

REFINITIV

## DELTA REPORT

### 10-Q

CREATIVE MEDIA & COMMUNIT

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2058

■ CHANGES	419
■ DELETIONS	673
■ ADDITIONS	966

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 **September 30, 2023** **March 31, 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 1-13610

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION**

(Exact name of registrant as specified in its charter)

Maryland

75-6446078

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

5956 Sherry Lane, Suite 700, Dallas, Texas

75225

(Address of Principal Executive Offices)

(Zip Code)

(972) 349-3200

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities Registered Pursuant to Section 12(b) of the Act:

Common Stock, \$0.001 Par Value

CMCT

Nasdaq Global Market

Common Stock, \$0.001 Par Value

CMCT

Tel Aviv Stock Exchange

(Title of each class)

(Trading symbol)

(Name of each exchange on which registered)

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 8, 2023** **May 9, 2024**, the Registrant had outstanding 22,786,741 shares of common stock, par value \$0.001 per share.

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES

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PART I  
Financial Information

Item 1.  
Financial Statements

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES  
Consolidated Balance Sheets  
(In thousands, except share and per share amounts) (Unaudited)

ASSETS	ASSETS	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
Investments in real estate, net	Investments in real estate, net	\$ 708,178	\$ 502,006		
Investments in unconsolidated entities	Investments in unconsolidated entities	29,252	12,381		
Cash and cash equivalents	Cash and cash equivalents	19,261	46,190		
Restricted cash	Restricted cash	23,950	11,290		
Loans receivable, net (Note 5)	Loans receivable, net (Note 5)	60,404	62,547		
Accounts receivable, net	Accounts receivable, net	2,825	3,780		

Deferred rent receivable and charges, net	Deferred rent receivable and charges, net	30,890	37,543
Other intangible assets, net	Other intangible assets, net	4,043	4,461
Other assets	Other assets	19,253	10,050
<b>TOTAL ASSETS</b>	<b>TOTAL ASSETS</b>	<b>\$ 898,056</b>	<b>\$ 690,248</b>

TOTAL ASSETS

TOTAL ASSETS

<b>LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY</b>	<b>LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY</b>	<b>LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY</b>
<b>LIABILITIES:</b>	<b>LIABILITIES:</b>	<b>LIABILITIES:</b>

Debt, net	Debt, net	\$ 470,325	\$ 184,267
Accounts payable and accrued expenses	Accounts payable and accrued expenses	34,331	107,220
<b>Intangible liabilities, net</b>		—	20

Due to related parties

Due to related parties

Due to related parties	Due to related parties	4,739	3,155
Other liabilities	Other liabilities	13,401	17,856
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>522,796</b>	<b>312,518</b>

Total liabilities

Total liabilities

<b>COMMITMENTS AND CONTINGENCIES</b>	<b>COMMITMENTS AND CONTINGENCIES</b>	<b>COMMITMENTS AND CONTINGENCIES</b>
(Note 15)	(Note 15)	(Note 15)
<b>REDEEMABLE PREFERRED STOCK:</b> Series A cumulative redeemable preferred stock, \$0.001 par value; 34,873,861 shares authorized; no shares issued or outstanding as of September 30, 2023 and 693,741 shares issued and outstanding as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment		— 15,697

EQUITY: EQUITY:

Series A cumulative redeemable preferred stock, \$0.001 par value; 34,873,861 shares authorized; 8,820,338 and 7,694,199 shares issued and outstanding, respectively, as of September 30, 2023 and 8,126,597 and 7,565,349 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	192,235	189,048
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Series A1 cumulative redeemable preferred stock, \$0.001 par value; 27,935,059 shares authorized; 9,288,485 and 9,223,544 shares issued and outstanding, respectively, as of September 30, 2023 and 5,966,077 and 5,956,147 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	228,324	147,514
Series D cumulative redeemable preferred stock, \$0.001 par value; 26,991,590 shares authorized; 56,857 and 48,447 shares issued and outstanding, respectively, as of September 30, 2023 and 56,857 and 48,857 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	1,190	1,200

**EQUITY:**

**EQUITY:**

Series A cumulative redeemable preferred stock, \$0.001 par value; 34,211,995 and 34,611,501 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 8,820,338 and 7,042,333 shares issued and outstanding, respectively, as of March 31, 2024 and 8,820,338 and 7,431,839 shares issued and outstanding, respectively, as of December 31, 2023; liquidation preference of \$25.00 per share, subject to adjustment

Series A1 cumulative redeemable preferred stock, \$0.001 par value; 27,880,928 and 27,904,974 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 11,327,248 and 11,208,176 shares issued and outstanding, respectively, as of March 31, 2024 and 10,473,369 and 10,378,343 shares issued and outstanding, respectively, as of December 31, 2023; liquidation preference of \$25.00 per share, subject to adjustment	Series D cumulative redeemable preferred stock, \$0.001 par value; 26,991,590 shares authorized as of March 31, 2024 and December 31, 2023; 56,857 and 48,447 shares issued and outstanding, respectively, as of March 31, 2024 and 56,857 and 48,447 shares issued and outstanding, respectively, as of December 31, 2023; liquidation preference of \$25.00 per share, subject to adjustment	Common stock, \$0.001 par value; 900,000,000 shares authorized; 22,786,741 shares issued and outstanding as of September 30, 2023 and 22,737,853 shares issued and outstanding as of December 31, 2022.
23	23	

Common stock, \$0.001 par value;  
900,000,000 shares authorized;  
22,786,741 shares issued and  
outstanding as of March 31, 2024  
and December 31, 2023,  
respectively

Common stock, \$0.001 par value;  
900,000,000 shares authorized;  
22,786,741 shares issued and  
outstanding as of March 31, 2024  
and December 31, 2023,  
respectively

Common stock, \$0.001 par value;  
900,000,000 shares authorized;  
22,786,741 shares issued and  
outstanding as of March 31, 2024  
and December 31, 2023,  
respectively

Additional paid-in capital	Additional paid-in capital	854,377	861,721
Distributions in excess of earnings	Distributions in excess of earnings	(903,725)	(837,846)
Total stockholders' equity	Total stockholders' equity	372,424	361,660
Noncontrolling interests		2,836	373
Non-controlling interests			
Total equity	Total equity	375,260	362,033
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY	TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY		
		\$ 898,056	\$ 690,248

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

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**(In thousands, except per share amounts) (Unaudited)**

REVENUES:	REVENUES:	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
REVENUES:					
REVENUES:					
Rental and other property income					
Rental and other property income					
Rental and other property income	Rental and other property income	\$ 17,061	\$ 14,194	\$ 49,999	\$ 42,484
Hotel income	Hotel income	7,485	7,965	29,590	24,476
Hotel income					
Hotel income					
Interest and other income					
Interest and other income					
Interest and other income	Interest and other income	3,572	2,694	10,201	9,078

Total Revenues	Total Revenues	28,118	24,853	89,790	76,038
Total Revenues					
Total Revenues					
EXPENSES:					
EXPENSES:					
EXPENSES:	EXPENSES:				
Rental and other property operating	Rental and other property operating	15,509	13,334	47,713	37,557
Rental and other property operating					
Rental and other property operating					
Asset management and other fees to related parties					
Asset management and other fees to related parties					
Asset management and other fees to related parties	Asset management and other fees to related parties	724	916	2,071	2,757
Expense reimbursements to related parties—corporate	Expense reimbursements to related parties—corporate	524	511	1,729	1,459
Expense reimbursements to related parties—corporate					
Expense reimbursements to related parties—corporate					
Expense reimbursements to related parties—lending segment					
Expense reimbursements to related parties—lending segment					
Expense reimbursements to related parties—lending segment	Expense reimbursements to related parties—lending segment	648	539	2,166	1,612
Interest	Interest	9,733	2,193	24,678	6,766
Interest					
Interest					
General and administrative					
General and administrative					
General and administrative	General and administrative	2,142	1,907	5,751	4,975
Transaction-related costs	Transaction-related costs	38	201	3,398	201
Transaction-related costs					
Transaction-related costs					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	16,082	5,093	46,056	15,071
Total Expenses	Total Expenses	45,400	24,694	133,562	70,398
Income (loss) from unconsolidated entities		1,189	(204)	1,053	176
Total Expenses					
Total Expenses					
(Loss) income from unconsolidated entities					
(Loss) income from unconsolidated entities					

