned assets subsequent to assuming legal title and/or physical possession of the underlying collateral property. As of September 30, 2025, $198.3 million of borrowings outstanding relate to our multifamily real estate owned assets.

Each repurchase agreement contains "margin maintenance" provisions, which are designed to allow the counterparty to require the delivery of cash or other assets to de-lever financings on assets that are determined to have experienced a diminution in value. Since inception through September 30, 2025, we have not received any margin calls under any of our repurchase agreements.

Loan Participations Sold

We may finance certain of our loans via the sale of a participation in such loans, and we present the loan participations sold as a liability on our consolidated balance sheet when such arrangements do not qualify as sales under GAAP. As of September 30, 2025, we had no loan participations sold.

Notes Payable

We finance certain of our loans via secured financings that are term matched to the underlying loan, some of which are partially recourse to us. We refer to such financings as notes payable and they are secured by the related loans receivable. As of September 30, 2025, two of our loans were financed with notes payable.

Secured Term Loan

We have a secured term loan which we originally entered into on August 9, 2019. Our secured term loan is presented net of any original issue discount and transaction expenses which are deferred and recognized as interest expense over the life of the loan using the effective interest method. The secured term loan matures on August 9, 2026 and as of September 30, 2025 has an unpaid principal balance of $712.1 million and a carrying value of $707.7 million.

Debt Related to Real Estate Owned Hotel Portfolio

On February 8, 2021 we assumed a $300.0 million securitized senior mortgage in connection with a foreclosure on a hotel portfolio. Subsequently, we entered into modifications of our debt related to real estate owned hotel portfolio to provide for, among other things, total principal payments of $25.0 million, an extension of the contractual maturity date to February 9, 2025, and the designation of a portion of the loan becoming partial recourse to us. Concurrent with each modification, we acquired interest rate caps with notional amounts equal to the borrowing outstanding, strike rates ranging from 3.0% to 5.0%, and maturity dates matching the associated financing. Upon maturity in February 2025 and subsequent thereto, we entered into forbearance agreements with our lender through September 9, 2025 and concurrently repaid $5.0 million of the principal balance. During the forbearance period, interest accrued at additional rates ranging from 3.0% to 5.0% per annum. On June 9, 2025, we refinanced our debt related to real estate owned hotel portfolio with a non-recourse senior mortgage in the amount of $235.0 million. Such financing matures on June 9, 2027, and we may extend the maturity to June 9, 2030 pursuant to three one-year extension options, subject to meeting prescribed conditions. As of September 30, 2025, our debt related to real estate owned hotel portfolio has an unpaid principal balance of $235.0 million, a carrying value of $230.3 million and a stated rate of SOFR plus 3.18%. See Derivatives below for further detail of our interest rate cap.

Derivatives

On June 2, 2021 and in connection with our debt related to real estate owned hotel portfolio, we acquired an interest rate cap with a notional amount of $290.0 million, a strike rate of 3.00%, and a maturity date of February 15, 2024. Such interest rate cap effectively limited the maximum interest rate of our debt related to real estate owned hotel portfolio to 5.83% through its then maturity. Subsequent thereto and in connection with modifications of our debt related to real estate owned hotel portfolio, we acquired interest rate caps with maturity dates and notional amounts equal to that of the then maturity dates and outstanding principal balance of our debt related to real estate owned hotel portfolio, respectively, and strike rates of 5.00%. Through the contractual maturity of our debt related to real estate owned hotel portfolio, the interest rate caps effectively limited the maximum interest rate of our debt related to real estate owned hotel portfolio to 7.94%. Concurrent with refinancing our debt related to real estate owned hotel portfolio in June 2025, we acquired an interest rate cap for a price of $71,000 with a notional amount of $235.0 million, a strike rate of 6.79%, and a maturity date of June 2027, which effectively limits the maximum interest rate of our debt related to real estate owned hotel portfolio to 9.97%.

Changes in the fair value of our interest rate cap are recorded as an unrealized gain or loss on interest rate cap on our consolidated statements of operations and the fair value is recorded in other assets on our consolidated balance sheets. Proceeds received from our counterparty related to the interest rate cap are recorded as proceeds from interest rate cap on our consolidated statements of operations. As of September 30, 2025 and December 31, 2024, the fair values of our interest rate caps were de minimis. During the three months ended September 30, 2025 and 2024, we recognized $0.0 million and $0.2 million, respectively, of proceeds from interest rate cap. During the nine months ended September 30, 2025 and 2024, we recognized $0.0 million and $1.3 million, respectively, of proceeds from interest rate cap.

Financial Covenants

Our financing agreements generally contain certain financial covenants. For example, our ratio of earnings before interest, taxes, depreciation, and amortization to interest charges ("Interest Coverage Ratio"), as calculated in accordance with our repurchase agreements and term participation facility, shall not be less than 1.1 to 1.0, whereas our ratio of earnings before interest, taxes, depreciation, and amortization to interest charges as calculated in accordance with our secured term loan agreement shall not be less than 1.5 to 1.0. Further, our tangible net worth, as calculated in accordance with our repurchase agreements, shall not be less than $1.7 billion, whereas our tangible net worth, as calculated in accordance with our secured term loan agreement, which permits us to make certain adjustments for our current expected credit loss reserve, shall not be less than $1.86 billion as of each measurement date. Additionally, (i) cash liquidity shall not be less than the greater of (x) $20 million or (y) 5% of our recourse indebtedness (which includes our secured term loan); and (ii) our indebtedness shall not exceed 77.8% of our total assets, which is the most restrictive indebtedness covenant as of the reporting date. As of September 30, 2025, we are in compliance with all financial covenants under our financing agreements. Commencing with the quarter ending December 31, 2025, our Interest Coverage Ratio shall not be less than 1.3 to 1.0.

Future compliance with our financial covenants is dependent upon the results of our operating activities, our financial condition, and the overall market conditions in which we and our borrowers operate. The impact of macroeconomic conditions on the commercial real estate and capital markets, including high benchmark interest rates compared to recent historical standards and the effects thereof on our and our borrowers' operating performance, may make it more difficult for us to satisfy these financial covenants in the future. Non-compliance with financial covenants may result in our lenders exercising their rights and remedies as provided for in the respective agreements. As the results of our operating activities, our financial condition, and the overall market conditions in which we and our borrowers operate evolve, we may continue to work with our counterparties on modifying financial covenants as needed; however, there is no assurance that our counterparties will agree to such modifications.

Non-Consolidated Senior Interests Sold and Non-Consolidated Senior Interests Held by Third Parties

In certain instances, we use structural leverage through the non-recourse syndication of a match-term senior loan interest to a third party which qualifies for sale accounting under GAAP, or through the acquisition of a subordinate loan for which a non-recourse senior interest is retained by a third party. In such instances, the senior loan is not included on our consolidated balance sheet.

The following table summarizes our non-consolidated senior interest and related retained subordinate interest as of September 30, 2025 ($ in thousands):

	Loan Count	Loan Commitment	Unpaid Principal Balance	Carrying Value	Weighted Average Interest Rate (1)	Term to Initial Maturity (in years)	Term to Fully Extended Maturity (in years) (2)
Fixed rate non-consolidated senior loans	1	$ 830,000	$ 830,000	N/A	3.47%	1.3	1.3
Retained fixed rate subordinate loans	1	$ 125,000	$ 125,000	$ 124,924	8.50%	1.3	1.3

(1) Weighted average is based on unpaid principal balance.
(2) Term to fully extended maturity is determined based on the maximum maturity of each of the corresponding loans, assuming all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date.

Floating and Fixed Rate Portfolio

Our business model seeks to minimize our exposure to changing interest rates by originating floating rate loans and financing them with floating rate liabilities. Further, we seek to match the benchmark index in the floating rate loans we originate with the benchmark index used in the related floating rate financings. Generally, we use SOFR as the benchmark index in both our floating rate loans and floating rate financings. As of September 30, 2025, 97.2% of our loans receivable held-for-investment based on unpaid principal balance were floating rate and indexed to SOFR. All of our financing is floating rate and indexed to SOFR, which resulted in approximately $735.8 million of net floating rate exposure.

The following table details our net floating rate exposure as of September 30, 2025 ($ in thousands):

	Net Floating Rate Exposure
Floating rate loans receivable	$ 4,391,634
Floating rate liabilities secured by loans receivable	(2,510,407)
Net floating rate exposure - loan portfolio	1,881,227
Floating rate liabilities secured by real estate owned	(433,286)
Secured term loan	(712,104)
Net floating rate exposure - total portfolio	**$ 735,837**

As of September 30, 2025 and aside from our interest rate cap on our debt related to real estate owned hotel portfolio, we do not employ interest rate derivatives (interest rate swaps, caps, collars or floors) to hedge our asset or liability portfolio, but we may do so in the future.

