REFINITIV

DELTA REPORT

10-Q

ARI - APOLLO COMMERCIAL REAL ES

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	2548
CHANGES	255
DELETIONS	868
ADDITIONS	1425

REFINITIV

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 March 31, 2024

June 30, 2024

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: 001-34452

Apollo Commercial Real Estate Finance, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**27-0467113**
(State or other jurisdiction of incorporati	(I.R.S. Employer Identification No.)

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Apollo Commercial Real Estate Finance, Inc.

c/o Apollo Global Management, Inc.

9 West 57th Street, 42nd Floor

,

New York, New York10019

(Address of principal executive offices) (Zip Code)

(212)

(212) 515–3200

(Registrant's telephone number, including area code)

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	ARI	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	☐
Large accelerated	Accelerated filer ☐		

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 April 26, 2024 August 5, 2024, there were 142,162,205138,346,757 shares, $0.01 par value per share, of the registrant's common stock issued and outstanding.

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See notes to unaudited condensed consolidated financial statements.

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PART I - FINANCIAL FINANCIAL INFORMATION

Item 1. Financial Statements

Apollo Commercial Real Estate Finance, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands—except share data)

	March 31, 2024	December 31, 2023
Assets:		
Cash and cash equivalents	$ 161,190	$ 225,438
Commercial mortgage loans, net(1)(3)	7,846,460	7,925,359
Subordinate loans, net(2)(3)	303,965	432,734
Commercial mortgage loan, held for sale(4)	135,465	—
Real estate owned, held for investment, net(5) (net of $16,254 and $10,404 accumulated depreciation in 2024 and 2023, respectively)	627,099	519,498
Other assets	103,529	85,623
Derivative assets, net	47,284	29,425
Assets related to real estate owned, held for sale	—	78,653
Total Assets	$ 9,224,992	$ 9,296,730
Liabilities and Stockholders' Equity		
Liabilities:		
Secured debt arrangements, net	$ 5,596,967	$ 5,538,476
Senior secured term loans, net	757,912	759,150
Senior secured notes, net	495,835	495,637
Accounts payable, accrued expenses and other liabilities(6)	155,542	120,334
Debt related to real estate owned, held for investment, net	161,878	161,562
Payable to related party	9,423	9,553
Liabilities related to real estate owned, held for sale	—	3,285
Total Liabilities	7,177,557	7,087,997
Commitments and Contingencies (see Note 18)		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, Series B-1, 6,770,393 shares issued and outstanding ($169,260 liquidation preference) in 2024 and 2023 (see Note 17)	68	68
Common stock, $0.01 par value, 450,000,000 shares authorized, 142,096,715 and 140,595,995 shares issued and outstanding in 2024 and 2023, respectively	1,421	1,414
Additional paid-in-capital	2,724,395	2,727,488
Accumulated deficit	(678,449)	(520,237)
Total Stockholders' Equity	2,047,435	2,208,733
Total Liabilities and Stockholders' Equity	$ 9,224,992	$ 9,296,730

	June 30, 2024	December 31, 2023
Assets:		
Cash and cash equivalents	$ 174,703	$ 225,438
Commercial mortgage loans, net(1)(3)	7,909,125	7,925,359
Subordinate loans, net(2)(3)	384,777	432,734

Real estate owned, held for investment, net(4) (net of $18,541 and $10,404 accumulated depreciation in 2024 and 2023, respectively)	665,568	519,498
Other assets	90,467	85,623
Derivative assets, net	47,749	29,425
Assets related to real estate owned, held for sale	—	78,653
Total Assets	$ 9,272,389	$ 9,296,730
Liabilities and Stockholders' Equity		
Liabilities:		
Secured debt arrangements, net	$ 5,628,925	$ 5,538,476
Senior secured term loans, net	756,673	759,150
Senior secured notes, net	496,033	495,637
Debt related to real estate owned, held for investment, net	235,418	161,562
Accounts payable, accrued expenses and other liabilities(5)	149,113	120,334
Payable to related party	9,179	9,553
Liabilities related to real estate owned, held for sale	—	3,285
Total Liabilities	7,275,341	7,087,997
Commitments and Contingencies (see Note 18)		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, Series B-1, 6,770,393 shares issued and outstanding ($169,260 liquidation preference) in 2024 and 2023 (see Note 17)	68	68
Common stock, $0.01 par value, 450,000,000 shares authorized, 138,438,433 and 141,358,605 shares issued and outstanding in 2024 and 2023, respectively	1,385	1,414
Additional paid-in-capital	2,690,660	2,727,488
Accumulated deficit	(695,065)	(520,237)
Total Stockholders' Equity	1,997,048	2,208,733
Total Liabilities and Stockholders' Equity	$ 9,272,389	$ 9,296,730

(1) Includes $7,642,848 $7,897,660 and $7,705,491 $7,705,491pledged as collateral under secured debt arrangements in 2024 and 2023, respectively.

(2) Includes $246,725 and $232,991 $232,991pledged as collateral under secured debt arrangements in 2024 and 2023, respectively. 2023.

(3) Net of $367,558 $377,819 and $219,482 $219,482 CECL Allowances comprised of $335,000 $342,500 and $193,000 $193,000 Specific CECL Allowance and $32,558 $35,319 and $26,482 $26,482 General CECL Allowance in 2024 and 2023, respectively.

(4) Includes $135,465 $154,048pledged as collateral under secured debt arrangements in 2024. 2023.

(5) Includes $154,048 $pledged as collateral under secured debt arrangements in 2024 and 2023.

(6) Includes $3,625 and $4,017 3,622 and $4,017of General CECL Allowance related to unfunded commitments on commercial mortgage loans and subordinate loans, net in 2024 and

See notes to unaudited condensed consolidated financial statements.

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Apollo Commercial Real Estate Finance, Inc. and Subsidiaries

Condensed Consolidated Statement of Operations (Unaudited)

(in thousands—except share and per share data)

	Three months ended March 31, 2024		Three months ended March 31, 2023	
Net interest income:				
Interest income from commercial mortgage loans	$	183,716	$	166,147
Interest income from subordinate loans and other lending assets		849		9,707

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net interest income:				

See notes to unaudited condensed consolidated financial statements.

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2023,
respectively.

Interest expense	(127,887)	(104,868)
Net interest income	$ 56,678	$ 70,986
Revenue from real estate owned operations	23,857	16,131
Total net revenue	$ 80,535	$ 87,117
Operating expenses:		
General and administrative expenses (includes equity-based compensation of $4,188 and $4,358 in 2024 and 2023, respectively)	$ (7,373)	$ (7,015)
Management fees to related party	(9,421)	(9,517)
Operating expenses related to real estate owned	(19,893)	(14,006)
Depreciation and amortization on real estate owned	(4,656)	(3,986)
Total operating expenses	$ (41,343)	$ (34,524)
Other income, net	$ 570	$ 732
Increase in current expected credit loss allowance, net	(147,684)	(4,390)
Foreign currency translation gain (loss)	(19,563)	18,634
Gain (loss) on foreign currency forward contracts (includes unrealized gains (losses) of $18,053 and $(35,851) in 2024 and 2023 respectively)	23,398	(14,135)

Interest income from commercial mortgage loans	$ 179,388	$ 174,124	$ 363,104	$ 340,271

Gain (loss) on interest rate hedging instruments (includes unrealized gains (losses) of $(194) and $(4,813) 2024 and 2023 respectively)	356	(107)
Valuation allowance, commercial mortgage loan held for sale	(679)	—
Net realized loss on investments	—	(4,624)
Gain on extinguishment of debt	—	213
Net income (loss) before taxes	$ (104,410)	$ 48,916
Income tax provision	(114)	—
Net income (loss)	$ (104,524)	$ 48,916
Preferred dividends	(3,068)	(3,068)
Net income (loss) available to common stockholders	$ (107,592)	$ 45,848
Net income (loss) per share of common stock:		
Basic	$ (0.76)	$ 0.32
Diluted	$ (0.76)	$ 0.32
Basic weighted-average shares of common stock outstanding	141,869,604	141,072,471
Diluted weighted-average shares of common stock outstanding	141,869,604	155,483,979
Dividend declared per share of common stock	$ 0.35	$ 0.35