(Loss) income from unconsolidated entities				
Gain on sale of real estate (Note 3)	Gain on sale of real estate (Note 3)	—	—	1,104
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES		(16,093)	(45)	(41,615)
Gain on sale of real estate (Note 3)				5,816
Gain on sale of real estate (Note 3)				
LOSS BEFORE PROVISION FOR INCOME TAXES				
LOSS BEFORE PROVISION FOR INCOME TAXES				
Provision for income taxes	Provision for income taxes	554	187	969
NET (LOSS) INCOME		(16,647)	(232)	(42,584)
Net loss (income) attributable to noncontrolling interests		874	(5)	2,501
NET (LOSS) INCOME ATTRIBUTABLE TO THE COMPANY		(15,773)	(237)	(40,083)
Provision for income taxes				4,982
Provision for income taxes				
NET LOSS				
NET LOSS				
NET LOSS				
Net loss attributable to non-controlling interests				
Net loss attributable to non-controlling interests				
Net loss attributable to non-controlling interests				
NET LOSS ATTRIBUTABLE TO THE COMPANY				
NET LOSS ATTRIBUTABLE TO THE COMPANY				
NET LOSS ATTRIBUTABLE TO THE COMPANY				
Redeemable preferred stock dividends declared or accumulated (Note 11)	Redeemable preferred stock dividends declared or accumulated (Note 11)	(6,809)	(6,584)	(18,341)
Redeemable preferred stock deemed dividends (Note 11)		—	—	(19)
Redeemable preferred stock dividends declared or accumulated (Note 11)				
Redeemable preferred stock dividends declared or accumulated (Note 11)				
Redeemable preferred stock redemptions (Note 11)				
Redeemable preferred stock redemptions (Note 11)				
Redeemable preferred stock redemptions (Note 11)	Redeemable preferred stock redemptions (Note 11)	(352)	(4,863)	(1,040)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (22,934)	\$ (11,684)	\$ (59,464)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS				\$ (16,844)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS				

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS PER SHARE:							
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS PER SHARE:							
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS PER SHARE:	NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS PER SHARE:						
Basic	Basic	\$ (1.01)	\$ (0.50)	\$ (2.62)	\$ (0.72)		
Basic							
Basic							
Diluted							
Diluted	Diluted	\$ (1.01)	\$ (0.50)	\$ (2.62)	\$ (0.72)		
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:	WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:						
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:	WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:						
Basic							
Basic							
Basic	Basic	22,738	23,209	22,717	23,303		
Diluted	Diluted	22,738	23,209	22,717	23,303		
Diluted							
Diluted							

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

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Equity**  
**(In thousands, except share and per share amounts) (Unaudited)**

	Three Months Ended March 31, 2024									
	Common Stock		Nine Months Ended September 30, 2023							
	Common Stock		Preferred Stock		Additional Paid-in Capital		Distributions in Excess of Par Value		Stockholders' Total Equity	
Balances, December 31, 2023	Shares	Value	Shares	Value	Shares	Value	Shares	Value	Stockholders' Total Equity	Stockholders' Total Equity
Balances, December 31, 2022	22,737,853	\$ 23	13,570,353	\$ 337,762	\$ 861,721	\$ (837,846)	\$ 361,660	\$ 373	\$ 362,033	\$ 362,033
Cumulative-effect adjustment upon adoption of ASU 2016-13 (Note 2)	—	—	—	—	—	(619)	(619)	—	(619)	(619)
Acquisition of noncontrolling interests	—	—	—	—	—	—	—	5,002	5,002	5,002

Stock based compensation expense	—	—	—	—	55	—	55	—	55	
Stock-based compensation expense										
Stock-based compensation expense										
Stock-based compensation expense										
Common dividends (\$0.085 per share)	Common dividends (\$0.085 per share)	—	—	—	—	(1,933)	(1,933)	—	(1,933)	
Issuance of Series A1 Preferred Stock	Issuance of Series A1 Preferred Stock	—	—	1,032,433	25,569	(2,291)	—	23,278	—	23,278
Redemption of Series A1 Preferred Stock	Redemption of Series A1 Preferred Stock	—	—	(12,870)	(319)	28	(11)	(302)	—	(302)
Dividends to holders of Series A1 Preferred Stock (\$0.39563 per share)	—	—	—	—	—	(2,559)	(2,559)	—	(2,559)	
Dividends to holders of Series A1 Preferred Stock (\$0.48938 per share)										
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	(17)	(17)	—	(17)	
Reclassification of Series A Preferred stock to permanent equity	—	—	389,325	9,699	(887)	—	8,812	—	8,812	
Redemption of Series A Preferred Stock										
Redemption of Series A Preferred Stock										
Redemption of Series A Preferred Stock	Redemption of Series A Preferred Stock	—	—	(189,753)	(4,723)	403	(362)	(4,682)	—	(4,682)
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	(2,810)	(2,810)	—	(2,810)
Net loss	Net loss	—	—	—	—	—	(6,951)	(6,951)	(625)	(7,576)
<b>Balances, March 31, 2023</b>	<b>22,737,853</b>	<b>\$ 23</b>	<b>14,789,488</b>	<b>\$ 367,988</b>	<b>\$ 859,029</b>	<b>\$ (853,108)</b>	<b>\$ 373,932</b>	<b>\$ 4,750</b>	<b>\$ 378,682</b>	
Stock based compensation expense	—	—	—	—	37	—	37	—	37	
Common dividends (\$0.085 per share)	—	—	—	—	—	(1,933)	(1,933)	—	(1,933)	

Issuance of Series A1										
Preferred Stock	—	—	1,195,589	29,582	(2,597)	—	26,985	—	26,985	
Redemption of Series A1										
Preferred Stock	—	—	(11,200)	(277)	23	(24)	(278)	—	(278)	
Dividends to holders of Series A1 Preferred Stock (\$0.4425 per share)	—	—	—	—	—	(3,373)	(3,373)	—	(3,373)	
Redemption of Series D										
Preferred Stock	—	—	(410)	(10)	—	—	(10)	—	(10)	
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	(17)	(17)	—	(17)	
Reclassification of Series A										
Preferred stock to permanent equity	—	—	300,846	7,462	(658)	—	6,804	—	6,804	
Redemption of Series A										
Preferred Stock	—	—	(183,809)	(4,575)	401	(291)	(4,465)	—	(4,465)	
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	(2,749)	(2,749)	—	(2,749)	
Net loss	—	—	—	—	—	(17,359)	(17,359)	(1,002)	(18,361)	
<b>Balances, March 31, 2024</b>										
<b>Balances, June 30, 2023</b>	<b>22,737,853</b>	<b>\$ 23</b>	<b>16,090,504</b>	<b>\$ 400,170</b>	<b>\$ 856,235</b>	<b>\$ (878,854)</b>	<b>\$ 377,574</b>	<b>\$ 3,748</b>	<b>\$ 381,322</b>	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(38)	(38)	
Stock based compensation expense	48,888	—	—	—	36	—	36	—	36	
Common dividends (\$0.085 per share)	—	—	—	—	—	(1,937)	(1,937)	—	(1,937)	
Issuance of Series A1										
Preferred Stock	—	—	1,094,386	27,015	(2,314)	—	24,701	—	24,701	
Redemption of Series A1										
Preferred Stock	—	—	(30,941)	(760)	64	(41)	(737)	—	(737)	
Dividends to holders of Series A1 Preferred Stock (\$0.47375 per share)	—	—	—	—	—	(4,116)	(4,116)	—	(4,116)	
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	(17)	(17)	—	(17)	
Redemption of Series A										
Preferred Stock	—	—	(187,759)	(4,676)	356	(311)	(4,631)	—	(4,631)	
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	(2,676)	(2,676)	—	(2,676)	
Net loss	—	—	—	—	—	(15,773)	(15,773)	(874)	(16,647)	
<b>Balances, September 30, 2023</b>	<b>22,786,741</b>	<b>\$ 23</b>	<b>16,966,190</b>	<b>\$ 421,749</b>	<b>\$ 854,377</b>	<b>\$ (903,725)</b>	<b>\$ 372,424</b>	<b>\$ 2,836</b>	<b>\$ 375,260</b>	

Nine Months Ended September 30, 2022										
	Common Stock		Preferred Stock		Additional		Distributions		Total	
					Paid-in		in Excess of		Stockholders'	Non-controlling
	Shares	Value	Shares	Value	Capital		Earnings		Equity	Interests
<b>Balances, December 31, 2021</b>	23,369,331	\$ 24	11,715,354	\$ 310,661	\$ 866,746	\$ (804,227)	\$ 373,204	\$ 345	\$ 373,549	
Stock based compensation expense	—	—	—	—	55	—	55	—	55	