Results of Operations – Three Months Ended September 30, 2025 and June 30, 2025

As previously disclosed, beginning with our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, and for all subsequent reporting periods, we have elected to present results of operations by comparing to the immediately preceding period, as well as the same year to date period in the prior year. Given the dynamic nature of our business and the sensitivity to the real estate and capital markets, we believe providing analysis of results of operations by comparing to the immediately preceding period is more meaningful to our stockholders in assessing the overall performance of our current business.

Operating Results

The following table sets forth information regarding our consolidated results of operations for the three months ended September 30, 2025, and June 30, 2025 ($ in thousands, except per share data):

	Three Months Ended		
	September 30, 2025	June 30, 2025	$ Change
Revenue			
Interest and related income	$ 88,904	$ 108,138	$ (19,234)
Less: interest and related expense	71,839	81,995	(10,156)
Net interest income	17,065	26,143	(9,078)
Revenue from real estate owned	29,009	25,489	3,520
Total net revenue	46,074	51,632	(5,558)
Expenses			
Management fees - affiliate	7,733	8,197	(464)
General and administrative expenses	4,812	5,036	(224)
Stock-based compensation expense	2,061	4,762	(2,701)
Real estate owned:			
Operating expenses	18,489	15,696	2,793
Interest expense	9,416	8,164	1,252
Depreciation and amortization	3,740	845	2,895
Total expenses	46,251	42,700	3,551
Unrealized loss on interest rate cap	(71)	-	(71)
Gain (loss) on partial sales of real estate owned	2,006	(1,640)	3,646
Loss from equity method investment	(32)	(24)	(8)
Valuation adjustment for real estate owned held-for-sale	12,980	(313)	13,293
Provision for current expected credit loss reserve	(24,234)	(189,489)	165,255
Valuation adjustment for loan receivable held-for-sale	-	827	(827)
Net loss	$ (9,528)	$ (181,707)	$ 172,179
Net loss per share of common stock:			
Basic and diluted	$ (0.07)	$ (1.30)	$ 1.23

Comparison of the three months ended September 30, 2025 and June 30, 2025

Net Revenue

Total net revenue decreased $5.6 million during the three months ended September 30, 2025, compared to the three months ended June 30, 2025. The decrease is primarily due to a decrease in net interest income of $9.1 million, which was driven by a decrease in interest income of $19.2 million as a result of decreased average loans receivable balances and additional loans on non-accrual status, partially offset by a decrease in interest expense of $10.2 million as a result of lower average borrowing levels during the three months ended September 30, 2025 compared to the three months ended June 30, 2025 as a result of loan repayments and foreclosures during the quarter in addition to incremental deleveraging. The decrease in total net revenue was partially offset by an increase in revenue from real estate owned of $3.5 million attributable to revenue from the multifamily properties we foreclosed on in July 2025 and the second quarter of 2025, partially offset by a decrease in revenue at the hotel portfolio compared to the three months ended June 30, 2025 due to lower overall average daily rate ("ADR") and revenue per available room ("RevPAR") levels while occupancy levels remained static.

Expenses

Expenses are primarily comprised of base management fees payable to our Manager, general and administrative expenses, stock-based compensation expense, operating expenses from real estate owned, interest expense from real estate owned, and depreciation and amortization on real estate owned and related in-place and other lease intangible values. Operating expenses from real estate owned primarily include real estate taxes, utilities, repairs and maintenance, personnel costs of third-party property managers, property management fees incurred to third-parties, insurance, marketing, and general and administrative expenses specific to our real estate owned properties. Expenses increased by $3.6 million during the three months ended September 30, 2025, as compared to the three months ended June 30, 2025, primarily due to:

(i) an increase in depreciation and amortization from real estate owned of $2.9 million due to depreciation expense and amortization of in-place lease intangible values recognized at the multifamily properties we foreclosed on in July 2025 and the second quarter of 2025;
(ii) an increase in operating expenses from real estate owned of $2.8 million during the comparative period, due to operating expenses such as real estate taxes, utilities, and repairs and maintenance expenses incurred from the multifamily properties we foreclosed on in July 2025 and the second quarter of 2025;
(iii) an increase in interest expense on real estate owned of $1.3 million due to interest expense recognized on debt related to the multifamily properties we foreclosed on in July 2025 and the second quarter of 2025, partially offset by a decrease in interest expense on the debt related to the hotel portfolio due to the average outstanding balance on such debt being significantly lower and no additional interest being incurred pursuant to the forbearance agreement subsequent to its refinancing on June 9, 2025;
(iv) partially offset by a decrease in stock-based compensation expense of $2.7 million during the comparative period due to the vesting period of previously issued restricted stock units ending on July 1, 2025 and the remaining unvested restricted stock unit grants having a grant date fair value less than that of the grant which vested;
(v) further offset by a decrease in management fees of $0.5 million as a result of lower stockholder's equity compared to the comparative period.

Unrealized Loss on Interest Rate Cap

During the three months ended September 30, 2025, we recognized a $0.1 million unrealized loss on the interest rate cap as the value of the interest rate cap was determined as de minimis due to prevailing interest rates falling well below the cap's strike rate. There was no unrealized loss recognized during the three months ended June 30, 2025

Gain (Loss) on Partial Sales of Real Estate Owned

During the three months ended September 30, 2025, we sold two floors of office space in our mixed-use real estate owned asset to an unaffiliated purchaser for a gross sales price of $13.8 million, which resulted in a gain on partial sales of $2.0 million. During the three months ended June 30, 2025 we sold five floors of primarily office space in our mixed-use real estate owned asset to an unaffiliated purchaser for a gross sales price of $28.8 million, which resulted in a loss on partial sale of $1.6 million.

Loss from Equity Method Investment

During the three months ended September 30, 2025 and the three months ended June 30, 2025, we recognized de minimis losses from our equity method investment as a result of the net losses recognized by our investee during each respective period.

Valuation Adjustment for Real Estate Owned Held-for-Sale

As of September 30, 2025, we determined that a sale of the hotel portfolio was no longer advisable and thus determined that the hotel portfolio no longer met the held-for-sale criteria and reclassified it to held-for-investment on our consolidated balance sheet, resulting in a $13.0 million reversal of a previously recognized valuation adjustment for real estate owned held-for-sale, representing previously estimated costs to sell. During the three months ended June 30, 2025, we recognized a $0.3 million adjustment for real estate owned held-for-sale, as a result of capital expenditures incurred written off.

Provision for Current Expected Credit Loss Reserve

During the three months ended September 30, 2025, we recorded a provision for current expected credit losses of $24.2 million, which consisted of a $0.6 million increase in our general CECL reserve, a $16.7 million increase in our specific CECL reserve prior to principal charge-offs, and a $6.9 million increase in CECL reserves on accrued interest receivable. The increase in our general CECL reserve was primarily attributable to changes in the historical loss rate of the analogous data set, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the seasoning of our loan portfolio and a reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase of our specific CECL reserves was primarily attributable to changes to collateral values, protective advances made, and specific reserves determined on loans reclassified as held-for-sale, offset in part by principal charge-offs recognized. The increase in our CECL reserves on accrued interest receivable is attributable to reserving against interest income previously recognized on loans placed on non-accrual status during the three months ended September 30, 2025, offset in part by a reduction in reserves upon the receipt of past due interest. During the three months ended June 30, 2025, we recorded a provision for current expected credit losses of $189.5 million, which consisted of a $15.4 million increase in our general CECL reserve, a $143.1 million increase in our specific CECL reserve prior to principal charge-offs, and a $31.0 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserve was primarily attributable to changes in the historical loss rate of the analogous data set and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the seasoning of our loan portfolio and a reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase of our specific CECL reserves was primarily attributable to specific reserves determined on loans now classified as risk rated 5, changes to collateral values, and protective advances made, offset in part by principal charge-offs recognized. The increase in our CECL reserves on accrued interest receivable is attributable to reserving against interest income previously recognized on loans placed on non-accrual status during the three months ended June 30, 2025.

Valuation Adjustment for Loan Receivable Held-for-Sale

During the three months ended June 30, 2025, we recognized a valuation adjustment of $0.8 million for our loan receivable held-for-sale as a result of an increase in anticipated net proceeds from the sale of such loan, primarily due to lower transaction costs than previously estimated. There was no such adjustment recognized during the three months ended September 30, 2025.