Interest income from subordinate loans and other lending assets	842	5,110	1,691	14,817

Interest expense	(128,472)	(116,278)	(256,359)	(221,146)
Net interest income	$ 51,758	$ 62,956	$ 108,436	$ 133,942

Revenue from real estate owned operations	29,350	29,208	53,207	45,339
Total net revenue	$ 81,108	$ 92,164	$ 161,643	$ 179,281
Operating expenses:				
General	$ (7,488)	$ (7,471)	$ (14,861)	$ (14,486)

and administrative expenses (includes equity-based compensation of $4,157 and $8,345 in 2024 and $4,377 and $8,735 in 2023, resp

ectively) Management fees to related party	(9,173)	(9,390)	(18,594)	(18,907)

Operating expenses related to real estate owned	(2)1,767	(1)9,961	(4)1,660	(3)3,967

Depreciation and amortization on real estate owned	(2,287)	(2,202)	(6,943)	(6,188)
Total operating expenses	$ (40,715)	$ (39,024)	$ (82,058)	$ (73,548)

Other income, net	$ 641	$ 2,340	$ 1,211	$ 3,072

Increase in current expected credit loss allowance, net	(10,258)	(61,648)	(157,942)	(66,038)

Foreign currency translation gain (loss)	(1),362	21,557	(2)0,925	40,191
Gain (loss) on foreign cur	6,377	(1)7,116	29,775	(3)1,251

rency forward contracts (includes unrealized gains (losses) of $9

11 and $18,964 in 2024 and ($20,102) and ($55,953) in 2023, resp

ectively)				
Gain (loss) on interest rate hedging instruments (incl	94	55	450	(52)

udes unrealized gains (losses) of ($457) and ($651) in 2024 and ($4

,328) and ($9,141) in 2023, respectively)				
Reversal of valuationa	679	—	—	—

llowance, commercial mortgage loan held for sale

Net realized loss on investments	(679)	(81,980)	(679)	(86,604)
Gain on extinguishment of debt	—	252	—	465

Net income (loss) before taxes	$ 35,885	$ (83,400)	$ (68,525)	$ (34,484)
Income tax provision	(100)	—	(214)	—
Net income (loss)	$ 35,785	$ (83,400)	$ (68,739)	$ (34,484)
Preferred dividends	(3,068)	(3,068)	(6,136)	(6,136)
Net income (loss) available to common stockholders	$ 32,717	$ (86,468)	$ (74,875)	$ (40,620)

Net income (loss) per share of common stock:				
Basic	$ 0.23	$ (0.62)	$ (0.54)	$ (0.30)
Diluted	$ 0.23	$ (0.62)	$ (0.54)	$ (0.30)
Basic weighted-average shares of common stock outstanding	140,438,676	141,341,238	141,154,140	141,207,597

Diluted weighted-average shares of common stock outstanding	140,611,532	141,341,238	141,154,140	141,207,597
Dividend declared per share of common stock	$ 0.35	$ 0.35	$ 0.70	$ 0.70

(3) During the three months ended June 30, 2023, our General CECL Allowance increased by $2.1 million primarily due to a more adverse macroeconomic outlook and an increase in our view of the remaining expected term of certain of our loans. This increase was partially offset by the impact of portfolio seasoning. Additionally, during the three months ended June 30, 2023, we recorded an increase of $141.5 million to our Specific CECL Allowance. The increase was related to two mezzanine loans secured by the same ultra-luxury property. Refer to discussion below.

(4) As of June 30, 2023, $82.0 million related to the most junior mezzanine loan secured by the ultra-luxury residential property was deemed unrecoverable. Accordingly, $82.0 million of previously recorded Specific CECL was written-off and recorded as a realized loss within net realized loss on investments in our June 30, 2023 condensed consolidated statement of operations. Refer to "Specific CECL Allowance" section below for further detail.

General CECL Allowance

In determining the General CECL Allowance using the WARM method, an annual historical loss rate, adjusted for macroeconomic estimates, is applied to the amortized cost of an asset, or pool of assets, over each subsequent period for the assets' remaining expected life. We considered various factors including (i) historical loss experience in the commercial real estate lending market, (ii) timing of expected repayments and satisfactions, (iii) expected future funding, (iv) capital subordinate to us when we are the senior lender, (v) capital senior to us when we are the subordinate lender, and (vi) our current and future view of the macroeconomic environment for a reasonable and supportable forecast period. The CECL Standard requires the use of significant judgment to arrive at an estimated credit loss. There is significant uncertainty related to future macroeconomic conditions, including inflation, labor shortages and interest rates.

We derive an annual historical loss rate based on a commercial mortgage-backed securities ("CMBS") database with historical losses from 1998 through the first second quarter of 2024 provided by a third party, Trepp LLC ("Trepp"). We apply various filters to arrive at a CMBS dataset most analogous to our current portfolio from which to determine an appropriate historical loss rate. The annual historical loss rate is further adjusted to reflect our expectations of the macroeconomic environment for a reasonable and supportable forecast period of eight quarters. In assessing the macroeconomic environment, we consider macroeconomic factors, including unemployment rate, commercial real estate prices, and market liquidity. We compare the historical data for each metric to historical commercial real estate losses in order to determine the correlation of the data. We use projections, obtained from third-party service providers, of each factor to approximate the impact the macroeconomic outlook may have on our loss rate.

The General CECL Allowance on subordinate loans is calculated by incorporating both the loan balance of the position(s) of the structurally senior third-party lender(s) and the balance of our subordinate loan(s). The subordinate loans, by virtue of being the first loss position, are required to absorb losses prior to the senior position(s) being impacted, resulting in a higher percentage allowance attributable to the subordinate loan. The General CECL Allowance on unfunded loan commitments is time-weighted based on our expected commitment to fund such obligations. The General CECL Allowance on unfunded commitments is recorded as a liability on our condensed consolidated balance sheets within accounts payable, accrued expenses and other liabilities.

Additionally, we have made an accounting policy election to exclude accrued interest from the amortized cost basis of the related commercial mortgage loans and subordinate loans and other lending assets in determining the General CECL Allowance, as any uncollectible accrued interest receivable is written off in a timely manner. As of March 31, 2024 June 30, 2024 and December 31, 2023, accrued interest receivable was $85.1 million $75.0 million and $72.4 million, $72.4 million, respectively, and included within other assets on our condensed consolidated balance sheets.

Although our secured debt obligations and senior secured term loan financing have a minimum tangible net worth

maintenance covenant, the General CECL Allowance has no impact on these covenants as we are permitted to add back the General CECL Allowance for the computation of tangible net worth as defined in the respective agreements.

The following schedule sets forth our General CECL Allowance as of March 31, 2024 June 30, 2024 and December 31, 2023 ($ in thousands):

	March 31, 2024	December 31, 2023
Commercial mortgage loans, net	$ 31,397	$ 25,723
Subordinate loans, net	1,161	759
Unfunded commitments(1)	3,625	4,017
Total General CECL Allowance	$ 36,183	$ 30,499

	June 30, 2024	December 31, 2023
Commercial mortgage loans, net	$ 34,234	$ 25,723
Subordinate loans, net	1,085	759
Unfunded commitments(1)	3,622	4,017
Total General CECL Allowance	$ 38,941	$ 30,499

(1) The General CECL Allowance on unfunded commitments is recorded as a liability on our condensed consolidated balance sheets within accounts payable, accrued expenses and other liabilities.

Our General CECL Allowance increased by $5.7 million during the quarter ended March 31, 2024. The increase was primarily related to extending our expected loan repayment dates as well as an increase to the historical loss rate derived from Trepp's data. The increase was partially offset by the favorable impacts of portfolio seasoning.

Specific CECL Allowance

For collateral-dependent loans where we have deemed the borrower/sponsor to be experiencing financial difficulty and a more than moderate/average risk of realizing a principal loss, we have elected to apply a practical expedient in accordance with the CECL Standard in which the fair value of the underlying collateral is compared to the amortized cost of the loan in determining a Specific CECL Allowance. The Specific CECL Allowance is determined as the difference between the fair value of the underlying collateral and the carrying value of the

The following table details the components of our other assets at the dates indicated ($ in thousands):

	March 31, 2024	December 31, 2023
Interest receivable	$ 85,072	$ 72,354
Loan proceeds held by servicer(1)	7,820	6,271
Other(2)	10,637	6,998
Total	$103,529	$ 85,623

	June 30, 2024	December 31, 2023
Interest receivable	74,98 $1	72,35 $4

(1) Includes loan principal and interest held by our third-party servicer as of the balance sheet date and remitted during the subsequent remittance cycle.