Common dividends (\$0.085 per share)	—	—	—	—	—	—	(1,986)	(1,986)	—	(1,986)
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	—	(2,896)	(2,896)	—	(2,896)
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	—	(21)	(21)	—	(21)
Reclassification of Series A Preferred stock to permanent equity	—	—	329,921	8,304	(637)	—	7,667	—	—	7,667
Redeemable preferred stock accretion	—	—	—	—	—	—	(15)	(15)	—	(15)
Redemption of Series A Preferred Stock	—	—	(49,341)	(1,228)	108	—	(75)	(1,195)	—	(1,195)
Net income	—	—	—	—	—	—	2,297	2,297	5	2,302
<b>Balances, March 31, 2022</b>	<b>23,369,331</b>	<b>\$ 24</b>	<b>11,995,934</b>	<b>\$ 317,737</b>	<b>\$ 866,272</b>	<b>\$ (806,923)</b>	<b>\$ 377,110</b>	<b>\$ 350</b>	<b>\$ 377,460</b>	
Contributions to noncontrolling interests	—	—	—	—	—	—	—	—	5	5
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(3)	(3)
Stock based compensation expense	30,984	—	—	—	37	—	37	—	—	37
Repurchase of common stock	(41,374)	—	—	—	(303)	—	(303)	—	—	(303)
Common dividends (\$0.085 per share)	—	—	—	—	—	(1,986)	(1,986)	—	—	(1,986)
Issuance of Series A1 Preferred Stock	—	—	192,440	4,770	(416)	—	4,354	—	—	4,354
Dividends to holders of Series A1 Preferred Stock (\$0.37500 per share)	—	—	—	—	—	(79)	(79)	—	—	(79)
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	(2,960)	(2,960)	—	—	(2,960)
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	(21)	(21)	—	—	(21)
Reclassification of Series A Preferred stock to permanent equity	—	—	430,082	10,857	(1,189)	—	9,668	—	—	9,668
Redeemable preferred stock accretion	—	—	—	—	—	(4)	(4)	—	—	(4)
Redemption of Series A Preferred Stock	—	—	(88,225)	(2,188)	201	—	(106)	(2,093)	—	(2,093)
Net income	—	—	—	—	—	2,922	2,922	9	—	2,931
<b>Balances, June 30, 2022</b>	<b>23,358,941</b>	<b>\$ 24</b>	<b>12,530,231</b>	<b>\$ 331,176</b>	<b>\$ 864,602</b>	<b>\$ (809,157)</b>	<b>\$ 386,645</b>	<b>\$ 361</b>	<b>\$ 387,006</b>	
Stock based compensation expense	—	—	—	—	55	—	55	—	—	55
Repurchase of common stock	(621,088)	(1)	—	—	(4,411)	—	(4,412)	—	—	(4,412)
Common dividends (\$0.085 per share)	—	—	—	—	—	(1,933)	(1,933)	—	—	(1,933)
Issuance of Series A1 Preferred Stock	—	—	2,667,001	64,720	(3,940)	—	60,780	—	—	60,780
Dividends to holders of Series A1 Preferred Stock (\$0.37500)	—	—	—	—	—	(1,708)	(1,708)	—	—	(1,708)
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	(2,880)	(2,880)	—	—	(2,880)
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	(22)	(22)	—	—	(22)
Dividends to holders of Series L Preferred Stock (\$1.12 per share)	—	—	—	—	—	(2,723)	(2,723)	—	—	(2,723)
Repurchase of Series L Preferred Stock	—	—	(2,435,284)	(69,089)	6,451	(4,779)	(67,417)	—	—	(67,417)
Reclassification of Series A Preferred stock to permanent equity	—	—	299,303	7,574	(536)	—	7,038	—	—	7,038
Redeemable preferred stock accretion	—	—	—	—	—	—	—	—	—	—
Redemption of Series A Preferred Stock	—	—	(58,742)	(1,463)	139	(84)	(1,408)	—	—	(1,408)
Net (loss) income	—	—	—	—	—	(237)	(237)	5	—	(232)
<b>Balances, September 30, 2022</b>	<b>22,737,853</b>	<b>\$ 23</b>	<b>13,002,509</b>	<b>\$ 332,918</b>	<b>\$ 862,360</b>	<b>\$ (823,523)</b>	<b>\$ 371,778</b>	<b>\$ 366</b>	<b>\$ 372,144</b>	

Three Months Ended March 31, 2023											
	Common Stock		Preferred Stock		Additional		Distributions		Total		
	Par		Par		Paid-in		in Excess of		Stockholders' Non-controlling		
	Shares	Value	Shares	Value	Capital	—	Earnings	—	Equity	Interests	Total Equity
<b>Balances, December 31, 2022</b>	<b>22,737,853</b>	<b>\$ 23</b>	<b>13,570,353</b>	<b>\$ 337,762</b>	<b>\$ 861,721</b>	<b>\$ (837,846)</b>	<b>\$ 361,660</b>	<b>\$ 373</b>	<b>\$ 362,033</b>		
Cumulative-effect adjustment upon adoption of ASU 2016-13	—	—	—	—	—	—	(619)	(619)	—	(619)	

Acquisition of non-controlling interests	—	—	—	—	—	—	—	5,002	5,002
Stock-based compensation expense	—	—	—	—	55	—	55	—	55
Common dividends (\$0.085 per share)	—	—	—	—	—	(1,933)	(1,933)	—	(1,933)
Issuance of Series A1 Preferred Stock	—	—	1,032,433	25,569	(2,291)	—	23,278	—	23,278
Redemption of Series A1 Preferred Stock	—	—	(12,870)	(319)	28	(11)	(302)	—	(302)
Dividends to holders of Series A1 Preferred Stock (\$0.39563 per share)	—	—	—	—	—	(2,559)	(2,559)	—	(2,559)
Dividends to holders of Series D Preferred Stock (\$0.35313 per share)	—	—	—	—	—	(17)	(17)	—	(17)
Reclassification of Series A Preferred stock to permanent equity	—	—	389,325	9,699	(887)	—	8,812	—	8,812
Redemption of Series A Preferred Stock	—	—	(189,753)	(4,723)	403	(362)	(4,682)	—	(4,682)
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	—	(2,810)	(2,810)	—	(2,810)
Net loss	—	—	—	—	—	(6,951)	(6,951)	(625)	(7,576)
<b>Balances, March 31, 2023</b>	<b>22,737,853</b>	<b>\$ 23</b>	<b>14,789,488</b>	<b>\$ 367,988</b>	<b>\$ 859,029</b>	<b>\$ (853,108)</b>	<b>\$ 373,932</b>	<b>\$ 4,750</b>	<b>\$ 378,682</b>

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

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**(In thousands) (Unaudited)**

CASH FLOWS FROM OPERATING ACTIVITIES:	Nine Months Ended September 30,				Three Months Ended March 31,	
			2023	2022		
	CASH FLOWS	ACTIVITIES:	CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income		\$ (42,584)	\$ 5,001			
Adjustments to reconcile net (loss) income to net cash provided by operating activities:						
Net loss						
Adjustments to reconcile net loss to net cash provided by operating activities:						
Depreciation and amortization, net						
Depreciation and amortization, net	Depreciation and amortization, net	46,153	15,181			
Gain on sale of real estate	Gain on sale of real estate	(1,104)	—			
Gain on sale of real estate						
Gain on sale of real estate						

Amortization of deferred debt origination costs				
Amortization of deferred debt origination costs	Amortization of deferred debt origination costs	1,646	850	
Amortization of premiums and discounts on debt	Amortization of premiums and discounts on debt	36	30	
Unrealized premium adjustment	Unrealized premium adjustment	548	1,278	
Amortization of deferred costs and accretion of fees on loans receivable, net	Amortization of deferred costs and accretion of fees on loans receivable, net	(279)	(399)	
Write-offs of uncollectible receivables	Write-offs of uncollectible receivables	160	215	
Loss on interest rate caps	Loss on interest rate caps	349	—	
(Gain) loss on interest rate caps				
(Gain) loss on interest rate caps				
(Gain) loss on interest rate caps				
Deferred income taxes	Deferred income taxes	28	15	
Stock-based compensation	Stock-based compensation	128	147	
Income from unconsolidated entities		(1,053)	(176)	
Income (loss) from unconsolidated entities				
Loans funded, held for sale to secondary market				
Loans funded, held for sale to secondary market				
Loans funded, held for sale to secondary market	Loans funded, held for sale to secondary market	(13,468)	(27,205)	
Proceeds from sale of guaranteed loans	Proceeds from sale of guaranteed loans	13,560	27,875	

Principal collected on loans subject to secured borrowings	Principal collected on loans subject to secured borrowings	1,434	631
Commitment fees remitted and other operating activity	Commitment fees remitted and other operating activity	(314)	(961)
Return on investment from unconsolidated entity		—	176
Changes in operating assets and liabilities:			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable	695	(587)
Other assets	Other assets	(3,961)	(867)
Accounts payable and accrued expenses	Accounts payable and accrued expenses	18,376	2,601
Deferred leasing costs	Deferred leasing costs	(717)	(1,717)
Other liabilities	Other liabilities	(4,455)	2,677
Due to related parties	Due to related parties	1,584	3,526
Net cash provided by operating activities	Net cash provided by operating activities	16,762	28,291
CASH FLOWS FROM INVESTING ACTIVITIES:	CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	Capital expenditures	(10,895)	(6,394)
Acquisition of real estate	Acquisition of real estate	(96,731)	(10,776)
Proceeds from sale of real estate, net	Proceeds from sale of real estate, net	31,419	—
Investment in unconsolidated entity	Investment in unconsolidated entity	(7,218)	(22,408)
Distributions from unconsolidated entity		—	10,259
Loans funded			