Results of Operations – Nine Months Ended September 30, 2025 and September 30, 2024

The following table sets forth information regarding our consolidated results of operations for the nine months ended September 30, 2025 and 2024 ($ in thousands, except per share data):

	Nine Months Ended		
	September 30, 2025	September 30, 2024	$ Change
Revenue			
Interest and related income	$ 315,080	$ 468,846	$ (153,766)
Less: interest and related expense	243,061	340,252	(97,191)
Net interest income	72,019	128,594	(56,575)
Revenue from real estate owned	69,062	59,595	9,467
Total net revenue	141,081	188,189	(47,108)
Expenses			
Management fees - affiliate	24,327	27,300	(2,973)
General and administrative expenses	14,118	12,367	1,751
Stock-based compensation expense	11,897	13,324	(1,427)
Real estate owned:			
Operating expenses	47,100	41,466	5,634
Interest expense	24,134	20,098	4,036
Depreciation and amortization	5,023	7,850	(2,827)
Total expenses	126,599	122,405	4,194
Proceeds from interest rate cap	-	1,291	(1,291)
Unrealized loss on interest rate cap	(71)	(1,379)	1,308
Gain on partial sales of real estate owned, net	366	-	366
Loss from equity method investment	(93)	(114)	21
Loss on extinguishment of debt	(547)	(3,505)	2,958
Valuation adjustment for real estate owned held-for-sale	12,618	-	12,618
Provision for current expected credit loss reserve	(254,846)	(182,644)	(72,202)
Valuation adjustment for loan receivable held-for-sale	(41,767)	-	(41,767)
Net loss	$ (269,858)	$ (120,567)	$ (149,291)
Net loss per share of common stock:			
Basic and diluted	$ (1.93)	$ (0.88)	$ (1.05)

Comparison of the nine months ended September 30, 2025 and September 30, 2024

Net Revenue

Total net revenue decreased $47.1 million during the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The decrease is primarily due to a decrease in net interest income of $56.6 million, which was driven by a decrease in interest income of $153.8 million as a result of a reduction in the size of our loan portfolio and an increase in the portion of loans on non-accrual status during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024, partially offset by a decrease in interest expense of $97.2 million primarily as a result of lower average borrowing levels. The decrease in total net revenue was partially offset by an increase in revenue from real estate owned of $9.5 million attributable to revenue recognized from the multifamily properties we foreclosed on during the nine months ended September 30, 2025 and higher overall average occupancy, ADR, and RevPAR levels at our hotel portfolio compared to the nine months ended September 30, 2024.

Expenses

Expenses are primarily comprised of base management fees payable to our Manager, general and administrative expenses, stock-based compensation expense, operating expenses from real estate owned, interest expense from real estate owned, and depreciation and amortization on real estate owned and related in-place and other lease intangible values. Operating expenses from real estate owned primarily include real estate taxes, utilities, repairs and maintenance, personnel costs of third-party property managers, property management fees incurred to third-parties, insurance, marketing, and general and administrative expenses specific to our real estate owned properties. Expenses increased by $4.2 million during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, primarily due to:

(i) an increase in operating expenses from real estate owned of $5.6 million during the comparative period, due to operating expenses such as real estate taxes, utilities, and repairs and maintenance expenses incurred from the multifamily properties we foreclosed on during the nine months ended September 30, 2025 and higher variable operating expenses such as labor costs and franchise fees in connection with higher occupancy levels at the hotel portfolio;

(ii) an increase in interest expense on real estate owned of $4.0 million during the comparative period, due to interest expense recognized on debt related to the multifamily properties we foreclosed on during the nine months ended September 30, 2025 and additional interest being incurred on our debt related hotel portfolio pursuant to the forbearance agreement prior to its refinancing on June 9, 2025;

(iii) an increase in general and administrative expenses of $1.8 million primarily as a result of an increase in non-recurring costs incurred over the comparative period, generally related to legal and professional fees related to loan enforcement and financing related matters;

(iv) partially offset by a decrease in management fees of $3.0 million as a result of lower stockholders' equity compared to the comparative period;

(v) further offset by a decrease in depreciation and amortization from real estate owned of $2.8 million primarily due to depreciation expense not being recognized on the hotel portfolio during the nine months ended September 30, 2025, as we determined the fair value of the hotel portfolio as of September 30, 2025 to be less than the carrying value prior to classification to held-for-sale, partially offset by depreciation expense and amortization of in-place lease intangible values recognized at the multifamily properties we foreclosed on during the nine months ended September 30, 2025;

(vi) further offset by a decrease in stock-based compensation of $1.4 million due to the vesting period of previously issued restricted stock units ending on July 1, 2025 and the remaining unvested restricted stock unit grants having a grant date fair value less than that of the grant which vested.

Proceeds from Interest Rate Cap

Proceeds from interest rate cap decreased $1.3 million during the nine months ended September 30, 2025. During the nine months ended September 30, 2025, the strike rate on our interest rate cap was 6.79% as compared to the strike rate on our interest rate cap during the nine months ended September 30, 2024 which was 5.0%.

Unrealized Loss on Interest Rate Cap

During the nine months ended September 30, 2025, we recognized a $0.1 million unrealized loss on the interest rate cap as the value of the interest rate cap was determined as de minimis due to prevailing interest rates falling well below the cap's strike rate. During the nine months ended September 30, 2024, we recognized a $1.4 million unrealized loss on the interest rate cap due to the remaining duration of the interest rate cap decreasing as well as prevailing interest rates declining.

Gain on Partial Sales of Real Estate Owned, Net

During the nine months ended September 30, 2025 we sold seven floors of primarily office space in our mixed-use property to an unaffiliated purchaser for a gross sales price of $42.6 million, resulting in an aggregate gain on partial sales, net of $0.4 million. We did not sell any of our real estate owned during the nine months ended September 30, 2024.

Loss from Equity Method Investment

During the nine months ended September 30, 2025 and the nine months ended September 30, 2024, we recognized de minimis losses from our equity method investment as a result of the net losses recognized by our investee during each respective period.

Loss on Extinguishment of Debt

During the nine months ended September 30, 2025, we recognized a loss on extinguishment of debt of $0.5 million due to the recognition of unamortized deferred financing costs resulting from the repayment of financing balances prior to maturity. During the nine months ended September 30, 2024, we recognized a loss on extinguishment of debt of $3.5 million, inclusive of a $1.6 million spread maintenance payment, $2.1 million of unamortized deferred financing costs resulting from the repayment of financing balances prior to maturity, partially offset by the $0.2 million reversal of previously recognized financing costs that were ultimately not owed upon the payoff of a loan participation.

Valuation Adjustment for Real Estate Owned Held-for-Sale

As of September 30, 2025, we determined that a sale of the hotel portfolio was no longer advisable and thus determined that the hotel portfolio no longer met the held-for-sale criteria and reclassified it to held-for-investment on our consolidated balance sheet, resulting in a $13.0 million reversal of a previously recognized valuation adjustment for real estate owned held-for-sale, representing previously estimated costs to sell. There was no such adjustment recognized during the nine months ended September 30, 2024.

Provision for Current Expected Credit Loss Reserve

During the nine months ended September 30, 2025, we recorded a provision for current expected credit losses of $254.8 million, which consisted of a $12.1 million increase of our general CECL reserve, a $201.3 million increase in our specific CECL reserve prior to principal and exit fee charge-offs, and a $41.4 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserves was primarily attributable to changes in the historical loss rate of the analogous data set and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the seasoning of our loan portfolio and a reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase in our specific CECL reserves was primarily attributable to specific reserves determined on loans now classified as risk rated 5, changes to collateral values, and protective advances made, offset in part by principal charge-offs recognized. The increase in our CECL reserves on accrued interest receivable is attributable to reserving against interest income previously recognized on loans placed on non-accrual status during the nine months ended September 30, 2025, offset in part by a reduction in reserves upon the receipt of past due interest. During the nine months ended September 30, 2024, we recorded a provision for current expected credit losses of $182.6 million, which consisted of a $45.5 million increase in our general CECL reserve, a $113.9 million increase in our specific CECL reserve prior to principal charge-offs, and a $23.2 million increase in CECL reserves on accrued interest receivable prior to charge-offs. The increase in our general CECL reserve was primarily attributable to changes in the historical loss rate of the analogous dataset and changes in risk ratings, non-accrual status, and expected remaining duration within our loan portfolio, offset in part by the reduction in the size of our loan portfolio subject to determination of the general CECL reserve. The increase in our specific CECL reserves was primarily attributable to changes to collateral values and additional protective advances made, and the reclassification of a loan receivable to held-for-sale. The increase in our CECL reserves on accrued interest receivable was attributable to reserving against interest income previously recognized on a loan placed on non-accrual status during the nine months ended September 30, 2024.

Valuation Adjustment for Loan Receivable Held-for-Sale

During the nine months ended September 30, 2025, we recognized a valuation adjustment of $41.8 million for our loan receivable held-for-sale as a result of additional protective advances made and a decrease in anticipated proceeds from the sale of such loan.

Liquidity and Capital Resources

Capitalization

We have capitalized our business to date primarily through the issuance of shares of our common stock and borrowings under our secured financings and our secured term loan. As of September 30, 2025, we had 140,218,764 shares of our common stock outstanding, representing $1.7 billion of equity, and also had $3.7 billion of outstanding borrowings under our secured financings, our secured term loan, and our debt related to real estate owned hotel portfolio. As of September 30, 2025, our secured financings consisted of five repurchase agreements with capacity of $4.5 billion and a combined outstanding balance of $2.2 billion, a term participation facility with a capacity of $381.2 million and an outstanding balance of $347.3 million, and two asset-specific financings with capacity of $195.8 million and an outstanding balance of $176.5 million. As of September 30, 2025, our secured term loan had an outstanding balance of $712.1 million and our debt related to real estate owned hotel portfolio had an outstanding balance of $235.0 million.