(2) Includes $8.4 million $8.4 million and $4.6 $4.6 million of other assets from Real Estate Owned, Held for Investment as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

loan (prior to the Specific CECL Allowance). When the repayment or satisfaction of a loan is dependent on a sale, rather than operations, of the collateral, the fair value is adjusted for the estimated cost to sell the collateral. Collateral-dependent loans evaluated for a Specific CECL Allowance are removed from the General CECL Allowance pool. The fair value of the underlying collateral is determined by using method(s) such as discounted cash flow, the market approach, or direct capitalization approach. The key unobservable inputs used to determine the fair value of the underlying collateral may vary depending on the information available to us and market conditions as of the valuation date.

We regularly evaluate the extent and impact of any credit migration associated with the performance and/or value of the underlying collateral property as well as the financial and operating capability of the borrower/sponsor on a loan-by-loan basis. The Specific CECL Allowance is evaluated on a quarterly basis. Specifically, a property's operating results and any cash reserves are analyzed and used to assess (i) whether cash from operations is sufficient to cover the debt service requirements currently and into the future, (ii) the ability of the borrower to refinance the loan and/or (iii) the liquidation value of the underlying collateral. We also evaluate the financial wherewithal of any loan guarantors as well as the borrower's competency in managing and operating the properties. In addition, we consider the overall economic environment, real estate sector and geographic sub-market in which the borrower operates. Such impairment analysis is completed and reviewed by asset management and finance personnel who utilize various data sources, including (i) periodic financial data such as debt service coverage ratio, property occupancy, tenant profile, rental rates, operating expenses, the borrower's exit plan, and capitalization and discount rates, (ii) site inspections and (iii) current credit spreads and discussions with market participants.

The following table summarizes our risk rated 5 five loans as of March 31, 2024 June 30, 2024, which were analyzed for Specific CECL Allowances ($ in thousands):

Type	Property type	Location	Amortized cost prior to Specific CECL Allowance	Specific CECL Allowance	Amortized cost	Interest recognition status/ as of date	Risk rating
Mortgage							
	Retail(1)(2)	Cincinnati, OH	$166,301	$67,000	$99,301	Non-Accrual/ 10/1/2019	5
Mortgage total:			$166,301	$67,000	$99,301		
Mezzanine							
	Residential(3)	Manhattan, NY	$295,881	$268,000	$27,881	Non-Accrual/ 7/1/2021	5
Mezzanine total:			$295,881	$268,000	$27,881		
Total:			$462,182	$335,000	$127,182		

Type	Property type	Location	Amortized cost prior to Specific CECL	Specific CECL Allowance	Amortized cost	Interest recognition status/ as of date	Risk Rating

Loan proceeds held by servicer(1)	5,434	6,271	Refer to "Note 5 – Real Estate Owned" for additional information.
Other(2)	10,052	6,998	
Total	$ 90,467	$ 85,623	

				Allowance			
Mortgage	Retail(1)(2)	Cincinnati, OH	$ 165,509	$ 67,000	$ 98,509	Non-Accrual/ 10/1/2019	5
Mezzanine	Residential(3)	Manhattan, NY	295,881	268,000	27,881	Non-Accrual/ 7/1/2021	5
Mezzanine	Office(4)	Troy, MI	7,500	7,500	-	Non-Accrual/ 6/30/2024	5
Total			$ 468,890	$ 342,500	$ 126,390		

(1) The fair value of retail collateral was determined by applying a capitalization rate of 9.0%9.0%.

(2) In September 2018, we entered a joint venture with Turner Consulting II, LLC ("Turner Consulting"), through an entity which the owns the underlying property that secures our residential loan. Turner Consulting contributed 10%10% of the venture's equity and we contributed 90%90%. The entity was deemed to be a variable interest entity ("VIE"), and we determined that we are not the primary beneficiary of that VIE as we do not have the power to direct the entity's activities. During the three months ended March 31, 2024 and 2023, $0.6 million and $0.7 million, respectively, of interest paid was applied towards reducing the carrying value of the loan. During the second quarter of 2023, 2024, the loan's maturity was extended from September 2023 2024 to September 2024. 2025.

(3) The fair value of collateral was determined by making certain projections and assumptions with respect to future performance and a discount rate of 10%10%.

(4) The fair value of the office collateral was determined by applying an exit capitalization rate of 10% and a discount rate of 20%

For the six months ended June 30, 2024, we recorded an increase in our Specific CECL Allowance of $149.5 million, related to two of our subordinate loans. During the three months ended March 31, 2024 June 30, 2024, we recorded a Specific CECL Allowance of $7.5 million on a subordinate loan secured by our interest in a Class A office building in Troy, MI, which was attributable to low occupancy and limited leasing activity in the property's submarket. The loan's risk rating was downgraded from a four to a five and the loan was moved to non-accrual status as of June 30, 2024. As of June 30, 2024, the borrower was compliant with all contractual debt service payments. As discussed further below, we recorded an additional $142.0 million $142.0 million Specific CECL Allowance on our Junior Mezzanine A Loan (as defined below), during the three months ended March 31, 2024.

We cease accruing interest on loans if we deem the interest to be uncollectible with any previously accrued uncollected interest on the loan charged to interest income in the same period. The amortized cost basis, net of Specific CECL Allowance, for loans on non-accrual was $$556.0 461.5 million an and $d 693.7$693.7 million as of March 31, 2024 June 30, 2024 and December 31, 2023December 31, 2023, respectively. Under certain circumstances, we may apply the cost recovery method under which interest collected on a loan reduces the loan's amortized cost. For the three and six months ended March 31, 2024 and 2023, June 30, 2024, we received $0.6 million $0.8 million and $0.7 million, $1.4 million, respectively, in interest that reduced amortized cost under the cost recovery method. method compared to $

0.7 million and $1.3 million for the three and six months ended June 30, 2023, respectively.

As of March 31, 2024 June 30, 2024 and December 31, 2023, the amortized cost basis, net of Specific CECL Allowance, for loans with accrued interest past due 90 or more days was $556.0 million $461.5 million and $693.7

million, $693.7 million, respectively. As of March 31, 2024 June 30, 2024 and December 31, 2023, there were no loans with accrued interest between 30 and 89 days past due.

Loan Modifications Pursuant to ASC 326

ASC 326, "Financial Instruments – Credit Losses," requires disclosure of

During the twelve months ended June 30, 2024, we provided the following loan modifications made that require disclosure pursuant to borrowers experiencing financial difficulty ASC 326.

Cleveland Multifamily

In May 2021, we originated a first mortgage loan secured by a multifamily property in Cleveland, OH. In April 2024, we modified our loan to convert from a floating rate of Secured Overnight Financing Rate ("SOFR") + 3.25% to a 6.0% fixed rate, and to provide a two year term extension. These modified terms are included in the form determination of principal forgiveness, interest our general CECL reserve for the quarter ended June 30, 2024. The loan is performing pursuant to its modified contractual terms and its risk rating remains a three as of June 30, 2024.

Manhattan Office

In March 2022, we originated a first mortgage loan secured by an office property in Manhattan, NY. In April 2024, we modified our loan to convert from a floating rate reductions, other-than-insignificant payment delays, or of SOFR + 3.92% to a 5.0% fixed rate. This modified term extensions is included in the current reporting period. As of March 31, 2024 and December 31, 2023, the aggregate amortized cost basis of such modified receivables was $534.8 million and $674.5 million, respectively, or 6.4% and 8.0% determination of our aggregate commercial mortgage loans general CECL reserve for the quarter ended June 30, 2024. The loan is performing pursuant to its modified contractual terms and subordinate loans by amortized cost, respectively. There were no unfunded commitments its risk rating remains a three as of both March 31, 2024 and December 31, 2023 related to these loans.

June 30, 2024.