Loans funded			
Loans funded	Loans funded	(8,550)	(8,751)
Principal collected on loans	Principal collected on loans	9,108	<u>14,436</u>
Net cash used in investing activities	Net cash used in investing activities	(82,867)	(23,634)
Net cash used in investing activities			
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES:	CASH FLOWS FROM FINANCING ACTIVITIES:	CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment of revolving credit facilities, mortgages payable, term notes and principal on SBA 7(a) loan-backed notes	Payment of revolving credit facilities, mortgages payable, term notes and principal on SBA 7(a) loan-backed notes	(194,239)	(94,952)
Proceeds from revolving credit facilities, term notes and mortgages	Proceeds from revolving credit facilities, term notes and mortgages	248,282	110,000
Proceeds from the issuance of SBA 7(a) loan-backed notes			
54,141 —			
Proceeds from SBA 7(a) loan- backed notes			
Payment of principal on secured borrowings	Payment of principal on secured borrowings	(1,434)	(631)
Payment of deferred preferred stock offering costs			
Payment of deferred preferred stock offering costs			
Payment of deferred preferred stock offering costs	Payment of deferred preferred stock offering costs	(665)	(845)
Payment of deferred debt origination costs	Payment of deferred debt origination costs	(3,164)	—
Payment of common dividends	Payment of common dividends	(5,795)	(5,725)
Repurchase of Common Stock			
— (4,715)			

Net proceeds from issuance of Preferred Stock				
Net proceeds from issuance of Preferred Stock				
Net proceeds from issuance of Preferred Stock	Net proceeds from issuance of Preferred Stock	76,082	77,631	
Payment of preferred stock dividends	Payment of preferred stock dividends	(22,303)	(20,075)	
Repurchase of Series L Preferred Stock		—	(67,417)	
Redemption of Preferred Stock	Redemption of Preferred Stock	(99,031)	(4,781)	
Noncontrolling interests' distributions		(38)	(3)	
Noncontrolling interests' contributions		—	5	
Net cash provided by (used in) financing activities		51,836	(11,508)	
Redemption of Preferred Stock				
Redemption of Preferred Stock				
Net cash provided by financing activities				
Net cash provided by financing activities				
Net cash provided by financing activities				

(Continued)

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**(In thousands) (Unaudited)**

	Nine Months Ended September 30, 2023		Three Months Ended March 31, 2024	
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(14,269)	(6,851)		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH				
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:	CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:	
Beginning of period	Beginning of period	57,480	33,651	
End of period	End of period	\$ 43,211	\$26,800	

RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS:	RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS:	
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents	Cash and cash equivalents	\$ 19,261 \$14,794
Restricted cash	Restricted cash	23,950 12,006
Total cash and cash equivalents and restricted cash	Total cash and cash equivalents and restricted cash	\$ 43,211 \$26,800
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash paid during the period for interest	Cash paid during the period for interest	\$ 21,525 \$ 5,995
Federal income taxes paid	Federal income taxes paid	\$ 575 \$ 905
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:	SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:	SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:
Accrued capital expenditures, tenant improvements and real estate developments	Accrued capital expenditures, tenant improvements and real estate developments	\$ 1,555 \$ 3,561
Proceeds from the sale of real estate committed but not yet received	Proceeds from the sale of real estate committed but not yet received	\$ 2,981 \$ —
Other amounts due from unconsolidated joint venture partners included in other assets		\$ 1,445 \$ —
Non-cash contributions to unconsolidated joint venture		\$ 8,600 \$ —
Other amounts due from Unconsolidated Joint Venture partners included in other assets		
Other amounts due from Unconsolidated Joint Venture partners included in other assets		

Other amounts due from Unconsolidated Joint Venture partners included in other assets	
Non-cash contributions to Unconsolidated Joint Venture	
Accrued preferred stock offering costs	Accrued preferred stock offering costs \$ 166 \$ 477
Accrual of dividends payable to common stockholders	Accrual of dividends payable to common stockholders \$ 1,937 \$ —
Accrual of dividends payable to preferred stockholders	Accrual of dividends payable to preferred stockholders \$ 2,307 \$ 5,285
Preferred stock offering costs offset against redeemable preferred stock	Preferred stock offering costs offset against redeemable preferred stock \$ 1,242 \$ 1,029
Reclassification of Series A Preferred Stock from temporary equity to permanent equity	Reclassification of Series A Preferred Stock from temporary equity to permanent equity \$ 15,616 \$ 24,373
Mortgage notes assumed in connection with our acquisition of real estate	Mortgage notes assumed in connection with our acquisition of real estate \$ 181,318 \$ —
Redeemable preferred stock deemed dividends	\$ — \$ 19
Accrued redeemable preferred stock fees	\$ 369 \$ 509
Acquisition of noncontrolling interests	\$ 5,002 \$ —
Equity-based payment for management fees	\$ — \$ 4,083
Mortgage notes assumed in connection with our acquisition of real estate	
Mortgage notes assumed in connection with our acquisition of real estate	
Accrued redeemable preferred stock fees	
Accrued redeemable preferred stock fees	
Accrued redeemable preferred stock fees	
Acquisition of non-controlling interests	

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

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2023 March 31, 2024 (Unaudited)**

## **1. ORGANIZATION AND OPERATIONS**

Creative Media & Community Trust Corporation (formerly known as CIM Commercial Trust Corporation) (the "Company"), is a Maryland corporation and real estate investment trust ("REIT"). The Company primarily acquires, develops, owns and operates both premier multifamily properties situated in vibrant communities throughout the United States and Class A and creative office real assets in markets with similar business and employment characteristics to its multifamily investments. The Company also owns one hotel in northern California and a lending platform that originates loans under the Small Business Administration ("SBA") 7(a) loan program. The Company seeks to apply the expertise of CIM Group Management, LLC ("CIM Group") and its affiliates to the acquisition, development and operation of premier multifamily properties and creative office assets that cater to rapidly growing industries such as technology, media and entertainment in vibrant and emerging communities throughout the United States.

The Company's common stock, \$0.001 par value per share ("Common Stock"), is currently traded on the Nasdaq Global Market ("Nasdaq") under the ticker symbol "CMCT", and on the Tel Aviv Stock Exchange (the "TASE") under the ticker symbol "CMCT." The Company has authorized for issuance 900,000,000 shares of common stock and 100,000,000 shares of preferred stock ("Preferred Stock").

Since Commencing in June 2022, the Company has conducted a been conducting a continuous public offering with respect to shares of its Series A1 Preferred Stock, par value \$0.001 per share with an initial stated value of \$25.00 per share, subject to adjustment (Note 11). The Company has filed a Registration Statement on Form S-11 in respect of such offering and anticipates continuing the offering upon effectiveness of such Registration Statement on Form S-11. Nothing contained in this Quarterly Report on Form 10-Q is or shall be deemed to be an offer to sell any securities of the Company, or the solicitation of any offer to buy any securities of the Company, in any jurisdiction, which may only be made pursuant to appropriate offering documentation.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

For more information regarding the Company's significant accounting policies and estimates, please refer to "Basis of Presentation and Summary of Significant Accounting Policies" contained in Note 2 to the Company's consolidated financial statements for the year ended December 31, 2022 December 31, 2023, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 30, 2023 March 29, 2024.

**Interim Financial Information**—The accompanying interim consolidated financial statements of the Company have been prepared by the Company's management in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Certain information and note disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the interim consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accompanying financial information reflects all adjustments which are, in the opinion of the Company's management, of a normal recurring nature and necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the interim periods. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024. The accompanying interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto, included in the 2022 2023 Form 10-K.

**Principles of Consolidation**—The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. In determining whether the Company has controlling interests in an entity and the requirement to consolidate the accounts in that entity, the Company analyzes its investments in real estate in accordance with standards set forth in GAAP to determine whether they are variable interest entities ("VIEs"), and if so, whether the Company is the primary beneficiary. The Company's judgment with respect to its level of influence or control over an entity and whether the Company is the primary beneficiary of a VIE involves consideration of various factors, including the form of the Company's ownership interest, the Company's voting interest, the size of the Company's investment (including loans), and the Company's ability to participate in major policy-making decisions. The Company's ability to correctly assess its influence or control over an entity affects the presentation of these investments in real estate on the Company's consolidated financial statements. As of September 30, 2023 March 31, 2024, the Company has determined that the trust formed for the benefit of the note holders (the "Trust") for the securitization of the unguaranteed portion of certain of the Company's SBA 7(a) loans receivable is considered a VIE. Applying the consolidation requirements for VIEs, the Company determined that it is the primary beneficiary based on its power to direct activities through its role as servicer and its obligations to absorb losses and right to receive benefits. In addition, as of September 30, 2023 March 31, 2024, the Company has determined that its

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2024 (Unaudited) – (Continued)**

Unconsolidated Joint Ventures (as defined below) are considered VIEs. Applying the consolidation requirements for VIEs, the Company determined that it is not the primary beneficiary based on its lack of power to direct activities and its

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2023 (Unaudited) – (Continued)**

obligations to absorb losses and right to receive benefits. Therefore, the Unconsolidated Joint Ventures do not qualify for consolidation. The Company accounts for its investments in Unconsolidated Joint Ventures as equity method investments.