Net Debt-to-Equity Ratio and Total Leverage Ratio

Net Debt-to-Equity Ratio and Total Leverage Ratio are non-GAAP measures that we use to evaluate our financial leverage, which in the case of our Total Leverage Ratio, makes certain adjustments that we believe provide a more conservative measure of our financial condition.

Net Debt-to-Equity Ratio is calculated as the ratio of asset-specific debt (repurchase agreements, term participation facility, loan participations sold, net, notes payable, net, and debt related to real estate owned hotel portfolio, net) and secured term loan, less cash and cash equivalents to total equity.

Total Leverage Ratio is similar to Net Debt-to-Equity Ratio; however, it includes non-consolidated senior interests sold and non-consolidated senior interests held by third parties. Non-consolidated senior interests sold and non-consolidated senior interests held by third parties, as applicable, are secured by the same collateral as our loan and are structurally senior in repayment priority relative to our loan. We believe the inclusion of non-consolidated senior interests sold and non-consolidated senior interests held by third parties provides a meaningful measure of our financial leverage.

The following table presents our Net Debt-to-Equity Ratios and Total Leverage Ratios as of September 30, 2025 and December 31, 2024 ($ in thousands):

	September 30, 2025	December 31, 2024
Asset-specific debt	$ 2,938,222	$ 4,179,372
Secured term loan, net	707,678	709,777
Total debt	3,645,900	4,889,149
Less: cash and cash equivalents	(339,518)	(99,075)
Net Debt	$ 3,306,382	$ 4,790,074
Total Equity	$ 1,748,811	$ 2,008,086
Net Debt-to-Equity Ratio	1.9x	2.4x
Non-consolidated senior loans	830,000	830,000
Total Leverage	$ 4,136,382	$ 5,620,074
Total Leverage Ratio	2.4x	2.8x

Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents, interest income from our loans, proceeds from loan repayments, available borrowings under our repurchase agreements based on existing collateral, available borrowing capacity related to our asset-specific financings based on existing collateral, proceeds from the issuance of incremental secured term loan or other corporate debt issuances, and proceeds from the issuance of our common stock. As circumstances warrant, we and our subsidiaries may also issue common equity, preferred equity and/or debt, incur other debt, including term loans, or explore sales of certain of our loans receivable or real estate owned assets from time to time, dependent upon market conditions and available pricing.

Although we generally intend to hold our loans to maturity, sales of loans receivable, which may result in realized losses, discounted loan payoffs, and/or sales of real estate owned assets may occur in order to redeploy capital to more accretive opportunities, meet operating objectives, adapt to market conditions, and/or manage liquidity needs. Furthermore, we cannot predict the timing or impact of future asset sales or loan repayments, and, since many of our loans are financed, a portion or in some cases all of the net proceeds from the sales or repayments of our loans are expected to be used to de-lever our secured financings.

The following table sets forth, as of September 30, 2025 and December 31, 2024, our sources of available liquidity ($ in thousands):

	September 30, 2025	December 31, 2024
Cash and cash equivalents	$ 339,518	$ 99,075
Approved and undrawn credit capacity[(1)]	13,716	2,599
Total sources of liquidity	$ 353,234	$ 101,674

(1) Amounts based on existing collateral.

Under the terms of our loan agreements with certain of our borrowers, we require and have oversight of borrower funds held in reserve accounts with third-party loan servicers for our benefit which provide additional collateral support for our loans. Upon the occurrence of certain events or the borrower meeting prescribed conditions in accordance with the terms of the loan agreement, these funds may be transferred by the third-party loan servicers to the borrower or to other third parties, subject to our approval, to satisfy certain obligations. In instances where the borrower is in monetary default under the terms of the loan agreement, we have the ability to direct the third-party loan servicers to release such reserve funds to us to satisfy past due amounts. As of September 30, 2025 and December 31, 2024, funds held in such reserve accounts are not reflected on our consolidated balance sheets.

The following table presents a summary of our unencumbered loans receivable held-for-investment as of September 30, 2025 ($ in thousands):

Loan Type	Loan Commitment	Unpaid Principal Balance (1)	Carrying Value (2)	Property Type	Construction	Location	Risk Rating (3)
Subordinate	$ 125,000	$ 125,000	$ 124,924	Office	-	IL	3
Senior	115,250	78,500	78,500	Hospitality	Y	NY	4
Senior	97,000	95,214	94,827	Office	-	CA	4
Senior	81,210	67,892	39,700	Office	-	GA	5
Senior	1,607	1,607	1,607	Other	-	Other	5
Total, held-for-investment (4)	420,067	368,213	339,558				
Senior (5)	30,000	30,000	28,069	Land	-	MA	3
Total, held-for-sale	30,000	30,000	28,069				
Total	$ 450,067	$ 398,213	$ 367,627				

(1) For loans receivable held-for-sale, reflects amounts prior to principal charge-offs.
(2) For loans receivable held-for-investment, reflects amounts net of specific CECL reserves of $27.8 million.
(3) For loans receivable held-for-sale, reflects risk rating of the loans receivable prior to the reclassification to held-for-sale.
(4) In October 2025, we repaid in full the associated financing of a senior loan receivable secured by a parcel of land in New York, NY. As of September 30, 2025, the loan had a carrying value and unpaid principal balance of $88.2 million and $87.7 million, respectively, and was risk rated 4.
(5) In September 2025, through a mortgage foreclosure auction of the underlying collateral asset, we entered into an agreement with an unaffiliated purchaser to sell our right, title, and interest in the collateral asset for a gross sales price of $28.1 million. This sale was completed in October 2025 and, accordingly, we reflected this loan as held-for-sale and recognized a principal charge-off as of September 30, 2025.

As of September 30, 2025, our mixed-use real estate owned asset with a carrying value of $104.2 million (including related net lease intangible assets) was unencumbered. In October 2025, we (i) sold the signage component of this asset to an unaffiliated purchaser for a gross sales price of $12.2 million and (ii) entered into a binding agreement to sell one additional floor of office space at this asset to an unaffiliated purchaser for a gross sales price of $5.9 million.

The ability to finance or sell certain of these unencumbered assets is subject to one or more counterparties' willingness to finance or purchase such loans or real estate owned assets.

To facilitate future offerings of equity, debt and other securities, we have in place an effective shelf registration statement (the "Shelf") with the SEC. The securities covered by this Shelf include up to $250,000,000 in the aggregate of: (i) common stock, (ii) preferred stock, (iii) debt securities, (iv) depositary shares, (v) warrants, (vi) purchase contracts, and (vii) units, and up to 16,058,983 shares of common stock offered by the selling securityholders. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering material, at the time of any offering.

On May 10, 2024, we entered into an equity distribution agreement with certain sales agents, pursuant to which we may sell, from time to time, up to an aggregate sales price of $150.0 million of our common stock pursuant to a continuous offering program (the "ATM Agreement") under our Shelf. Sales of our common stock made pursuant to the ATM Agreement may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended. The timing and amount of actual sales will depend on a variety of factors, including market conditions, the trading price of our common stock, our capital needs, and our determination of the appropriate sources of funding to meet such needs. During the nine months ended September 30, 2025, we did not issue any shares of our common stock pursuant to the ATM Agreement. As of September 30, 2025, the ATM Agreement has not been utilized, and $150.0 million remained available for issuance of our common stock pursuant to the ATM Agreement.

Liquidity Needs

Our primary liquidity needs include loan origination and acquisitions, future fundings to our borrowers on our unfunded loan commitments, interest payment and principal repayment obligations on outstanding borrowings under our financings, operating expenses, management fees, and dividend payments to our stockholders necessary to satisfy REIT dividend requirements. We currently maintain, and seek to maintain, cash and liquidity to i) comply with minimum liquidity covenants under certain of our financing agreements and ii) meet our above mentioned primary liquidity needs. Our Secured Term Loan has a contractual maturity date of August 9, 2026. We may extend the contractual maturity date of our Secured Term Loan, obtain replacement financing, or execute another capital solution deemed appropriate by management.

During the two-year period ended December 31, 2024, we made deleveraging payments to certain of our financing counterparties in the amounts of $643.1 million. Further, during the nine months ended September 30, 2025, we made deleveraging payments to certain of our financing counterparties in the amount of $275.1 million and expect to continue to do so as agreed with our lenders or on an as-needed basis. Our ability to make any future deleveraging payments or required principal repayments will depend upon the results of our operating activities, our total sources of liquidity, our financial condition, and the overall market conditions in which we operate, among other factors. In addition, as market conditions evolve, we expect to continue to work with our secured financing counterparties as needed to seek adjustments to the timing and amount of any required principal repayment obligations; however, there is no assurance that such counterparties will agree to modify the required amount or timing of such repayments.

As of September 30, 2025, we had aggregate unfunded loan commitments of $347.8 million which is comprised of funding for capital expenditures and construction, leasing costs, and carry costs. The timing of these fundings will vary depending on the progress of capital projects, leasing, and cash flows at the properties securing our loans and equity contributions from our borrowers, if required. Therefore, the exact timing and amounts of such future loan fundings are uncertain and will depend on the current and future performance of the underlying collateral assets, but are expected to occur over the remaining loan term. In certain circumstances, conditions to funding may not be met by our borrowers and portions of our unfunded loan commitments may never become eligible to be drawn on.