Chicago Office

In March 2018, we originated a first mortgage loan secured by an office property in Chicago, IL. In July 2023, we deemed the borrower to be experiencing financial difficulty and modified our loan to provide a two year term extension (and a six-month extension option) in exchange for a partial repayment. These modified terms are included in the determination of our general CECL reserve for the quarter ended March 31, 2024 June 30, 2024. The loan is performing pursuant to its contractual terms and its risk rating remains a four as of March 31, 2024 June 30, 2024.

Manhattan Residential

In August 2022, we refinanced three of our mezzanine loans (a senior mezzanine loan ("Senior Mezzanine Loan") and two junior mezzanine loans ("Junior Mezzanine A Loan" and "Junior Mezzanine B Loan" collectively referred to as "Junior Mezzanine Loan")), and originated a commercial mortgage loan ("Senior Loan") as part of an overall recapitalization. All of the loans are secured by an ultra-luxury residential property in Manhattan, NY.

In refinancing the Senior Mezzanine Loan and Junior Mezzanine Loan, we modified the loan terms with the borrower to include an interest rate reduction and two year extension of the term on all three loans. Based on our analysis under ASC Topic 310-20 "Receivables – Nonrefundable Fees and Other Costs" ("ASC 310-20"), we have deemed this refinance to be a continuation of our existing loans.

The modified loan terms as discussed above have been reflected in our calculation of CECL for the quarter ended March 31, 2024. Refer to "CECL" section above for additional information regarding our calculation of CECL Allowances.

During 2022, sales velocity on the underlying property lagged behind the borrower's business plan and management's expectations. Based on this information and broader uncertainty across the ultra-luxury residential property market, we recorded a total loan Specific CECL Allowance of $66.5 $66.5 million on the Junior Mezzanine B Loan and downgraded its risk rating to a five.

As property sales continued to trail behind the borrower's business plan during the first half of 2023, we ceased accruing interest on the Senior Loan and the Senior Mezzanine Loan as of May 1, 2023. During the second quarter of 2023, we deemed the $82.0 million $82.0 million Junior Mezzanine B Loan to be unrecoverable and therefore wrote off our mezzanine loan and recorded a realized loss of $82.0 million $82.0 million within net realized loss on investments in our condensed consolidated statement of operations. We also recorded a $126.0 million $126.0 million Specific CECL Allowance on the Junior Mezzanine A Loan and downgraded its risk rating to a

five.

During the three months ended March 31, 2024, we recorded an additional $142.0 million $142.0 million Specific CECL Allowance on our Junior Mezzanine A Loan. The additional Specific CECL Allowance was primarily attributable to a reduction in list pricing of remaining units and slower sales pace at the property. The slower sales velocity coincided with the continued overall softening in the midtown Manhattan ultra-luxury submarket.Any Any future change to the Specific CECL Allowance will be based upon a number of factors, including but not limited to the continued assessment of both the potential nominal value of remaining inventory as well as the expected sales velocity.

Subsequent to

During the quarter three months ended March 31, 2024 June 30, 2024, our Senior Loan was refinanced by a third party lender, which resulted in a repayment of $108.3 million. The remaining Senior Loan balance was restructured into a subordinate loan ("Senior Mezzanine A Loan"), and extended by fourteen months to November 2025. Concurrently, the maturities of the Senior Mezzanine Loan and the Junior Mezzanine A Loan were extended to November 2025. All three loans remain on non-accrual status subsequent to the refinancing. Based on our analysis under ASC 310-20, we received have deemed this refinance to be a $108.3 million repayment. Refer to "Note 21 – Subsequent Events" continuation of our existing loans.

The modified loan terms as discussed above have been reflected in our calculation of CECL for additional information.

Other Loan Activity

During the three months ended March 31, 2023 June 30, 2024. Refer to the "CECL" section above for additional information regarding our calculation of CECL Allowances.

As of June 30, 2024 and December 31, 2023, the aggregate amortized cost basis of these modified receivables was $441.1 million and $674.5 million, respectively, or 5.3% and 8.0% of our aggregate commercial mortgage loans and subordinate loans by amortized cost, respectively. There were no unfunded commitments as of both June 30, 2024 and December 31, 2023 related to these loans.

Other Loan Activity

We recognized $0.7 million and $0.8 million accelerated fees for the three and six months ended June 30, 2024 and $0.2 million for both the three and six months ended June 30, 2023.

During the three and six months ended June 30, 2023, we recorded $1.2 million $1.3 million and $2.5 million, respectively, of interest income related to a subordinate risk retention interest in a securitization vehicle. During the third quarter of 2023, this The subordinate risk retention interest was repaid in full.

We recognized $0.1 million in pre-payment penalties and accelerated fees for full during the three months ended March 31, 2024 and none for the three months ended March 31, 2023.

third quarter of 2023.

During the three months ended March 31, 2023, we received £72.2 £72.2 million ($88.4 million assuming conversion into U.S.

Dollars ("USD")) full repayment of one of our commercial mortgage loans secured by an office property in London, UK,

including all default interest accrued to date, which was approximately $0.7 million. $0.7 million. In conjunction with the repayment, the related participation interest sold was also fully satisfied. Refer to "Note 12 – Participations Sold" for additional detail.

Loan Sales

From time to time, we may enter into sale transactions with other parties. All sale transactions are evaluated in accordance with ASC Topic 860, "Transfers and Servicing" ("ASC 860").

During the three months ended June 30, 2024, we sold a commercial mortgage loan collateralized by a hotel property located in Honolulu, HI. The loan was previously classified as held for sale and was sold at a price of 99.5%. Upon selling the commercial mortgage loan, we reversed the previously recorded valuation allowance and recorded a realized loss of $0.7 million included within realized loss on investments on our condensed consolidated statement of operations for the three and six months ended June 30, 2024.

During the first quarter of 2023, we sold our entire interests in three commercial mortgage loans secured by various properties in Europe, with aggregate commitments of €205.7 €205.7 million ($219.0 million assuming conversion into USD, of which €115.0 €115.0 million or $122.4 $122.4 million assuming conversion into USD, was funded at the time of sale). Additionally, we sold a partial interest of £15.0£15.0 million ($18.2 million assuming conversion into USD) in a commercial mortgage loan secured by a mixed-use property located in London, United Kingdom. These sales were made to entities managed by affiliates of the Manager. We evaluated the transaction under ASC 860 and determined the sale of our entire interests and the sale of the partial interest met the criteria for sale accounting. WeIn connection with these sales, we recorded a net gain of approximately $0.2$0.2 million in connection with these sales during the first quarter of 2023 within net realized loss on investments in our condensed consolidated statement of operations. Refer to "Note 12 – Participations Sold" for additional detail related to the subordinate interest.

Held for Sale

Loans are classified as held for sale if there is an intent to sell them in the short-term following the reporting date. Loans classified as held for sale are carried at the lower of amortized cost or fair value less costs to sell, unless the fair value option is elected at origination. Additionally, held for sale loans are not subject to the General CECL Allowance.

During the three months ended March 31, 2024, we entered into an agreement to sell a commercial mortgage loan collateralized by a hotel property located in Honolulu, HI at a price of 99.5%. We recorded a fair value adjustment of $0.7 million (representing the difference between the loan's amortized cost and the loan's fair value at the agreed upon price of 99.5%), which is included within valuation allowance, commercial mortgage loan held for sale on our condensed consolidated statement of operations. The loan is carried at fair value of $135.5 million and has a risk rating of a three as of March 31, 2024. The sale subsequently closed in April 2024. Refer to "Note 21 – Subsequent Events" operations for additional detail. the six months ended June 30, 2023.

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Note 5 – Real Estate Owned

Real Estate Owned, Held for Investment

As of March 31, 2024June 30, 2024, assets and liabilities related to real estate owned, held for investment consisted of three properties: the D.C. Hotel, a full-service luxury hotel in Washington, D.C., the Brooklyn Development, a multifamily development property located in downtown Brooklyn, NY, and the Atlanta Hotel, a hotel in Atlanta, GA.

<u>D.C. Hotel</u>

On May 24, 2021, we acquired legal title to the D.C. hotel, which previously secured two subordinate loans, through a deed-in-lieu of foreclosure. In accordance with ASC 805, we consolidated the hotel's assets and liabilities at their respective fair values. Refer to "Note 3 – Fair Value Disclosure" for full discussion of non-recurring fair value measurements.