**Investments in Real Estate**—Investments in real estate are stated at depreciated cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	15 - 40 years
Furniture, fixtures, and equipment	3 - 5 years
Tenant improvements	Lesser of useful life or lease term

The fair value of real estate acquired is recorded to acquired tangible assets, consisting primarily of land, land improvements, building and improvements, tenant improvements, furniture, fixtures, and equipment, and identified intangible assets and liabilities, consisting of the value of acquired above-market and below-market leases, in-place leases and ground leases, if any, based in each case on their respective fair values. Loan premiums, in the case of above-market rate loans, or loan discounts, in the case of below-market rate loans, are recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

#### Capitalized Project Costs

The Company capitalizes project costs, including pre-construction costs, interest expense, property taxes, insurance, and other costs directly related and essential to the development, redevelopment, or construction of a project, while activities are ongoing to prepare an asset for its intended use. Costs incurred after a project is substantially complete and ready for its intended use are expensed as incurred. Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. Ordinary repairs and maintenance are expensed as incurred.

**Recoverability of Investments in Real Estate**—The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of its real estate assets may not be recoverable. Investments in real estate are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If, and when, such events or changes in circumstances are present, the recoverability of assets to be held and used requires significant judgment and estimates and is measured by a comparison of the carrying amount to the future undiscounted cash flows expected to be generated by the assets and their eventual disposition. If the undiscounted cash flows are less than the carrying amount of the assets, an impairment is recognized to the extent the carrying amount of the assets exceeds the estimated fair value of the assets. The process for evaluating real estate impairment requires management to make significant assumptions related to certain inputs, including rental rates, lease-up period, occupancy, estimated holding periods, capital expenditures, growth rates, market discount rates and terminal capitalization rates. These inputs require a subjective evaluation based on the specific property and market. Changes in the assumptions could have a significant impact on either the fair value, the amount of impairment charge, if any, or both. Any asset held for sale is reported at the lower of the asset's carrying amount or fair value, less costs to sell. When an asset is identified by the Company as held for sale, the Company will cease recording depreciation and amortization of the asset. The Company did not recognize any impairment of long-lived assets during the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (Note 3).

**Investments in Unconsolidated Entities**—The Company accounts for its investments in the unconsolidated joint ventures (the "Unconsolidated Joint Ventures") under the equity method, as the Company has the ability to exercise significant influence over the investments. The Unconsolidated Joint Ventures record their assets and liabilities at fair value. As such, the Company records its share of the Unconsolidated Joint Ventures' unrealized gains or losses as well as its share of the revenues and expenses on a quarterly basis as an adjustment to the carrying value of the investment on the Company's consolidated balance sheet and such share is recognized within the Company's income from unconsolidated entities on the consolidated statements of operations.

**Derivative Financial Instruments**—As part of risk management and operational strategies, from time to time, we may enter into derivative contracts with various counterparties. All derivatives are recognized on the balance sheet at their estimated fair value. On the date that we enter into a derivative contract, we designate the derivative as a fair value hedge, a cash flow hedge, a foreign currency fair value or cash flow hedge, a hedge of a net investment in a foreign operation, or a trading or non-hedging instrument.

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2024 (Unaudited) – (Continued)**

Accounting for changes in the fair value of a derivative instrument depends on the intended use and designation of the derivative instrument. The Company has interest rate caps that are used to manage exposure to interest rate movements, but do not meet the requirements to be designated as hedging instruments. The change in fair value of the derivative instruments that

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2023 (Unaudited) – (Continued)**

are not designated as hedges is recorded directly to earnings as interest expense on the accompanying consolidated statements of operations. See Note 8 for further disclosures about our derivative financial instruments and hedging activities.

**Revenue Recognition**—At the inception of a revenue-producing contract, the Company determines if a contract qualifies as a lease and if not, then as a customer contract. Based on this determination, the appropriate treatment in accordance with GAAP is applied to the contract, including its revenue recognition.

#### Revenue from leasing activities

The Company operates as a lessor of both office and multifamily real estate assets. When the Company enters into a contract or amends an existing contract, the Company evaluates if the contracts meet the definition of a lease using the following criteria:

- One party (lessor) must hold an identified asset;
- The counterparty (lessee) must have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of the contract; and
- The counterparty (lessee) must have the right to direct the use of the identified asset throughout the period of the contract.

The Company determined that the Company's contracts with its tenants explicitly identify the premises and that any substitution rights to relocate tenants to other premises within the same building stated in the contract are not substantive. Additionally, so long as payments are made timely under such contracts, the Company's tenants have the right to obtain substantially all the economic benefits from the use of the identified asset and can direct how and for what purpose the premises are used to conduct their operations. Therefore, the contracts with the Company's tenants constitute leases.

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases when collectability is probable and the tenant has taken possession or controls the physical use of the leased asset. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is recorded as deferred rent. If the lease provides for tenant improvements, the Company determines whether the tenant improvements, for accounting purposes, are owned by the tenant or the Company. When the Company is the owner of the tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is considered the owner of the improvements, any tenant improvement allowance that is funded is treated as an incentive. Lease incentives paid to tenants are included in other assets and amortized as a reduction to rental revenue on a straight-line basis over the term of the related lease. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, lease incentives of \$3.9 million and \$3.9 million, respectively, are presented net of accumulated amortization of **\$3.2 million** **\$3.4 million** and **\$3.0 million** **\$3.3 million**, respectively.

Reimbursements from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes, insurance, and other recoverable costs, are recognized as revenue and are included in rental and other property income in the period the expenses are incurred, with the corresponding expenses included in rental and other property operating expense. Tenant reimbursements are recognized and presented on a gross basis when the Company is primarily responsible for fulfilling the promise to provide the specified good or service and control that specified good or service before it is transferred to the tenant. The Company has elected not to separate lease and non-lease components as the pattern of revenue recognition does not differ for the two components, and the non-lease component is not the primary component in the Company's leases.

In addition to minimum rents, certain leases, including the Company's parking leases with third-party operators, provide for additional rents based upon varying percentages of tenants' sales in excess of annual minimums. Percentage rent is recognized once lessees' specified sales targets have been met.

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For the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, the Company recognized rental income as follows (in thousands):

		Three Months Ended September 30,				Nine Months Ended September 30,	
		2023	2022			2023	2022
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024					
		2024					
		2024					
<b>Rental and other property income</b>							
<b>Rental and other property income</b>							
<b>Rental and other property income</b>	<b>Rental and other property income</b>						
Fixed lease payments <sup>(1)</sup>	Fixed lease payments <sup>(1)</sup>	\$ 14,579	\$ 11,649	\$ 42,251	\$ 34,833		
Fixed lease payments <sup>(1)</sup>							
Fixed lease payments <sup>(1)</sup>							
Variable lease payments <sup>(2)</sup>							
Variable lease payments <sup>(2)</sup>							
Variable lease payments <sup>(2)</sup>	Variable lease payments <sup>(2)</sup>	2,482	2,545	7,748	7,651		
Rental and other property income	Rental and other property income	\$ 17,061	\$ 14,194	\$ 49,999	\$ 42,484		

Rental and other property income
Rental and other property income

(1) Fixed lease payments include contractual rents under lease agreements with tenants recognized on a straight-line basis over the lease term, including amortization of acquired above-market leases, below-market leases and lease incentives.

(2) Variable lease payments include expense reimbursements billed to tenants and percentage rent, net of bad debt expense from the Company's operating leases plus cash payments from tenants deemed not probable of collection.

#### Collectability of Lease-Related Receivables

The Company continually reviews whether collection of lease-related receivables, including any straight-line rent, and current and future operating expense reimbursements from tenants is probable. The determination of whether collectability is probable takes into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. Upon the determination that the collectability of a receivable is not probable, the Company will record a reduction to rental and other property income and a decrease in the outstanding receivable. Revenue from leases where collection is deemed to be not probable is recorded on a cash basis until collectability becomes probable. Management's estimate of the collectability of lease-related receivables is based on the best information available at the time of estimate. The Company does not use a general reserve approach. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company had identified certain tenants where collection was no longer considered probable and decreased outstanding receivables by **\$703,000** **\$1.2 million** and **\$387,000**, **\$868,000**, respectively, across all operating leases.

#### Revenue from lending activities

Interest income included in interest and other income is comprised of interest earned on loans and the Company's short-term investments and the accretion of loan discounts. Interest income on loans is accrued as earned with the accrual of interest suspended when the related loan becomes a Non-Accrual Loan (as defined below).

#### Revenue from hotel activities

The Company recognizes revenue from hotel activities separate from its leasing activities. At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Company considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. Various performance obligations of hotel revenues can be categorized as follows:

- cancellable and noncancelable room revenues from reservations and
- ancillary services including facility usage and food or beverage.

Cancellable reservations represent a single performance obligation of providing lodging services at the hotel. The Company satisfies its performance obligation and recognizes revenues associated with these reservations over time as services are rendered to the customer. The Company satisfies its performance obligation and recognizes revenues associated with noncancelable reservations at the earlier of (i) the date on which the customer cancels the reservation or (ii) over time as services are rendered to the customer.