We may from time to time use capital to retire, redeem, or repurchase our equity or debt securities, term loans or other debt instruments through open market purchases, privately negotiated transactions or otherwise. The execution of such retirements, redemptions or repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and/or other factors deemed relevant.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of September 30, 2025 were as follows ($ in thousands):

	Payment Timing				
	Total Obligations	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Unfunded loan commitments (1)	$ 347,777	$ 215,132	$ 19,607	$ 113,038	$ -
Unfunded loan commitments for non-accrual, maturity default, risk rated 5 and/or delinquent loans (1)	(113,038)	-	-	(113,038)	-
Secured financings, term loan agreement, and debt related to real estate owned - principal (2)(3)(4)	3,655,797	1,206,104	2,016,407	433,286	-
Secured financings, term loan agreement, and debt related to real estate owned - interest (2)(3)	397,654	203,648	140,591	53,415	-
Total	$ 4,288,190	$ 1,624,884	$ 2,176,605	$ 486,701	$ -

(1) The estimated allocation of our unfunded loan commitments for loans receivable held-for-investment is based on the earlier of our expected funding date and the commitment expiration date. As of September 30, 2025, we have $191.3 million of in-place financings to fund our remaining commitments, excluding $13.7 million of approved and undrawn credit capacity based on existing collateral.

(2) The allocation of our secured financings and secured term loan is based on the earlier of the fully extended maturity date (assuming conditions to extend are met) of each individual corresponding loan receivable or the maximum maturity date under the respective financing agreement, and assumes eleven loans with an aggregate unpaid principal balance of $1.7 billion that are in maturity default that represent collateral for aggregate borrowings outstanding of $946.1 million have a contractual obligation to pay in less than one year.

(3) Amounts include the related future interest payment obligations, which are estimated by assuming the amounts outstanding under our secured financing agreements and SOFR in effect as of September 30, 2025, will remain constant into the future. Actual amounts borrowed and rates will vary over time. Our floating rate loans and related liabilities are indexed to SOFR. Totals exclude non-consolidated senior interests.

(4) In October 2025, we repaid $109.2 million of our secured financings due in less than one year using a portion of the proceeds received from the repayment of a loan receivable.

In certain circumstances, conditions to funding may not be met by our borrowers and portions of our unfunded loan commitments may not become eligible to be drawn on. Of the $347.8 million of unfunded loan commitments for our loans receivable held-for-investment as of September 30, 2025, the following table details the portion of unfunded loan commitments and in-place financings to fund our remaining commitments for loans receivable held-for-investment whereby conditions to funding are not currently being met, including loans on non-accrual status, in maturity default, risk rated 5, and/or which are delinquent in accordance with our revenue recognition policy ($ in thousands):

	Unfunded Loan Commitments	**In-place Financing Commitments**	**Net Loan Commitment**
Gross total commitment	$ 347,777	$ 191,270	$ 156,507
Non-accrual, maturity default, risk rated 5 and/or delinquent loans	(113,038)	(61,827)	(51,211)
Net loan commitment	$ 234,739	$ 129,443	$ 105,296

Subject to borrowers meeting future funding conditions provided for in our loan agreements, we expect to fund our $105.3 million of net loan commitments over the remaining maximum term of the related loans, which have a weighted average future funding period of 0.7 years.

We incur to our Manager, payable in cash, a base management fee and incentive fee (to the extent earned), which are generally paid quarterly, in arrears. The tables above do not include the amounts payable to our Manager under the Management Agreement which are reflected as management fee payable - affiliate on our consolidated balance sheet.

Loan Maturities

The following table summarizes the future scheduled repayments of principal for loans receivable held-for-investment as of September 30, 2025 ($ in thousands):

	Initial Maturity		Fully Extended Maturity	
Year	**Unpaid Principal Balance**[1]	**Loan Commitment**[1]	**Unpaid Principal Balance**[1]	**Loan Commitment**[1]
2025 [2]	$ 557,667	$ 599,600	$ 136,500	$ 136,500
2026	2,013,895	2,212,674	1,225,296	1,413,507
2027	969,777	1,061,815	1,687,260	1,829,737
2028	-	-	267,345	267,345
2029	-	-	224,938	227,000
Thereafter	-	-	-	-
Total	$ 3,541,339	$ 3,874,089	$ 3,541,339	$ 3,874,089

(1) Excludes $976.9 million in unpaid principal balance and $991.9 million in loan commitments of loans receivable held-for-investment that are in maturity default with no available extension options.

(2) Includes $136.5 million related to a loan which was repaid in October 2025.

Cash Flows

The following table provides a breakdown of the net change in our cash and cash equivalents and restricted cash for the nine months ended September 30, 2025 and 2024, respectively ($ in thousands):

	Nine Months Ended	
	September 30, 2025	**September 30, 2024**
Net cash flows (used in) provided by operating activities	$ (32,858)	$ 66,188
Net cash flows provided by investing activities	1,529,082	546,779
Net cash flows used in financing activities	(1,273,463)	(683,470)
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 222,761	$ (70,503)

We experienced a net increase in cash, cash equivalents, and restricted cash of $222.8 million during the nine months ended September 30, 2025, compared to a net decrease of $70.5 million during the nine months ended September 30, 2024.

During the nine months ended September 30, 2025, we received $1.3 billion from loan repayments, received $304.0 million of loan sale proceeds, received $38.6 million from partial sales of our mixed-use real estate owned property, and received $903.7 million of proceeds from borrowings under our financing arrangements, net of payments for deferred financing costs and exit fees. Additionally, we made $96.8 million of advances on loans and made repayments on financings arrangements of $2.2 billion (inclusive of $275.1 million of deleveraging repayments).

Income Taxes

We have elected and believe we have qualified to be taxed as a REIT for U.S. federal income tax purposes, commencing with our initial taxable year ended December 31, 2015. We generally must distribute annually at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain, to maintain our REIT status. To the extent that we satisfy this distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal income tax on our undistributed REIT taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay (or are treated as paying) out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. Our real estate owned hotel portfolio is held in a TRS. Our TRS is not consolidated for U.S. federal income tax purposes and is taxed separately as a corporation. For financial reporting purposes, a provision or benefit for current and deferred taxes is established for the portion of earnings or expense recognized by us with respect to our TRS.

Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership and certain restrictions with regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal income and excise taxes and state and local taxes on our income and assets. If we fail to maintain our qualification as a REIT for any taxable year, we may be subject to material penalties as well as federal, state and local income tax on our REIT taxable income at regular corporate rates and we would not be able to qualify as a REIT for the subsequent four full taxable years. As of September 30, 2025, we were in compliance with all REIT requirements.

Off-Balance Sheet Arrangements

As of September 30, 2025, we had no off-balance sheet arrangements aside from those discussed in Note 3 - Loan Portfolio, Note 4 - Equity Method Investment, and Note 14 - Commitments and Contingencies.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires our Manager to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We believe that all of the decisions and estimates are reasonable, based upon the information available to us. We believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements. The assumptions within our accounting policies may vary from quarter to quarter as our portfolio changes and market and economic conditions evolve.

See Note 2 to our consolidated financial statements for a description of our significant accounting policies.

Current Expected Credit Losses

The CECL reserve required under ASC 326, *Financial Instruments – Credit Losses*, reflects our current estimate of potential credit losses related to our loan portfolio. Changes to the CECL reserve are recognized through a provision for or reversal of current expected credit loss reserve on our consolidated statements of operations. ASC 326 specifies the reserve should be based on relevant information about past events, including historical loss experience, current loan portfolio, market conditions and reasonable and supportable macroeconomic forecasts through our loan portfolio’s expected remaining duration.

For our loan portfolio, we perform a quantitative assessment of the impact of CECL primarily using the Weighted Average Remaining Maturity, or WARM, method. The application of the WARM method to estimate a general CECL reserve requires judgment, including the appropriate historical loan loss reference data, the expected timing and amount of future loan fundings and repayments, the current credit quality of our portfolio, and our expectations of performance and market conditions over the relevant time period.

The WARM method requires us to reference historical loan loss data from a comparable data set and apply such loss rate to each of our loans over their expected remaining duration, taking into consideration expected economic conditions over the forecasted timeframe. Our general CECL reserve reflects our forecast of the current and future macroeconomic conditions that may impact the performance of the commercial real estate assets securing our loans and each borrower’s ultimate ability to repay. These estimates include unemployment rates, price indices for commercial properties, and market liquidity, all of which may influence the likelihood and magnitude of potential credit losses for our loans during their expected remaining duration. Additionally, further adjustments may be made based upon loan positions senior to ours, the risk rating of a loan, whether a loan is a construction loan, whether the loan’s initial maturity is near-term, or the economic conditions specific to the property type of a loan’s underlying collateral.