As of March 1, 2022, the hotel assets, comprised of land, building, furniture, fixtures, and equipment ("FF&E"), and accumulated depreciation (collectively "REO Fixed Assets"), and liabilities met the criteria to be classified as held for sale under ASC Topic 360, "Property, Plant, and Equipment." Equipment" ("ASC

360"). Accordingly, as of March 1, 2022, we ceased recording depreciation on the building and FF&E on the condensed consolidated statement of operations.

As of March 1, 2023, due to market conditions, we curtailed active marketing efforts, and reclassified the REO Fixed Assets and liabilities from real estate owned, held for sale to real estate owned, held for investment, net. In accordance with ASC Topic 360, the REO Fixed Assets were reclassified to their carrying value before they were initially classified as held for sale in March of 2022, and all other assets and liabilities were reclassified to the corresponding line items on the condensed consolidated balance sheet. Upon reclassification, we recorded $4.0 $4.0 million of depreciation expense, representing the amount that would have been recorded had the asset remained as held for investment, and included this amount within Depreciation and amortization on real estate owned on our condensed consolidated statement of operations for the three six months ended March 31, 2023 June 30, 2023. No realized gain or loss was recorded in connection with this reclassification.

As of March 31, 2024 June 30, 2024 and December 31, 2023, the value of net real estate assets related to the D.C. Hotel was $153.5 million $158.5 million and $152.4 million, $152.4 million, respectively. As of March 31, 2024 June 30, 2024, our net real estate assets included depreciable assets of $80.1 million, $79.9 million, net of $7.2 million $7.9 million in accumulated depreciation, attributable to the building, and $5.9 million, $5.7 million, net of $4.2 million $4.6 million in accumulated depreciation, attributable to FF&E. As of December 31, 2023, our net real estate assets included depreciable assets of $80.5 $80.5 million, net of $6.6 million $6.6 million in accumulated depreciation, attributable to the building, and $6.1 million, $6.1 million, net of $3.8 million $3.8 million in accumulated depreciation, attributable to FF&E.

During the three months ended June 30, 2024, we obtained a $73.7 million mortgage secured by the D.C. Hotel. The mortgage includes an interest rate of term one-month SOFR + 3.00% and current maturity of July 2026, with an option to extend for one year, contingent upon meeting certain conditions. The mortgage agreement contains covenants requiring our unencumbered liquidity be greater than $10.0 million and our net worth be greater than $200.0 million. Under these covenants, our General CECL Allowance is added back to our net worth calculation.

The carrying value of the mortgage included within debt related to real estate owned, held for investment, net on our condensed consolidated balance sheet was $72.3 million, net of $1.4 million in deferred financing costs. To manage our exposure to variable cash flows on our borrowings under this mortgage, we entered into an interest rate cap on June 13, 2024. As of June 30, 2024, the fair value of the interest rate cap was de minimis. Refer to "Note 11 - Derivatives" for full detail.

We recorded net profit from hotel operations of $1.1 million $4.8 million and $5.9 million for three and six months ended March 31, 2024 June 30, 2024, respectively, and net loss profit of $1.9 million $5.7 million and $3.8 million for the three and six months ended June 30, 2023, respectively.

March 31, 2023.

Brooklyn Development

In 2015, we originated a $122.2 $122.2 million multifamily development commercial mortgage loan secured by an assemblage of properties in downtown Brooklyn, NY. In 2020, the loan went into default, and we recorded a $30.0 $30.0 million Specific CECL Allowance, due to the deterioration of market conditions attributable to COVID-19. As a result of improved market conditions, we reversed

$20.0$20.0 million of Specific CECL Allowance during the second quarter of 2021. In the second quarter of 2022, we

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reversed the remaining $10.0$10.0 million Specific CECL Allowance as a result of market rent growth and value created from development activities at the underlying property.

On August 3, 2022, we acquired legal title of the property through a deed-in-lieu of foreclosure and accounted for the asset acquisition in accordance with ASC 805. At that time, our amortized cost basis in the commercial mortgage loan was $226.5 million.$226.5 million. We recorded the real estate assumed at a fair value of $270.1 million$270.1 million based on the market value of the property as of the date of acquisition. We recognized a realized gain of $43.6$43.6 million, recorded within realized gain (loss) on investments on our condensed consolidated statement of operations, which reflects the difference between the fair value of the property and the carrying value of the loan at the time of acquisition. The non-recurring fair value measurement was classified as Level III within the fair value hierarchy due to the use of significant unobservable inputs, including comparable sales of similar properties in the market. We capitalized construction and financing costs of $37.5 million$39.9 million and $13.9$77.4 million during the three and six months ended March 31, 2024June 30, 2024, respectively, and 2023,$15.2 million and $29.1 million during the three and six months ended June 30, 2023, respectively. As of March 31, 2024June 30, 2024 and December 31, 2023, our cost basis in the property was $411.7 million$451.6 million and $374.2 million,$374.2 million, respectively. As of March 31, 2024June 30, 2024 and December 31, 2023, our cost basis included construction costs of $190.4 million$230.4 million and $152.9 million,$152.9 million, respectively. There is no depreciation recorded while the property is under development.

Upon taking title, we concurrently contributed the property to a joint venture with a third-party real estate developer. The entity was deemed to be a VIE, of which we were determined to be the primary beneficiary.Through our wholly owned subsidiaries, we hold a 100%100% equity ownership interest in the joint venture and our partner is only entitled to profit upon achievement of certain returns under our joint venture agreement. Concurrently with taking title to the property, we obtained $164.8$164.8 million in construction financing on the property. As of March 31, 2024June 30, 2024 and December 31, 2023, the carrying value of the construction financing included within debt related to real estate owned, held for investment, net on our condensed consolidated balance sheets was $161.9 million,$163.1 million, net of $3.0 million$2.6 million in deferred financing costs and $161.6 million,$161.6 million, net of $3.2 million$3.2 million in deferred financing costs, respectively.

The construction financing includes a maximum commitment of $388.4$388.4 million, an interest rate of term one-month Secured Overnight Financing Rate ("SOFR") +2.55%SOFR +2.55%, and current maturity of August 2026, with an option to extend for one year, contingent upon meeting certain conditions. The construction financing agreement contains covenants requiring our unencumbered liquidity be greater than $100.0 $100.0 million and our net worth be greater than $600.0 $600.0 million. Under these covenants, our General CECL Allowance is added back to our net worth calculation. As of both March 31, 2024 June 30, 2024 and December 31, 2023, we were in compliance with these covenants.

To manage our exposure to variable cash flows on our borrowings under this construction financing, we entered into an interest rate cap on September 26, 2023. As of March 31, 2024 June 30, 2024 and December 31, 2023, the fair value of the interest rate cap is $1.2 million was $0.7 million and it is $1.4 million, respectively, and recorded within derivative assets, net on our condensed consolidated balance sheet. Refer to "Note 11 - Derivatives" for full detail.

Atlanta Hotel

In March 2017, we originated a first mortgage loan secured by the Atlanta Hotel. During the second quarter of 2022, due to slower than expected recovery from the COVID-19 pandemic, we deemed the borrower to be experiencing financial difficulty. Accordingly, we ceased accruing interest on the loan and recorded a $7.0 $7.0 million Specific CECL Allowance.

During the fourth quarter of 2022, we wrote off the $7.0 $7.0 million previously recorded Specific CECL Allowance and reduced the principal balance of the loan which was recorded as a realized loss within net realized loss on investments in our December 31, 2022 consolidated statement of operations.

On March 31, 2023, we acquired legal title of the Atlanta Hotel through a deed-in-lieu of foreclosure and determined the fair value of net real estate assets to be $75.0 $75.0 million in accordance with ASC 820 "Fair Value Measurements and Disclosures." 820. The fair value of the real estate owned is categorized within Level III of the fair value hierarchy set forth by ASC 820 and includes the use of significant unobservable inputs. See "Note 3 - Fair Value Disclosure" for discussion of our non-recurring fair value measurements. Additionally, we recognized a realized loss of $4.8 $4.8 million, recorded within net realized loss on investments on our condensed consolidated statement of operations. The realized loss represents the difference between the original loan's amortized cost and the fair value of the net assets acquired.