Ancillary services include facilities usage and providing food and beverage. The Company satisfies its performance obligation and recognizes revenues associated with these services at a point in time when the good or service is delivered to the customer.

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At inception of a contract with a customer for hotel goods and services, the contractual price is equivalent to the transaction price as there are no elements of variable consideration to estimate.

The Company presents hotel revenues net of sales, occupancy, and other taxes.

Below is a reconciliation of the hotel revenue from contracts with customers to the total hotel segment revenue disclosed in Note 17 (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
<b>Hotel properties</b>				
<b>Hotel properties</b>				
<b>Hotel properties</b> <b>Hotel properties</b>				
Hotel income	\$ 7,485	\$ 7,965	\$ 29,590	\$ 24,476

Hotel income					
Hotel income					
Rental and other property income					
Rental and other property income					
Rental and other property income	Rental and other property income	367	453	1,259	1,275
Interest and other income	Interest and other income	96	38	259	74
Interest and other income					
Interest and other income					
Hotel revenues	Hotel revenues	\$ 7,948	\$ 8,456	\$ 31,108	\$ 25,825
Hotel revenues					
Hotel revenues					

*Tenant recoveries outside of the lease agreements*

Tenant recoveries outside of the lease agreements are related to construction projects in which the Company's tenants have agreed to fully reimburse the Company for all costs related to construction. These services include architectural, permit expeditor and construction services. At inception of the contract with the customer, the contractual price is equivalent to the transaction price as there are no elements of variable consideration to estimate. While these individual services are distinct, in the context of the arrangement with the customer, all of these services are bundled together and represent a single package of construction services requested by the customer. The Company satisfies its performance obligation and recognizes revenues associated with these services over time as the construction is completed. No such amounts were recognized for tenant recoveries outside of the lease agreements for each of the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**. As of **September 30, 2023** **March 31, 2024**, there were no remaining performance obligations associated with tenant recoveries outside of the lease agreements.

**Loans Receivable**—The Company's loans receivable are carried at their unamortized principal balance less unamortized acquisition discounts and premiums, retained loan discounts and reserves for expected credit losses. Acquisition discounts or premiums, origination fees and retained loan discounts are amortized as a component of interest and other income using the effective interest method over the expected life of the respective loans, or on a straight-line basis when it approximates the effective interest method. All loans were originated pursuant to programs sponsored by the Small Business Administration (the "SBA") under the SBA 7(a) Small Business Loan Program (the "SBA 7(a) Program").

Pursuant to the SBA 7(a) Program, the Company sells the portion of the loan that is guaranteed by the SBA. Upon sale of the SBA guaranteed portion of the loans, which are accounted for as sales, the unguaranteed portion of the loan retained by the Company is recorded at fair value and a discount is recorded as a reduction in basis of the retained portion of the loan. Unamortized retained loan discounts were \$8.3 million and **\$9.0 million** **\$8.4 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

A loan receivable is generally classified as non-accrual (a "Non-Accrual Loan") if (i) it is past due as to payment of principal or interest for a period of 60 days or more, (ii) any portion of the loan is classified as doubtful or is charged-off or (iii) the repayment in full of the principal and/or interest is in doubt. Generally, loans are charged-off when management determines that the Company will be unable to collect any remaining amounts due under the loan agreement, either through liquidation of collateral or other means. Interest income, included in interest and other income, on a Non-Accrual Loan is recognized on the cost recovery basis.

**Current Expected Credit Losses**—On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments-Credit Losses*, and subsequent amendments ("ASU 2016-13"). The current expected credit losses ("CECL") required under ASU 2016-13 reflects the Company's current estimate of potential credit losses related to the Company's loans receivable included in the consolidated balance sheets. The initial **current expected credit losses** recorded on January 1, 2023 is reflected as a direct charge to distributions in excess of earnings on the Company's consolidated statements of equity; however, subsequent changes to **the current expected credit losses** **CECL** are recognized through net income on the Company's consolidated statements of operations. While ASU 2016-13 does not require any particular method for determining **the current expected credit losses**, **CECL**, it does specify the allowance should be based on relevant information about past

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events, including historical loss experience, current portfolio and market conditions, and reasonable and supportable forecasts for the duration of each respective loan. In addition, other than a

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few narrow exceptions, ASU 2016-13 requires that all financial instruments subject to the credit loss model have some amount of loss reserve to reflect the GAAP principal underlying the credit loss model that all loans, debt securities, and similar assets have some inherent risk of loss, regardless of credit quality, subordinate capital, or other mitigating factors.

The Company adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. The Company recorded a cumulative-effective adjustment to the opening distributions in excess of earnings in its consolidated statement of equity as of January 1, 2023 of \$619,000. This represents a total CECL reserve transition adjustment of approximately \$783,000, net of a \$164,000 deferred tax asset. As of March 31, 2024 and December 31, 2023, the Company had a total CECL of \$1.6 million and \$1.7 million, respectively.

The Company estimates the current expected credit loss CECL for its loans primarily using its historical experience with loan write-offs, historical charge-offs from third-party firms, and the Weighted Average Remaining Maturity weighted average remaining maturity method, which has been identified as an acceptable method for estimating CECL reserves in the Financial Accounting Standards Board ("FASB") Staff Q&A Topic 326, No. 1. This method requires the Company to reference historical loan loss data across a comparable data set and apply such loss rate to each loan investment over its expected remaining term, taking into consideration expected economic conditions over the relevant timeframe. The Company considers loans that are both (i) expected to be substantially repaid through the operation or sale of the underlying collateral and (ii) for which the borrower is experiencing financial difficulty, to be "collateral-dependent" loans. For such loans that the Company determines that foreclosure of the collateral is probable, the Company measures the expected losses based on the difference between the fair value of the collateral less costs to sell and the amortized cost basis of the loan as of the measurement date. For collateral-dependent loans with respect to which the Company determines foreclosure is not probable, the Company applies a practical expedient to estimate expected losses using the difference between the collateral's fair value (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan. The Company may use other acceptable alternative approaches in the future depending on, among other factors, the type of loan, underlying collateral and availability of relevant historical market loan loss data.

Quarterly, the Company evaluates the risk of all loans receivable and assigns a risk rating based on a variety of factors, which are grouped as follows: (i) loan and credit structure, including the as-is loan-to-value ("LTV") ratio and structural features; (ii) quality and stability of real estate value and operating cash flow, including debt yield, dynamics of the geography, local market, physical condition and stability of cash flow; and (iii) quality, experience and financial condition of the borrower.

Based on a 5-point scale, the Company's loans receivable are rated "1" through "5," from least risk to greatest risk, respectively, which ratings are defined as follows:

- 1- Acceptable — These are assets of high quality;
- 2- Other Assets Especially Mentioned ("OAEM") — These are assets that are generally profitable but exhibit potential weakness or weaknesses, including, but not limited to, no significant pay history as detailed below for loans originated generally within the last year. Such weaknesses could result in deterioration if not corrected;
- 3- Substandard — These assets generally have a well-defined weakness or weaknesses which could hinder collection efforts;
- 4- Doubtful — These assets have weakness or weaknesses similar to substandard loans; however, the weakness or weaknesses are so extreme that significant loss potential exists in all cases and
- 5- Loss — Assets assigned this classification have no value and thus have been or are in the process of being charged off.

The Company adopted ASU 2016-13 using generally assigns a risk rating of "2" to all newly originated loans (generally within one year of origination) due to lack of management experience and/or lack of adequate historical debt coverage at the modified retrospective method for all financial assets measured at amortized cost. The Company recorded a cumulative-effective adjustment origination date. These loans likely will be classified to the opening distributions in excess acceptable within two years of earnings in its consolidated statement of equity as of January 1, 2023 of \$619,000. This represents a total CECL reserve transition adjustment of approximately \$783,000, net of a \$164,000 deferred tax asset.

Prior to adoption, the Company considered a loan to be impaired when the Company did not expect to collect all of the contractual interest and principal payments as scheduled in the loan agreements. The Company also established a general loan loss reserve when available information indicated that it was probable a loss had occurred based on the carrying value of the portfolio and if the amount of the loss could be reasonably estimated. As of December 31, 2022, the Company had loan loss reserves of \$1.1 million, which is recorded as a reduction to the loans receivable, net balance on the consolidated balance sheet. As of September 30, 2023, the Company had a total current expected credit loss of \$1.7 million.