To estimate an annual historical loss rate, we obtained historical loss rate data for loans most comparable to our loan portfolio from a commercial mortgage-backed securities database licensed by a third party, Trepp, LLC, which contains historical loss data from January 1, 1999 through September 30, 2025. We believe this CMBS data is the most relevant, available, and comparable dataset to our portfolio.

When evaluating the current and future macroeconomic environment, we consider the aforementioned macroeconomic factors. Historical data for each metric is compared to historical commercial real estate credit losses in order to determine the relationship between the two variables. We use projections of each macroeconomic factor, obtained from a third party, to approximate the impact the macroeconomic outlook may have on our loss rate. Selections of these economic forecasts require judgment about future events that, while based on the information available to us as of the balance sheet date, are ultimately subjective and uncertain, and the actual economic conditions could vary significantly from the estimates we made. Following a reasonable and supportable forecast period, we use a straight-line method of reverting to the historical loss rate. Additionally, we assess the obligation to extend credit through our unfunded loan commitments through their expected remaining duration, adjusted for projected fundings from interest reserves, if applicable, which is considered in the estimate of the general CECL reserve. For both the funded and unfunded portions of our loans, we consider our internal risk rating of each loan as the primary credit quality indicator underlying our assessment.

We evaluate the credit quality of each of our loans receivable on an individual basis and assign a risk rating at least quarterly. We have developed a loan grading system for all of our outstanding loans receivable that are collateralized directly or indirectly by real estate. Grading criteria include, but are not limited to, as-is or as-stabilized debt yield, term of loan, property type, property or collateral location, loan type, structure, collateral cash flow volatility and other more subjective variables that include, but are not limited to, as-is or as-stabilized collateral value, market conditions, industry conditions, borrower/sponsor financial stability, and borrower/sponsor exit plan. While evaluating the credit quality of each loan within our portfolio, we assess these quantitative and qualitative factors as a whole and with no pre-prescribed weight on their impact to our determination of a loan's risk rating. However, based upon the facts and circumstances for each loan and the overall market conditions, we may consider certain previously mentioned factors more or less relevant than others. We utilize the grading system to determine each loan's risk of loss and to provide a determination as to whether an individual loan is impaired and whether a specific CECL reserve is necessary.

In certain circumstances, we may determine that a loan is no longer suited for the WARM method because (i) it has unique risk characteristics, (ii) we have deemed the borrower/sponsor to be experiencing financial difficulty and the repayment of the loan's principal is collateral-dependent, (iii) we anticipate assuming legal title and/or physical possession of the underlying collateral property and the fair value of the collateral asset is determined to be below the carrying value of our loan, and/or (iv) recovery of our loan may occur at an amount below our loan's carrying value. We may instead elect to employ different methods to estimate credit losses that also conform to ASC 326 and related guidance. For such loans, we would separately measure the specific reserve for each loan by using the estimated fair value of the loan's collateral. In certain circumstances, we may recognize a specific reserve based upon anticipated proceeds from the disposition of our loan. If the estimated fair value of the collateral or anticipated proceeds from the disposition of our loan is less than the carrying value of the loan, an asset-specific reserve is created as a component of our overall current expected credit loss reserve. Specific reserves are equal to the excess of a loan's carrying value to the estimated fair value of the collateral or anticipated proceeds from the disposition of our loan. If recovery of our loan is expected from the sale of the collateral and such costs will reduce amounts recovered by us, specific reserves are equal to the excess of a loan's carrying value to the estimated fair value of the collateral less estimated costs to sell.

Fair values of collateral assets used to determine specific CECL reserves are calculated using a discounted cash flow model, a sales comparison approach, or a market capitalization approach. Estimates of fair values used to determine specific CECL reserves as of September 30, 2025 include assumptions of property specific cash flows over estimated holding periods, assumptions of property redevelopment costs, assumptions of leasing activities, discount rates ranging from 6.0% to 9.5%, and market and terminal capitalization rates ranging from 4.66% to 8.25%. These assumptions are based upon the nature of the properties, recent sales and lease comparables, recent and projected property cash flows, and anticipated real estate and capital market conditions.

Significant judgment is required in determining impairment and in estimating the resulting credit loss reserve, and actual losses, if any, could materially differ from those estimates.

Real Estate Owned

We may assume legal title and/or physical possession of the underlying collateral property of a defaulted loan through foreclosure, a deed-in-lieu of foreclosure, or an assignment-in-lieu of foreclosure.

We account for acquisitions of real estate, including foreclosures, deed-in-lieu of foreclosures, or assignment-in-lieu of foreclosures, in accordance with ASC 805, *Business Combinations*, which first requires that we determine if the real estate investment is the acquisition of an asset or a business combination. Under this model, we identify and determine the estimated fair value of any assets acquired and liabilities assumed. This generally results in the allocation of the purchase price to the assets acquired and liabilities assumed based on the relative estimated fair values of each respective asset and liability. Debt related to real estate owned hotel portfolio is initially recorded at its estimated fair value at the time of foreclosure, deed-in-lieu of foreclosure, or assignment-in-lieu of foreclosure.

Assets acquired and liabilities assumed generally include land, building, building improvements, tenant improvements, furniture, fixtures and equipment, mortgages payable, and identified intangible assets and liabilities, which generally include above or below market lease values, in-place lease values, and other lease-related values. In estimating fair values for allocating the purchase price of our real estate owned, we may utilize various methods, including a market approach, which considers recent sales of similar properties, adjusted for differences in location and state of the physical asset, or a replacement cost approach, which considers the composition of physical assets acquired, adjusted based on industry standard information and the remaining useful life of the acquired property. In estimating fair values of intangible assets acquired or liabilities assumed, we consider the estimated cost of leasing our real estate owned assuming the property was vacant, the value of the current lease agreements relative to market-rate leases, and the estimation of total lease-up time including lost rents.

Real estate assets held-for-investment are evaluated for indicators of impairment on a quarterly basis. Factors that we may consider in our impairment analysis include, among others: (1) significant underperformance relative to historical or anticipated operating results; (2) significant negative industry or economic trends; (3) costs necessary to extend the life or improve the real estate asset; (4) significant increase in competition; and (5) ability to hold and dispose of the real estate asset in the ordinary course of business. A real estate asset is considered impaired when the sum of estimated future undiscounted cash flows expected to be generated by the real estate asset over the estimated remaining holding period is less than the carrying amount of such real estate asset. Cash flows include operating cash flows and anticipated capital proceeds generated by the sale of the real estate asset. If the sum of such estimated undiscounted cash flows is less than the carrying amount of the real estate asset, an impairment charge is recorded equal to the excess of the carrying value of the real estate asset over its estimated fair value.

When determining the estimated fair value of a real estate asset, we make certain assumptions including consideration of projected operating cash flows, comparable selling prices and projected cash flows from the eventual disposition of the real estate asset based upon our estimate of a capitalization rate and discount rate.

There were no impairments of our real estate owned held-for-investment assets through September 30, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

In early 2022, the U.S. Federal Reserve began a campaign to combat inflationary pressures by increasing interest rates, ultimately resulting in benchmark interest rates increasing by 5.25% by the end of 2023. Although the U.S. Federal Reserve has reduced benchmark interest rates between September 2024 and September 2025, and again in October 2025, such benchmark rates remain high relative to recent historical standards. Additionally, the U.S. Federal Reserve has indicated that further changes in benchmark interest rates are dependent upon changes in prices and employment markets. The timing, direction, and extent of any future adjustment to benchmark interest rates by the U.S. Federal Reserve is uncertain. High benchmark interest rates imposed by the U.S. Federal Reserve may continue to increase our interest expense, negatively impact the ability of our borrowers to service their debt, and reduce the value of the CRE collateral underlying our loans. Conversely, in a period of declining interest rates, the interest income on floating rate investments would decline, while any decline in the interest we are charged on our floating rate debt may not equal or exceed the decrease in interest income and the interest expense we incur. Exclusive of the impact of non-accrual loans, rising interest rates will generally increase our net interest income, while declining interest rates will generally decrease our net interest income.

The following table illustrates as of September 30, 2025 the impact on our net interest income and net interest income per share for loans receivable held-for-investment for the twelve-month period following September 30, 2025, assuming a decrease in SOFR of 50 and 100 basis points and an increase in SOFR of 50 and 100 basis points in the applicable interest rate benchmark (based on SOFR of 4.13% as of September 30, 2025) ($ in thousands, except per share data):

Net Floating Rate Exposure	Change in	Decrease		Increase	
		100 Basis Points	50 Basis Points	50 Basis Points	100 Basis Points
$ 735,837	Net interest income	$ 7,044	$ 3,302	$ (3,302)	$ (6,605)
	Net interest income per share	$ 0.05	$ 0.02	$ (0.02)	$ (0.05)

Risks related to fluctuations in cash flows and asset values associated with movements in interest rates may also contribute to the risk of nonperformance on floating rate assets. In the case of a significant increase in interest rates, the cash flows of the collateral real estate assets to our loans may be insufficient to pay debt service due, which may contribute to nonperformance of our loans. We seek to manage this risk by, among other things, generally requiring our borrowers to acquire interest rate caps from an unaffiliated third-party.