During the three months ended June 30, 2023, we received an unsolicited offer from a third party to purchase the Atlanta Hotel. As of June 30, 2023, the hotel's assets and liabilities met the criteria to be classified as held for sale under ASC Topic 360, "Property, Plant, and Equipment." 360. In accordance with ASC Topic 360, we ceased recording depreciation on the building and FF&E on the condensed consolidated statement of operations and we have reclassified assets and liabilities from their respective condensed consolidated balance sheet line items to Assets related to real estate owned, held for sale and Liabilities related to real estate owned, held for sale.

As of March 31, 2024, we determined the sale of the Atlanta Hotel to a third party, from whom we received an unsolicited offer, to be no longer probable, and we are not actively marketing the property for sale to other potential buyers. As such, the Atlanta Hotel no longer meets met the criteria to be classified as held for sale under ASC Topic 360, "Property, Plant, and Equipment." 360. In accordance with ASC Topic 360, the REO Fixed Assets were reclassified to their carrying value before classifying as held for sale in June of 2023. On the date of reclassification, March 31, 2024, we recorded $3.6 million$3.6 million in depreciation, representing the amount that would have been recorded had the asset remained as held for investment. All other assets and liabilities were reclassified to the corresponding line items on the condensed consolidated balance sheet. No realized gain or loss was recorded in connection with this reclassification.

As of March 31, 2024June 30, 2024, the value of net real estate assets related to the Atlanta Hotel was $72.1$69.9 million. As of March 31, 2024June 30, 2024, our net real estate assets included depreciable assets of $47.0$46.2 million, net of $3.1$3.9 million in accumulated depreciation, attributable to the building, and $7.0$6.7 million, net of $1.7$2.1 million in accumulated depreciation, attributable to FF&E. For the three and six months ended March 31, 2024June 30, 2024, we recorded net lossprofit/(loss) from the hotel's operations of $1.8 million.

$0.2 million and ($1.6) million, respectively. For the three and six months ended June 30, 2023, we recorded $1.4 million of net income from the hotel's operations.

As of December 31, 2023, the hotel's assets and liabilities were classified as held for sale, and the value of net real estate assets related to the Atlanta Hotel was $75.4$75.4 million. As of December 31, 2023, our net real estate assets included depreciable assets of $49.4$49.4 million, net of $0.8$0.8 million in accumulated depreciation, attributable to the building, and $8.0$8.0 million, net of $0.4$0.4 million in accumulated depreciation, attributable to FF&E.

Note 6 – Other Assets

Note 7 – Secured Debt Arrangements, Net

We utilize secured debt arrangements to finance the origination activity in our loan portfolio. Our secured debt arrangements are comprised of secured credit facilities, a private securitization, and a revolving credit facility.

During the threesix months ended March 31, 2024June 30, 2024, we entered into a new secured credit facility with Goldman Sachs. The facility is secured by a first mortgage loan on a European portfolio of pubs and provides $158.6 million£125.6 million ($158.9 million, assuming conversion into USD) of additional borrowing capacity.

Additionally, during the threesix months ended March 31, 2024June 30, 2024, we upsized our secured creditthe Barclays facility by $300.0 million and the Atlas Facility by $113.5 million. The amendment to upsize the Atlas Facility also included conversion of the facility's term from a six month "evergreen" feature to two-years, with Atlas Securitized Products Holdings ("Atlas") by $113.5 million, as discussed further below.
a one-year extension option, reduction to recourse percentages, and an additional pledge of a commercial mortgage loan, among other changes. Furthermore, we have repaid the full amount of borrowings outstanding on both the Goldman Sachs USD and Santander EUR facilities.

Our borrowings under secured debt arrangements at March 31, 2024as of June 30, 2024 and December 31, 2023 are detailed in the following table ($ in thousands):

	March 31, 2024			December 31, 2023		
	Maximum Amount of Borrowings(1)	Borrowings Outstanding(1)	Maturity (2)	Maximum Amount of Borrowings(1)	Borrowings Outstanding(1)	Maturity (2)
JPMorgan Facility - USD(3)(4)	$ 1,482,730	$ 1,036,803	September 2026	$ 1,482,584	$ 1,043,964	September 2026
JPMorgan Facility - GBP(3)(4)	17,270	17,270	September 2026	17,416	17,416	September 2026
Deutsche Bank Facility - USD(3)	700,000	278,703	March 2026	700,000	275,815	March 2026
Atlas Facility - USD(5)	800,000	751,207	March 2027(6)	686,527	669,302	April 2027(7)(8)

HSBC Facility - GBP	380,740	380,740	May 2025	383,967	383,967	May 2025
HSBC Facility - EUR	275,027	275,027	January 2026(8)	281,401	281,401	January 2026
Goldman Sachs Facility - USD	11,605	11,605	November 2025(9)	13,437	13,437	November 2025(9)
Goldman Sachs Facility - GBP	158,599	158,599	January 2029	—	—	N/A
Barclays Facility - USD	200,000	99,817	June 2027(7)	200,000	107,929	June 2027(7)
MUFG Securities Facility - GBP	202,970	202,970	June 2025(7)	204,690	204,690	June 2025(7)
Churchill Facility - USD	130,000	125,209	April 2026	130,000	126,515	March 2026
Santander Facility - USD	300,000	67,500	February 2026(7)	300,000	67,500	February 2026(7)
Santander Facility - EUR	58,261	54,677	August 2024	59,611	55,716	August 2024
Total Secured Credit Facilities	4,717,202	3,460,127		4,459,633	3,247,652	
Barclays Private Securitization - GBP, EUR, SEK	2,056,364	2,056,364	July 2026(8)	2,369,125	2,157,157	June 2026(8)
Revolving Credit Facility - USD(10)	170,000	94,000	March 2026	170,000	147,000	March 2026
Total Secured Debt Arrangements	6,943,566	5,610,491		6,998,758	5,551,809	
Less: deferred financing costs	N/A	(13,524)		N/A	(13,333)	
Total Secured Debt Arrangements, net(11)(12)(13)	$ 6,943,566	$ 5,596,967		$ 6,998,758	$ 5,538,476	

	June 30, 2024			December 31, 2023		
	Maximum Amount of Borrowings(1)	Borrowings Outstanding(1)	Maturity (2)	Maximum Amount of Borrowings(1)	Borrowings Outstanding(1)	Maturity (2)
JPMorgan Facility - USD(3)(4)	$ 1,482,701	$ 1,016,233	September 2026	$ 1,482,584	$ 1,043,964	September 2026
JPMorgan Facility - GBP(3)(4)	17,299	17,299	September 2026	17,416	17,416	September 2026
Deutsche Bank Facility - USD(3)	700,000	177,979	March 2026	700,000	275,815	March 2026
Atlas Facility - USD(5)	800,000	756,416	March 2027(6)	686,527	669,302	April 2027(7)(8)
HSBC Facility - GBP	381,373	381,373	May 2025	383,967	383,967	May 2025
HSBC Facility - EUR	273,089	273,089	January 2026(8)	281,401	281,401	January 2026
Goldman Sachs Facility - USD	—	—	N/A(9)	13,437	13,437	November 2025(9)
Goldman Sachs Facility - GBP	158,863	158,863	January 2029	—	—	N/A
Barclays Facility - USD	500,000	353,153	March 2027(7)	200,000	107,929	June 2027(7)
MUFG Securities Facility - GBP	203,308	203,308	August 2025(7)	204,690	204,690	June 2025(7)
Churchill Facility - USD	130,000	123,902	April 2026	130,000	126,515	March 2026
Santander Facility - USD	300,000	67,500	February 2026(7)	300,000	67,500	February 2026(7)
Santander Facility - EUR(10)	—	—	N/A	59,611	55,716	August 2024
Total Secured Credit Facilities	4,946,633	3,529,115		4,459,633	3,247,652	
Barclays Private Securitization - GBP, EUR, SEK	2,093,561	2,093,561	July 2026(8)	2,369,125	2,157,157	June 2026(8)
Revolving Credit Facility - USD(11)	170,000	17,000	March 2026	170,000	147,000	March 2026
Total Secured Debt Arrangements	7,210,194	5,639,676		6,998,758	5,551,809	
Less: deferred financing costs	N/A	(10,751)		N/A	(13,333)	
Total Secured Debt Arrangements, net(12)(13)(14)	$ 7,210,194	$ 5,628,925		$ 6,998,758	$ 5,538,476	

(1) As of March 31, 2024 June 30, 2024, British Pound Sterling("GBP"), Euro ("EUR"), and Swedish Krona ("SEK") borrowings were converted to USD at a rate of 1.26 1.08,, 1.07, and 0.09, respectively. As of December 31, 2023, GBP, EUR and SEK borrowings were converted to USD at a rate of 1.27, 1.10 and 0.10, respectively.