**Deferred Rent Receivable and Charges**—Deferred rent receivable and charges consist of deferred rent, deferred leasing costs, deferred offering costs (Note 11) deferred financing costs and other deferred costs. Deferred leasing costs, which represent lease commissions and other direct costs associated with the acquisition of tenants, are capitalized and amortized on a straight-line basis over the terms of the related leases. Deferred offering costs represent direct costs incurred in connection with the Company's offerings of Series A1 Preferred Stock (as defined below), Series A Preferred Stock (as defined below), and, after January 2020, Series A Preferred Stock (as defined below) and Series D Preferred Stock (as defined below), excluding

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costs specifically identifiable to a closing, such as commissions, dealer-manager fees, and other offering fees and expenses. Generally, for a specific issuance of securities, issuance-specific offering costs are recorded as a reduction of proceeds raised on the issuance date and offering costs incurred but not directly related to a specifically identifiable closing of a security are deferred. Deferred offering costs are first allocated to each issuance of a security on a pro-rata basis equal to the ratio of the number of securities issued in a given issuance to the maximum number of securities that are expected to be issued in the related offering. In the case of the Series A Preferred Stock issued prior to February 2020, the issuance-specific offering costs and the deferred offering costs allocated to such issuance were further allocated to the Series A Preferred Stock and Series A Preferred Warrants issued in such issuance based on the relative fair value of the instruments on the date of issuance. The deferred offering costs allocated to the Series A Preferred Stock and Series A Preferred Warrants are reductions to temporary equity and permanent equity, respectively. Deferred financing costs related to the securing of a revolving line of credit are presented as an asset and amortized ratably over the term of the line of credit arrangement. As such, the Company's current and corresponding prior period total deferred costs, net in the accompanying consolidated balance sheets relate only to the revolving loan portion of the credit facilities.

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As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, deferred rent receivable and charges consist of the following (in thousands):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Deferred rent receivable	\$ 16,771	\$ 20,949		
Deferred leasing costs, net of accumulated amortization of \$10,100 and \$9,637, respectively	6,829	8,319		
Deferred leasing costs, net of accumulated amortization of \$10,810 and \$10,483, respectively				
Deferred offering costs	5,185	5,664		
Deferred financing costs, net of accumulated amortization of \$579 and \$30, respectively	1,614	2,120		
Deferred financing costs, net of accumulated amortization of \$947 and \$764, respectively				
Other deferred costs	491	491		
Deferred rent				
Deferred rent receivable and charges, net	\$ 30,890	\$ 37,543		

**Redeemable Preferred Stock**—Beginning on the date of original issuance of any given shares of Series A1 Preferred Stock, par value \$0.001 per share (“Series A1 Preferred Stock”), with an initial stated value of \$25.00 per share, subject to adjustment (the “Series A1 Preferred Stock Stated Value”), Series A Preferred Stock, par value \$0.001 per share (“Series A Preferred Stock”) with an initial stated value of \$25.00 per share, subject to adjustment (the “Series A Preferred Stock Stated Value”), or Series D Preferred Stock, par value \$0.001 per share (“Series D Preferred Stock”), with an initial stated value of \$25.00 per share, subject to adjustment (the “Series D Preferred Stock Stated Value”), the holder of such shares has the right to require the Company to redeem such shares, subject to certain limitations as discussed in Note 11. The Company records the activity related to the Series A1 Preferred Stock, Series A Preferred Warrants and Series D Preferred Stock in permanent equity. In the event a holder of Series A Preferred Stock requests redemption of such shares and such redemption takes place prior to the first anniversary of the date of original issuance, the Company is required to pay such redemption in cash. As a result, the Company recorded issuances of Series A Preferred Stock in temporary equity. **On the first anniversary of the date of original issuance of a particular share of Series A Preferred Stock, the Company reclassifies such share of Series A Preferred Stock from temporary equity to permanent equity because the feature giving rise to temporary equity classification, the requirement to satisfy redemption requests in cash, lapses on the first anniversary date.**

**Noncontrolling Non-controlling Interests**—Noncontrolling Non-controlling interests represent the interests in various properties owned by third-parties, third parties.

**Restricted Cash**—The Company's mortgage loan and hotel management agreements provide for depositing cash into restricted accounts reserved for capital expenditures, free rent, tenant improvement and leasing commission obligations. Restricted cash also includes cash required to be segregated in connection with certain of the Company's loans receivable and with its SBA 7(a) loan-backed notes.

**Use of Estimates**—The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases such estimates on historical experience, information available at the time, and assumptions the Company believes to be reasonable under the circumstances at such time. Actual results could differ from those estimates.

**Recently Issued Accounting Pronouncements**—In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which was subsequently amended by ASU No. 2018-19, Codification Improvements to Topic 326, *Financial Instruments - Credit Losses* ("ASU 2018-19") in November 2018. Subsequently, the FASB issued ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-10, ASU No. 2019-11 and ASU No. 2020-02 to provide additional guidance on the credit losses standard. ASU 2016-13 and the related updates improve financial reporting requiring more timely recognition of credit losses on loans and other financial instruments that are not accounted for at fair value through net income, including loans held-for-investment, held-to-maturity debt securities, net investment in leases and other such commitments. ASU 2016-13 requires that financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The amendments in ASU 2016-13 require the Company to measure all expected credit losses based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets and eliminates the "incurred loss" methodology under current GAAP. ASU 2018-19 clarified that receivables arising from operating leases are not within the scope of Topic 326.

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Instead, impairment of receivables arising from operating leases should be accounted for in accordance with ASU No. 2016-02, *Leases* (Topic 842). For smaller reporting companies, public entities that are not SEC filers, and entities that are not public business entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2022. Early adoption was permitted for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018. The Company adopted ASU 2016-13 and the related updates on January 1, 2023 and the adoption did not have a material impact.

On March 31, 2022, the FASB issued ASU No. 2022-02, *Troubled Debt Restructurings and Vintage Disclosures* (Topic 326) ("ASU 2022-02"). ASU 2022-02 eliminates the recognition and measurement guidance for troubled debt restructurings ("TDRs") and, instead, requires that an entity evaluate (consistent with the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loan. The ASU also enhances existing disclosure requirements and introduces new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. The ASU became effective for the Company beginning January 1, 2023 and was applied prospectively. ASU 2022-02 did not have an impact on the Company's consolidated financial statements for the three and nine months ended September 30, 2023.

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations-Joint Venture Formations* (Subtopic 805-60): *Recognition and Initial Measurement* ("ASU 2023-05"). ASU 2023-05 applies to the formation of a joint venture and requires a joint venture to initially measure all contributions received

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upon its formation at fair value. The guidance is intended to reduce diversity in practice and provide users of joint venture financial statements with more decision-useful information. The amendments are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. The Company does not believe the adoption of ASU 2023-05 will have a material impact on its consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting* (Topic 280): *Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 enhances the disclosures required for reportable segments on an annual and interim basis. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, and early adoption is permitted. The Company does not expect the adoption of ASU 2023-07 to have a material impact on its consolidated financial statements and disclosures.

### 3. INVESTMENTS IN REAL ESTATE

Investments in real estate consist of the following (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Land	Land	\$ 175,709	\$ 151,727		
Land	Land				
improvements	improvements	5,863	1,837		
Buildings and	Buildings and				
improvements	improvements	633,129	455,275		

Furniture, fixtures, and equipment	Furniture, fixtures, and equipment	11,585	4,339
Tenant improvements	Tenant improvements	25,114	34,372
Work in progress	Work in progress	15,437	12,863
Investments in real estate	Investments in real estate	866,837	660,413
Accumulated depreciation	Accumulated depreciation	(158,659)	(158,407)
Net investments in real estate	Net investments in real estate	<u>\$ 708,178</u>	<u>\$ 502,006</u>

For the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, the Company recorded depreciation expense of **\$5.9 million** **\$5.8 million** and **\$4.3 million** **\$4.8 million**, respectively. For

**2024 Transactions**—There were no acquisitions or dispositions during the **nine three** months ended **September 30, 2023** **March 31, 2023** and **2022, the Company recorded depreciation expense of \$16.6 million and \$12.8 million, respectively.** **March 31, 2024.**

**2023 Transactions**—During the **nine three** months ended **September 30, 2023** **March 31, 2023**, the Company acquired an interest in the following properties from subsidiaries indirectly wholly-owned by a fund that is managed by affiliates of CIM Group. The purchases were accounted for as asset acquisitions.

Property	Asset	Date of	Interest Acquired	Purchase Price
	Type	Acquisition		
Channel House	Multifamily <sup>(1)</sup>	January 31, 2023	333	\$ 134,615
F3 Land Site	Multifamily <sup>(1)</sup>	January 31, 2023	N/A	\$ 250
466 Water Street Land Site	Multifamily <sup>(1)</sup>	January 31, 2023	N/A	\$ 2,500
1150 Clay	Multifamily <sup>(2)</sup>	March 28, 2023	288	\$ 145,500

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(1) Transaction costs that were capitalized as a component of the assets acquired and liabilities assumed in connection with the acquisition of these **property** properties totaled \$37,000, which are not included in the purchase prices above. The building at Channel House also includes approximately 1,864 square feet of retail space. The F3 Land Site is currently being utilized as a surface parking **lot**, **lot** and being evaluated for future development options including hotel development but there are no formal plans in place to begin development as of **March 31, 2024**.

(2) Transaction costs that were capitalized as a component of the assets acquired and liabilities assumed in connection with the acquisition of this property totaled \$149,000, which are not included in the purchase price above. The building also includes approximately 3,968 square feet of retail space.