Credit Risk

Our loans and other investments are also subject to credit risk, including the risk of default. In particular, changes in general economic conditions, including interest rates, will affect the creditworthiness of borrowers and/or the value of underlying real estate collateral relating to our investments. By its nature, our investment strategy emphasizes prudent risk management and capital preservation by primarily originating senior loans utilizing underwriting techniques requiring relatively conservative loan-to-value ratio levels to insulate us from credit losses absent a significant diminution in collateral value. In addition, we seek to manage credit risk by performing extensive due diligence on our collateral, borrower and guarantors, as applicable, evaluating, among other things, title, environmental and physical condition of collateral, comparable sales and leasing analysis of similar collateral, the quality of and alternative uses for the real estate collateral being underwritten, submarket trends, our borrower's track record and the reasonableness of the borrower's projections prior to originating a loan. Subsequent to origination, we also manage credit risk by proactively monitoring our investments and, whenever possible, limiting our own leverage to partial recourse or non-recourse, match-funding financing. Notwithstanding these efforts, there can be no assurance that we will be able to avoid losses in all circumstances. The performance and value of our loans and investments depend upon, among other things, the borrower's ability to improve and operate the properties that serve as our collateral so that they produce cash flows adequate to pay interest and principal due to us. To monitor this risk, our Sponsor's asset management team monitors the performance of our loan portfolio and our Sponsor's asset management and origination teams maintain regular contact with borrowers, co-lenders and local market experts to monitor the performance of the underlying loan collateral, anticipate borrower, property and market issues and, to the extent necessary or appropriate, enforce our rights as the lender.

In addition, we are exposed to the risks generally associated with the CRE market, including variances in occupancy rates, capitalization rates, absorption rates and other macroeconomic factors beyond our control, including changes in benchmark interest rates, cost increases associated with construction materials, employment conditions, and supply chain and labor market disruptions. We seek to manage these risks through our underwriting, loan structuring, financing structuring, and asset management processes.

In the event that we are forced to foreclose, our broader Sponsor platform includes professionals experienced in CRE development, ownership, property management, and asset management which enables us to execute the workout of a troubled loan and protect investors' capital in a way that we believe many non-traditional lenders cannot.

Capital Markets Risk

We are exposed to risks related to the equity and debt capital markets which impact our related ability to raise capital through the issuance of our common stock or other debt or equity-related instruments. As a REIT, we are required to distribute a significant portion of our REIT taxable income annually, which constrains our ability to retain and accumulate operating earnings and therefore requires us to utilize debt or equity capital to finance the growth of our business. We seek to mitigate these risks by constantly monitoring the debt and equity capital markets, the maturity profile of our in-place loan portfolio and financings, and future funding requirements on our loan portfolio to inform our decisions on the amount, timing, and terms of any capital we may raise.

Each of our repurchase agreements contain "margin maintenance" provisions, which allow the lender to require the delivery of cash or other assets to reduce the financing amount against loans that have been deemed to have experienced a diminution in value. A substantial deterioration in the commercial real estate capital markets, among other things, may negatively impact the value of assets financed with lenders that have margin maintenance provisions in their facilities. Certain of our repurchase agreements permit valuation adjustments solely as a result of collateral-specific credit events, while other repurchase agreements contain provisions also allowing our lenders to make margin calls upon the occurrence of adverse changes in the capital markets or as a result of interest rate or spread fluctuations, subject to minimum thresholds, among other factors. As of September 30, 2025, we have not received any margin calls under any of our repurchase agreements.

Financing Risk

We finance our business through a variety of means, including the syndication of non-consolidated senior interests, notes payable, borrowings under our repurchase and participation facilities, the syndication of senior participations in our originated senior loans, and our secured term loan. Over time, as market conditions change, we may use other forms of financing in addition to these methods of financing. Weakness or volatility in the debt capital markets, the CRE and mortgage markets, changes in regulatory requirements, geopolitical volatility, global trade tensions, and fluctuation in interest rates and the resulting market disruptions therefrom, among other things, could adversely affect one or more of our lenders or potential lenders and could cause one or more of our lenders or potential lenders to be unwilling or unable to provide us with financing, increase the costs of or reduce the advance rate on existing financing or otherwise offer unattractive terms for that financing. In addition, we may seek to finance our business through the issuance of our common stock or other equity or equity-related instruments, though there is no assurance that such financing will be available on a timely basis with attractive terms, or at all.

Counterparty Risk

The nature of our business requires us to hold cash and cash equivalents with various financial institutions, as well as obtain financing from various financial institutions. This exposes us to the risk that these financial institutions may not fulfill their obligations to us under various contractual arrangements. We mitigate this exposure by depositing our cash and cash equivalents and entering into financing agreements with high credit-quality institutions.

Our relationships with our lenders subject us to counterparty risks including the risk that a counterparty is unable to fund undrawn credit capacity, particularly if such counterparty enters bankruptcy, among other detrimental effects. We seek to manage this risk by diversifying our financing sources across counterparties and financing types and generally obtaining financing from high credit quality institutions.

The nature of our loans and other investments also exposes us to the risk that our borrowers are unable to execute their business plans, and as a result do not make required interest and principal payments on scheduled due dates, as well as the impact of our borrowers' tenants not making scheduled rent payments when contractually due. We seek to manage this risk through a comprehensive credit analysis prior to making an investment and rigorous monitoring of our borrowers' progress in executing their business plans as well as market conditions that may affect the underlying collateral, through our asset management process. Each loan is structured with various lender protections that are designed to discourage and deter fraudulent behavior and other bad acts by borrowers, as well as require borrowers to adhere to their stated business plans while the loan is outstanding. Such protections may include, without limitation: cash management accounts, "bad boy" carveout guarantees, completion guarantees, guarantor minimum net worth and liquidity requirements, partial or full recourse to sponsors and/or guarantors, approval rights over major decisions, and performance tests throughout the loan term.

Prepayment Risk

Prepayment risk is the risk that principal will be repaid prior to initial maturity, which may require us to identify new investment opportunities to deploy such capital at a similar rate of return in order to avoid an overall reduction in our net interest income. We may structure our loans with spread maintenance, minimum multiples and make-whole provisions to protect against early repayment. Typically, investments are structured with the equivalent of 12 to 24 months' spread maintenance or a minimum level of income that an investment is contractually obligated to return. In general, an increase in prepayment rates accelerates the accretion of deferred income, including origination fees and exit fees, which increases interest income earned on the asset during the period of repayment. Conversely, if capital that is repaid is not subsequently redeployed into investment opportunities generating a similar return, future periods may experience reduced net interest income.

Repayment / Extension Risk

Loans are generally expected to be repaid at maturity, unless the borrower repays early or meets contractual conditions to qualify for a maturity extension. The granting of these extensions may cause a loan's term to extend beyond the term of its related secured financing. Higher interest rates recently imposed by the U.S. Federal Reserve relative to recent historical standards may lead to an increase in the number of our borrowers who exercise or request additional extension options, or who may become unwilling or unable to make contractual payments when due. Some of our borrowers may experience delays in the execution of their business plans, changes in their capital position and available liquidity, and/or changes in market conditions which may impact the performance of the underlying collateral asset, borrower, or sponsor. Accordingly, this may result in the borrower not meeting certain extension conditions such as minimum debt yield, maximum LTV, and/or the ability of the borrower to purchase replacement interest rate caps. Higher interest rates may also increase the number of our borrowers who may default because, among other things, they may not be able to find replacement financing for our loan. Furthermore, there may be certain instances where, for loans which have been modified, we may not be able to maintain the associated financing on its existing terms. This could have a negative impact on our results of operations, and in some situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses.

Currency Risk

To date, we have made no loans and hold no assets or liabilities denominated or payable in foreign currencies, although we may do so in the future.

We may in the future hold assets denominated or payable in foreign currencies, which would expose us to foreign currency risk. As a result, a change in foreign currency exchange rates may have a positive or an adverse impact on the valuation of our assets, as well as our income and dividends. Any such changes in foreign currency exchange rates may impact the measurement of such assets or income for the purposes of our REIT tests and may affect the amounts available for payment of dividends to our stockholders.

Although not required, if applicable, we may hedge any currency exposures. However, such currency hedging strategies may not eliminate all of our currency risk due to, among other things, uncertainties in the timing and/or amount of payments received on the related investments and/or unequal, inaccurate or unavailability of hedges to perfectly offset changes in future exchange rates. Additionally, we may be required under certain circumstances to collateralize our currency hedges for the benefit of the hedge counterparty, which could adversely affect our liquidity.