(2) Maturity date assumes extensions at our option are exercised with consent of financing providers, where applicable.

(3) The JPMorgan Facility and Deutsche Bank Facility enable us to elect to receive advances in USD, GBP, or EUR.

(4) The JPMorgan Facility allows for $1.5 billion $1.5 billion of maximum borrowings in total as of March 31, 2024 June 30, 2024.

(5) The Atlas Facility (as defined below) was formerly the Credit Suisse Facility. See "Atlas Facility" below for additional discussion.

(6) The Atlas Facility was amended during March 2024 to convert the facility's maturity from a six month "evergreen" feature to a two-year initial term, with an additional one-year extension option.

(7) Assumes financings are extended in line with the underlying loans.

(8) Represents weighted-average maturity across various financings with the counterparty. See below for additional details.

(9) Facility entered the two-year amortization period. period during Q4 2023. During the amortization period, the maturity date for current outstanding transactions are extended for a period of up to two years from the November 2023 maturity. The facility was terminated during the three months ended June 30, 2024, in conjunction with repayment of the underlying loan securing the facility.

(10) The facility was terminated during the three months ended June 30, 2024 in conjunction with repayment of the underlying loan securing the facility.

(11) The current stated maturity of the Revolving Credit Facility (as defined below) is March 2026. Borrowings under the Revolving Credit Facility bear interest at a per annum rate equal to the sum of (i) a f rate index and (ii) a fixed margin. Borrowings under the Revolving Credit Facility are full recourse to certain guarantor wholly-owned subsidiaries of the Company. See "Revolving Credit Facility" below for ad discussion.

(11) (12) Weighted-average borrowing costs as of March 31, 2024 June 30, 2024 and December 31, 2023 were applicable benchmark rates and credit spread adjustments, plus spreads of USD: +2.64% +2.51% / GBP: +2.25% +2.23% / EUR: +1.86% +1.89% / SEK: +1.50% +1.50% and USD: +2.49% +2.49% / GBP: +2.21% +2.21% / EUR: +1.86% +1.86%/ SEK: +1.50% +1.50%, respectively.

(12) (13) Weighted-average advance rates based on cost as of March 31, 2024 June 30, 2024 and December 31, 2023 were 68.1% (62.4%69.1% (63.9% (USD) / 72.2%73.4% (GBP) / 71.7%71.3% (EUR) / 80.4%

80.3% (SEK)) and 68.4% (62.9%68.4% (62.9% (USD) / 72.5%72.5% (GBP) / 72.1%72.1% (EUR) / 80.4%80.4% (SEK)), respectively.

(13) (14) As of March 31, 2024 June 30, 2024 and December 31, 2023, approximately 52.2%50% and 58.3%58%, respectively, is the outstanding balance under these secured borrowings were recourse to us.

Terms of our secured credit facilities are designed to keep each lender's credit exposure generally constant as a percentage of the underlying value of the assets pledged as security to the facility. If the credit of the underlying collateral value decreases, the amount of leverage to us may be reduced. As of March 31, 2024June 30, 2024 and December 31, 2023, the the weighted-average haircut under our secured debt arrangements was approxi approximately mately 31.9% 30.9% and 31.6%31.6%, respectively. Our secured credit facilities do not contain capital markets-based mark-to-market provisions.

Atlas Facility

On February 8, 2023, in connection with the acquisition by certain subsidiaries of Atlas, which is a wholly-owned investment of a fund managed by an affiliate of the Manager, of certain warehouse assets and liabilities of the Credit Suisse AG Securitized Products Group ("Credit Suisse AG")(the "Transaction"), the Credit Suisse Facility was acquired by Atlas ("Atlas Facility"). In order to effect the assignment For full discussion of the Credit Suisse Facility and related agreements, the Company and one of its subsidiaries, similar to the other sellers and guarantors party to the subject agreements in the Transaction, entered into an Omnibus Assignment, Assumption and Amendment Agreement as well as certain related agreements with Credit Suisse AG and Atlas. Refer this transaction, refer to "Note 15 - Related Party Transactions" for further discussion regarding the transaction.

During the three months ended March 31, 2024, we executed an amendment to upsize the Atlas Facility by $113.5 million. The amendment included conversion of the facility's term from a six month "evergreen" feature to two-years, with a one-year extension option, reduction to recourse percentages, and an additional pledge of a commercial mortgage loan, among other changes.

Transactions."

Revolving Credit Facility

On March 3, 2023, we entered into the revolving credit facility (the "Revolving Credit Facility") administered by Bank of America, N.A. The Revolving Credit Facility provides up to $170.0 $170.0 million of borrowings secured by qualifying commercial mortgage loans and real property owned assets. The Revolving Credit Facility has a term of three years, maturing in March 2026. The Revolving Credit Facility enables us to borrow on qualifying commercial mortgage loans for up to two years and real property owned assets for up to six months. months. As of March 31, 2024 June 30, 2024 and December 31, 2023, December 31, 2023, we had $94.0 $17.0 million and $147.0 $147.0 million, respectively, outstanding on the Revolving Credit Facility. During the three and six months ended March 31, 2024 June 30, 2024, we recorded $33.6 $77.1 thousand and $110.7 thousand in unused fees and $1.9 $0.4 million and $2.3 million in contractual interest expense. expense, respectively. During the three and six months ended March 31, 2023 June 30, 2023, we recorded $27.4 $85.9 thousand and $113.3 thousand in unused fees, related to the Revolving Credit Facility. respectively.

Barclays Private Securitization

We are party to a private securitization with Barclays Bank plc ("Barclays") (such securitization, the "Barclays Private Securitization"). Commercial mortgage loans currently financed under the Barclays Securitization are denominated in GBP, EUR and SEK.

The Barclays Private Securitization does not include daily margining provisions and grants us significant discretion to modify certain terms of the underlying collateral including waiving certain loan-level covenant breaches and deferring or waiving of debt service payments for up to 18 months. The securitization includes loan-to-value based covenants with deleveraging requirements that are based on significant declines in the value of the collateral as determined by an annual third-party (engaged by us) appraisal process tied to the provisions of the underlying loan agreements. We believe this provides us with both cushion and predictability to avoid sudden unexpected outcomes and material repayment requirements.

The table below provides principal balances and the carrying value for commercial mortgage loans pledged to the Barclays Private Securitization as of March 31, 2024 June 30, 2024 and December 31, 2023 ($ in thousands):

	June 30, 2024		
Local Currency	Count	Outstanding Principal	Carrying Value

GBP	7	$ 1,765,416	$ 1,746,563
EUR	5	861,624	854,049
SEK	1	234,334	232,965
Total	13	$ 2,861,374	$ 2,833,577

23

	March 31, 2024		
Local Currency	Count	Outstanding Principal	Carrying Value
GBP	7	$ 1,704,318	$ 1,685,240
EUR	5	867,551	859,740
SEK	1	232,117	230,524
Total	13	$ 2,803,986	$ 2,775,504

	December 31, 2023		
Local Currency	Count	Outstanding Principal	Carrying Value
GBP	7	$ 1,662,457	$ 1,643,979
EUR	6	1,021,272	1,012,987
SEK	1	248,088	246,220
Total	14	$ 2,931,817	$ 2,903,186

	December 31, 2023		
Local Currency	Count	Outstanding Principal	Carrying Value
GBP	7	$ 1,662,457	$ 1,643,979
EUR	6	1,021,272	1,012,987
SEK	1	248,088	246,220
Total	14	$ 2,931,817	$ 2,903,186

The table below provides the borrowings outstanding (on an as converted basis) and weighted-average fully-extended maturities by currency for the assets financed under the Barclays Private Securitization as of March 31, 2024 June 30, 2024 ($ in thousands):

	Borrowings Outstanding(1)	Fully-Extended Maturity(2)
Total/Weighted-Average GBP	$ 1,261,051	July 2026
Total/Weighted-Average EUR	609,619	September 2026(3)
Total/Weighted-Average SEK	185,694	May 2026
Total/Weighted-Average Securitization	$ 2,056,364	July 2026

	Borrowings Outstanding(1)	Fully-Extended Maturity(2)
Total/Weighted-Average GBP	$ 1,302,697	July 2026
Total/Weighted-Average EUR	603,397	September 2026(3)
Total/Weighted-Average SEK	187,467	May 2026
Total/Weighted-Average Securitization	$ 2,093,561	July 2026

(1) As of March 31, 2024 June 30, 2024, we had £998.9 million, €565.0 million, £1.0 billion, €563.2 million, and kr2.0 kr2.0 billion of borrowings outstanding under the Barclays Private Securitization secured by certain of our commercial mortgage loans.

(2) Assumes underlying loans extend to fully extended maturity and extensions at our option are exercised.

(3) The EUR portion of the Barclays Private Securitization has an "evergreen" The table below provides the borrowings outstanding (on an as converted basis) and weighted-average fully-extended maturities by currency for the assets financed under the Barclays Private Securitization as of December 31, 2023 ($ in thousands):

Borrowings Out Fully-Ext

evergreen feature such that the facility continues for one year and can be terminated by either party on certain dates with, depending on the date of notice, a minimum of nine to twelve months' notice.

	Borrowings Outstanding(1)	Fully-Extended Maturity(2)
Total/Weighted-Average GBP	1,234,740	June 2026
Total/Weighted-Average EUR	723,947	May 2026(3)
Total/Weighted-Average SEK	198,470	May 2026
Total/Weighted-Average Securitization	$ 2,157,157	June 2026

utstanding(1) ended Maturity(2)
Total/Weighted-Average GBP 1,234,740 June 2026
Total/Wei 723,947 May 2026(3

ghted-Average EUR Total/Weighted-Average SEK	198,470	) May 2026
Total/Wei	$2,157,15	June 2026

ghted-AverageSecuritization	7

The guarantees related to our secured debt arrangements contain the following financial covenants: (i) tangible net worth must be greater than $1.25 $1.25 billion plus 75%75% of the net cash proceeds of any equity issuance after March 31, 2017; (ii) our ratio of total indebtedness to tangible net worth cannot be greater than 3.75:3.75:1 (ratio is 4.00:4.00:1 for the Revolving Credit Facility); and (iii) our liquidity cannot be less than an amount equal to the greater of 5%5% of total recourse indebtedness or $30.0 $30.0 million. Under these covenants, our General CECL Allowance is added back to our tangible net worth calculation. The Revolving Credit Facility contains an additional financial covenant to maintain a minimum interest coverage ratio of 1.4:1.4:1. During October

2023, we modified our interest coverage ratio covenant related to the Revolving Credit Facility to a minimum of 1.4:1.4:1 from a minimum of 1.5:1.5:1.

We were in compliance with the covenants under each of our secured debt arrangements at March 31, 2024 June 30, 2024 and December 31, 2023. The impact of macroeconomic conditions on the commercial real estate markets and global capital markets, including increased interest rates, foreign currency fluctuations, changes to fiscal and monetary policy, slower economic growth or recession, labor shortages, and recent distress in the banking sector, may make it more difficult to meet or satisfy these covenants in the future.

Note 8 – Senior Secured Term Loans, Net

In May 2019, we entered into a $500.0 million $500.0 million senior secured term loan (the "2026 Term Loan"), which matures in May 2026 and contains restrictions relating to liens, asset sales, indebtedness, and investments in non-wholly owned entities. The 2026 Term Loan was issued at a price of 99.5%99.5%. During the second quarter of 2023, the 2026 Term Loan transitioned from LIBOR to SOFR and currently bears interest at SOFR plus 2.86%2.86%.

In March 2021, we entered into an additional $300.0 million $300.0 million senior secured term loan, with substantially the same terms as the 2026 Term Loan, (the "2028 Term Loan" and, together with the 2026 Term Loan, the "Term Loans") which matures in March 2028 and contains restrictions relating to liens, asset sales, indebtedness, and investments in non-wholly owned entities. The 2028 Term Loan was issued at a price of 99.0%99.0%. During the second quarter of 2023, the 2028 Term Loan transitioned from LIBOR to SOFR and currently bears interest at SOFR (with a floor of 0.50%0.50%) plus 3.61%3.61%.

The Term Loans are amortizing with repayments of 0.25%0.25% per quarter of the total committed principal. During the three and six months ended March 31, 2024 June 30, 2024 and 2023, we repaid $1.3 $1.3 million and $2.5 million of principal, respectively, related to the 2026 Term Loan. During the three and six months ended March 31, 2024 June 30, 2024 and 2023, we repaid $750 thousand and $0.81.5 million of principal respectively related to the 2028 Term Loan.

The following table summarizes the terms of the Term Loans as of March 31, 2024 June 30, 2024 ($ in thousands):

	Principal Amount	Unamortized Issuance Discount(1)	Deferred Financing Costs(1)	Carrying Value	Rate	Maturity Date
2026 Term Loan	$ 476,250	$ (743)	$ (3,923)	$ 471,584	2.86 %	5/15/2026
2028 Term Loan	291,000	(1,679)	(2,993)	286,328	3.61 %	3/11/2028
Total	$ 767,250	$ (2,422)	$ (6,916)	$ 757,912		

	Principal Amount	Unamortized Issuance Discount(1)	Deferred Financing Costs(1)	Carrying Value	Rate	Maturity Date
2026 Term Loan	$ 475,000	$ (655)	$ (3,545)	$ 470,800	2.86 %	5/15/2026
2028 Term Loan	290,250	(1,571)	(2,806)	285,873	3.61 %	3/11/2028
Total	$ 765,250	$ (2,226)	$ (6,351)	$ 756,673		

(1) Unamortized issuance discount and deferred financing costs will be amortized to interest expense over remaining life of respective term loans.

The following table summarizes the terms of the Term Loans as of December 31, 2023 ($ in thousands):

	Principal Amount	Unamortized Issuance Discount(1)	Deferred Financing Costs(1)	Carrying Value	Rate	Maturity Date
2026 Term Loan	$ 477,500	$ (833)	$ (4,302)	$ 472,365	2.86 %	5/15/2026
2028 Term Loan	291,750	(1,786)	(3,179)	286,785	3.61 %	3/11/2028
Total	$ 769,250	$ (2,619)	$ (7,481)	$ 759,150		

(1) Unamortized issuance discount and deferred financing costs will be amortized to interest The following table summarizes the terms of the Term Loans as of December

	Principal Amount	Unamortized Issuance Discount(1)	Deferred Financing Costs(1)	Carrying Value	Rate	Maturity Date
2026 Term Loan	$477,500	$ (833)	$ (4,302)	$472,365	2.86 %	5/15/2026

(1) ***Covenants*** Unamortized issuance discount and deferred financing costs will be amortized

Covenants The financial covenants of the Term Loans include the requirements that we

Interest Rate Cap

Du[r] three ended 31, LIBOR exceede cap ra 0.75%.

expense over remaining life of respective term loans.

31, 2023 ($ in thousands):

2028 Term Loan	291,750	(1,786)	(3,179)	286,785	3.61 %	3/11/2028
Total	$769,250	$ (2,619)	$ (7,481)	$759,150		

to interest expense over remaining life of respective term loans.

maintain: (i) a maximum ratio of total recourse debt to tangible net worth of 4:4:1; and (ii) a maximum ratio of total unencumbered assets to total pari-passu indebtedness of 2.50: at least 2.50:1. We were in compliance with the covenants under the Term Loans at March 31, 2024 June 30, 2024 and December 31, 2023.

such, the months March 2023,

In June we real gain the enter an intere cap manage exposur variable flows o borrowin under ou senior s term lo effective limiting from exc 0.75%. limited amount $4.7 which included gain (loss) ma all-in on intere hedging instrume our con consolid statemen operatio