Real Estate Risk

The market values of loans secured directly or indirectly by CRE assets and CRE assets themselves are subject to volatility and may be adversely affected by a number of factors, including the interest rate environment; persistent inflation; increases in remote work trends; natural disasters or pandemics; national, regional, local and foreign economic conditions (which may be adversely affected by industry slowdowns, global trade tensions, and other factors); regulatory and legislative uncertainty; supply chain and labor market disruptions; changes in social conditions; changes in employment conditions; regional or local real estate conditions; geopolitical volatility; changes or continued weakness in specific industry segments; construction quality, age and design; changes to construction costs; demographic factors; changes to building or similar codes and government regulatory requirements (such as rent control and zoning laws); and changes in real property tax rates. In addition, decreases in property values reduce the value of the loan collateral and the potential proceeds available and to a borrower to repay the underlying loans, which could also cause us to suffer losses. We may realize losses related to foreclosures, the restructuring of the loans in our investment portfolio on terms that may be more favorable to borrowers than those underwritten at origination, or the sale of real estate owned assets. We seek to manage these risks through our underwriting, loan structuring, financing structuring and asset management processes.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act of 1934) during the three months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As of September 30, 2025, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2025.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we and our Manager are or may become party to legal proceedings, which arise in the ordinary course of our respective businesses. Neither we nor our Manager is currently subject to any legal proceedings that we or our Manager consider reasonably likely to have a material impact on our respective financial conditions. See Note 14 to our consolidated financial statements for information on our commitments and contingencies.

Item 1A. Risk Factors.

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K. There have been no material changes to our principal risks that we believe are material to our business, results of operations, and financial condition from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, which is accessible on the SEC's website at www.sec.gov.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) During the three months ended September 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each such term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Claros Mortgage Trust, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, dated November 5, 2021, filed by the Company, Commission File No. 001-40993)
3.2	Amended and Restated Bylaws of Claros Mortgage Trust, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K, dated November 5, 2021, filed by the Company, Commission File No. 001-40993)
10.1*	Amendment No. 5 to Term Loan Credit Agreement by and between Claros Mortgage Trust, Inc. and JPMorgan Chase Bank, N.A., dated as of September 12, 2025
10.2+	Amendment No. 1 to Amended and Restated Master Repurchase Agreement dated as of October 2, 2025 by and among CMTG JNP Finance LLC, Claros Mortgage Trust, Inc., and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated October 6, 2025, filed by the Company, Commission File No. 001-40993)
10.3	Amendment No. 7 to Amended and Restated Master Repurchase Agreement dated as of October 2, 2025 by and between CMTG JP Finance LLC and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated October 6, 2025, filed by the Company, Commission File No. 001-40993)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
*	Filed herewith
+	Portions of this exhibit (indicated by asterisks) have been omitted pursuant to Regulation S-K, Item 601(b)(10) or certain schedules and attachments to this exhibit have been omitted pursuant to Regulation S-K, Item 601(a)(5). Such omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Claros Mortgage Trust, Inc.

Date: November 5, 2025

By: /s/ Richard J. Mack

Richard J. Mack
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: November 5, 2025

By: /s/ J. Michael McGillis

J. Michael McGillis
Chief Financial Officer, President and Director
(Principal Financial and Accounting Officer)

Exhibit 10.1

Execution Version

AMENDMENT NO. 5 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 5 TO CREDIT AGREEMENT (this "Amendment") is entered into as of September 12, 2025 by and between Claros Mortgage Trust, Inc., a Maryland corporation (the "Borrower") and JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the Credit Agreement referred to below (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the lenders from time to time party thereto (each, a "Lender" and collectively, the "Lenders") and the Administrative Agent are parties to that certain Credit Agreement, dated as of August 9, 2019 (as the same has been amended, restated, amended and restated, supplemented or otherwise modified prior to the effectiveness of this Amendment, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended by this Amendment and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in accordance with Section 1.04(a)(i) of the Existing Credit Agreement, the Borrower has requested an amendment to the Existing Credit Agreement to eliminate the effects of the Accounting Standards Codification 326 – Financial Instruments – Credit Losses ("ASC 326") for purposes of the computation of the financial ratio set forth in Section 6.13(a)(iii) of the Existing Credit Agreement (the "Specified Provision");

WHEREAS, pursuant to Section 1.04(a)(i), the Borrower and the Administrative Agent must negotiate in good faith to enter into any amendment of the relevant affected provisions of the Existing Credit Agreement requested by the Borrower in accordance with Section 1.04(a)(i) (without the payment of any amendment or similar fee to the Lenders) to preserve the original intent thereof in light of such change in GAAP or the application thereof;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in the Credit Agreement and this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Existing Credit Agreement.

2. Amendments to the Existing Credit Agreement. Subject to the conditions set forth in Section 3 below, the Existing Credit Agreement (excluding the Schedules, Exhibits and other attachments thereto as applicable) is hereby amended to:

(a) amend and restate the definition of the "GAAP" in its entirety as follows:

"GAAP" means generally accepted accounting principles in the U.S. in effect and applicable to the accounting period in respect of which reference to GAAP is made; provided that the effects of ASC 326 shall be disregarded for purposes of determining Tangible Net Worth as of any date.

(b) add the following defined term to Section 1.01 in appropriate alphabetical order:

"ASC 326" means Accounting Standards Codification 326 – Financial Instruments – Credit Losses.

3. Effectiveness. This Amendment shall be effective when it has been executed by the Borrower and the Administrative Agent and when the Administrative Agent has received counterparts hereof which, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

4. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

5. Counterparts; Electronic Execution. This Amendment may be executed in counterparts (and by different parties on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page to this Amendment by facsimile or other electronic transmission (including by email as a ".pdf" or ".tif" attachment) shall effective as delivery of a manually executed counterpart hereof. The words "execution," "execute", "signed," "signature," "delivery," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature page, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; *provided*, that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent and pursuant to procedures approved by it; *provided*, *further*, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any electronic signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such electronic signature purportedly given by or on behalf of the Borrower without further verification thereof and without any obligation to review the appearance or form of any such electronic signature and (ii) upon the request of the Administrative Agent, any electronic signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Borrower and the Loan Parties, electronic signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Amendment shall have the same legal effect, validity and enforceability as any paper original, (B) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Amendment in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (C) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Amendment based solely on the lack of paper original copies of this Amendment, including with respect to any signature pages thereto and
(D) waives any claim against the Administrative Agent and/or any Lender of any of the foregoing for any liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of electronic signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any liabilities arising as a result of the failure of the Borrower to use any available security measures in connection with the execution, delivery or transmission of any electronic signature.

6. Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

7. Governing Law; Jurisdiction; **WAIVER OF JURY TRIAL**.

(a) Governing Law. This Amendment and any claim, controversy or dispute arising under or related to this Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

(b) **JURISDICTION; CONSENT TO SERVICE OF PROCESS; WAIVER OF JURY TRIAL. SECTIONS 9.10(b), (c) AND (d) AND 9.11 OF THE CREDIT AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE *MUTATIS MUTANDIS*.**

8. Loan Document. For the avoidance of doubt, this Amendment is a Loan Document.

9. Severability. To the extent permitted by applicable Requirements of Law, any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Remainder of page intentionally blank; signature pages follow

IN WITNESS WHEREOF, each of the undersigned has executed this Amendment as of the date set forth above.

CLAROS MORTGAGE TRUST, INC.
as the Borrower

By: _ /s/J. Michael McGillis

Name: J. Michael McGillis
Title: President and Chief Financial Officer

IN WITNESS WHEREOF. the undersigned has executed this Amendment as of the date set fo1th above.

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By /s/Alevtina Dudyreva

Name: Alevtina Dudyreva
Title: Vice President

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard J. Mack, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Claros Mortgage Trust, Inc. for the quarter ended September 30, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Richard J. Mack
Richard J. Mack
Chief Executive Officer and Chairman
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Michael McGillis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Claros Mortgage Trust, Inc. for the quarter ended September 30, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ J. Michael McGillis
J. Michael McGillis
Chief Financial Officer, President and Director
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The following certification is being furnished solely to accompany the Quarterly Report on Form 10-Q of Claros Mortgage Trust, Inc. for the quarter ended September 30, 2025, pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any filing of Claros Mortgage Trust, Inc. under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Executive Officer

I, Richard J. Mack, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Claros Mortgage Trust, Inc. for the quarter ended September 30, 2025, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Claros Mortgage Trust, Inc.

Date: November 5, 2025

/s/ Richard J. Mack
Richard J. Mack
Chief Executive Officer and Chairman
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Claros Mortgage Trust, Inc. and will be retained by Claros Mortgage Trust, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The following certification is being furnished solely to accompany the Quarterly Report on Form 10-Q of Claros Mortgage Trust, Inc. for the quarter ended September 30, 2025, pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any filing of Claros Mortgage Trust, Inc. under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Financial Officer

I, J. Michael McGillis, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Claros Mortgage Trust, Inc. for the quarter ended September 30, 2025, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Claros Mortgage Trust, Inc.

Date: November 5, 2025

/s/ J. Michael McGillis
J. Michael McGillis
Chief Financial Officer, President and Director
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Claros Mortgage Trust, Inc. and will be retained by Claros Mortgage Trust, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.