In addition, please see “Investments in Unconsolidated Entities” (Note 4) for information on the Company’s real estate acquisitions through its investments in **unconsolidated entities**, **Unconsolidated Joint Ventures**.

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The Company sold an interest in the following property during the **nine three** months ended **September 30, 2023** **March 31, 2023**.

Property	Asset	Date of	Interest Sold	Sales Price	Gain on Sale
	Type	Sale			
4750 Wilshire Boulevard <sup>(1)</sup>	Office / Multifamily	February 17, 2023	80.0 %	\$ 34,400	\$ 1,104

(1) The Company sold 80% of its interest in 4750 Wilshire Boulevard (excluding a vacant land parcel which was not included in the sale) to co-investors with whom it formed the 4750 Wilshire JV (defined in Note 4). At the acquisition date, the Company received net proceeds of \$16.7 million and recorded a receivable of \$17.7 million, all of which has been collected as of March 31, 2024. As of September 30, 2023, the Company has a receivable of \$3.0 million and is of \$1.4 million due from the 4750 Wilshire JV included in other assets on the Company's consolidated balance sheet. The Company incurred by the Company at 4750 Wilshire Boulevard prior to the sale of 80% of its interest in the property to the 4750 Wilshire JV. The Company owns a 20% interest in the 4750 Wilshire JV and accounts for its investment as an equity method investment as of September 30, 2023, March 31, 2023.

**2022 Transactions**—During the nine months ended September 30, 2022, the Company acquired a 100% fee-simple interest in the following properties from unrelated third-parties which transaction was accounted for as an asset acquisition.

Property	Asset Type	Date of Acquisition	Square Feet	Purchase Price (in thousands)
3109 S Western Avenue, Los Angeles, CA (1)	Multifamily	August 4, 2022	5,900	\$ 700
1007 E 7th Street, Austin, TX (2)	Office	July 1, 2022	1,352	\$ 1,900
3022 S Western Avenue, Los Angeles, CA (3)	Multifamily	May 20, 2022	6,000	\$ 5,650
3101 S Western Avenue, Los Angeles, CA (4)	Multifamily Development Site	February 11, 2022	3,752	\$ 2,260

(1) Transaction costs that were capitalized as a component of the assets acquired and liabilities assumed in connection with the acquisition of this property totaled \$11,000, which are not included in the purchase price above. The Company intends to redevelop approximately seven commercial units totaling 5,635 rentable square feet and six parking stalls starting in 2024.

(2) Transaction costs that were capitalized as a component of the assets acquired and liabilities assumed in connection with the acquisition of this property totaled \$52,000, which are not included in the purchase price above. The property is located on a land site of approximately 7,450 square feet. The Company intends to complete predevelopment and entitlement work to provide optionality for future development.

(3) Transaction costs that were capitalized as a component of the assets acquired and liabilities assumed in connection with the acquisition of this property totaled \$192,000, which are not included in the purchase price above. The property is located on a land site of approximately 28,300 square feet. The Company intends to entitle the property and develop approximately 119 residential units.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2023 (Unaudited) – (Continued)**

(4) Transaction costs that were capitalized as a component of the assets acquired and liabilities assumed in connection with the acquisition of this property totaled \$22,000, which are not included in the purchase price above. The property is located on a land site of approximately 11,300 square feet. The Company intends to entitle the property and develop approximately 40 residential units.

There were no dispositions during the nine months ended September 30, 2022.

The results of operations of the properties the Company acquired have been included in the consolidated statements of operations from the dates of acquisition. The following table summarizes the purchase price allocation of the aforementioned acquisitions during the nine months ended September 30, 2023, March 31, 2024 and 2022, 2023.

		Three Months Ended March 31,	
		Nine months ended September 30,	
		2023	2022
		Three Months Ended March 31,	
		(in thousands)	
		Three Months Ended March 31,	
		2024	
		2024	
		2024	
		(in thousands)	
		(in thousands)	
		(in thousands)	
Land	Land	\$ 36,613	\$ 10,480
Land improvements	Land improvements	4,523	54
Land improvements			

Land improvements														
Buildings and improvements	Buildings and improvements													
Tenant improvements													164	
Buildings and improvements													47	
Buildings and improvements														
Furniture, fixtures, and equipment														
Furniture, fixtures, and equipment														
Furniture, fixtures, and equipment	Furniture, fixtures, and equipment												8,140	
Acquired in-place leases	Acquired in-place leases													
(1)	(1)												27,210	
Acquired in-place leases (1)														68
Acquired in-place leases (1)														
Acquired above-market leases (2)														
Acquired above-market leases (2)														
Acquired above-market leases (2)	Acquired above-market leases (2)												71	
Acquired below-market leases (3)	Acquired below-market leases (3)													(37)
Acquired below-market leases (3)														
Acquired below-market leases (3)														
Net assets acquired	Net assets acquired	\$											\$	10,776
Net assets acquired														
Net assets acquired														

(1) The amortization period for the in-place leases acquired during the **nine** three months ended **September 30, 2023** **March 31, 2023** was approximately 6 months at the date of acquisition.

(2) The amortization period for the above-market leases acquired during the **nine** three months ended **September 30, 2023** **March 31, 2023** was approximately 7 months at the date of acquisition.

(3) The amortization period for the below-market leases acquired during the **nine** three months ended **September 30, 2023** **March 31, 2023** was approximately 5 months at the date of acquisition.

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**September 30, 2023 March 31, 2024 (Unaudited) – (Continued)**

**4. INVESTMENT IN UNCONSOLIDATED ENTITIES**

The following table details the Company's equity method investments in its Unconsolidated Joint Ventures. See Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (dollars in thousands):

Property	Property	Carrying Value										Carrying Value					
		Asset Type	Location	Acquisition Date	Ownership Interest	September 30, 2023		December 31, 2022		Asset Type	Location	Acquisition Date	Ownership Interest	March 31, 2024		December 31, 2023	
						Property	Interest	Property	Interest					Property	Interest	Property	Interest
1910 Sunset Boulevard <sup>(1)</sup>	1910 Sunset Boulevard <sup>(1)</sup>	Office / Multifamily	Los Angeles, CA	February 11, 2022	44.2%	\$ 11,986	\$ 12,381										
4750 Wilshire Boulevard <sup>(2)</sup>	4750 Wilshire Boulevard <sup>(2)</sup>	Office / Multifamily	Los Angeles, CA	February 17, 2023	20.0%		10,124		—								
1902 Park Avenue <sup>(3)</sup>	1902 Park Avenue <sup>(3)</sup>	Multifamily	Los Angeles, CA	February 28, 2023	50.0%		7,142		—								

1015 N Mansfield Avenue (4)		
Total investments in unconsolidated entities	Total investments in unconsolidated entities	\$ 29,252 \$ 12,381
Total investments in unconsolidated entities		
Total investments in unconsolidated entities		

(1) 1910 Sunset Boulevard is an office building with 104,764 square feet of office space and 2,760 square feet of retail space. The **plan for the property is 1910 Sunset JV (defined below)** has plans to **undertake begin a capital improvement development** program to renovate and modernize the **building into building's** creative office space as well as but the 1910 Sunset JV has not yet finalized the formal development plan for the property. The 1910 Sunset JV has begun the 1915 Park Project (defined below) to build 36 multifamily units on the 1915 Park Avenue land parcel adjacent to the office building, for which the 1910 Sunset JV has received all necessary **entitlements, building.**

(2) 4750 Wilshire Boulevard is a three-story office building with 30,335 square feet of office space located on the first floor. The remainder of the building is being converted into for-lease multifamily units.

(3) 1902 Park Avenue is a 75-unit four-story multifamily building.

(4) 1015 N Mansfield Avenue is an office building with a 44,141 square foot site area and a parking garage. The site is being evaluated for different development options, including creative office or other commercial space. As of March 31, 2024, this property was in pre-development phase and the Company has not finalized the formal development plan for the property.

**1910 Sunset Boulevard**— In February 2022, the Company invested in a joint venture an Unconsolidated Joint Venture (the “1910 Sunset JV”) with a CIM-managed separate account (the “1910 Sunset JV Partner”) to purchase an office property located at 1910 Sunset Boulevard in Los Angeles, California along with an adjacent vacant land parcel located at 1915 Park Avenue, for a gross purchase price of approximately \$51.0 million, of which the Company initially contributed approximately \$22.4 million and the 1910 Sunset JV Partner initially contributed the remaining balance. In September 2022, the 1910 Sunset JV obtained financing through a mortgage loan of \$23.9 million secured by the office property (the “1910 Sunset Mortgage Loan”). The Company provided a limited guarantee to the lender under the 1910 Sunset Mortgage Loan.

The 1910 Sunset JV plans to begin a development program to renovate and modernize the building's creative office space but the 1910 Sunset JV has not yet finalized the formal development plan for the property. Additionally, the 1910 Sunset JV has begun construction to build 36 multifamily units on the 1915 Park Avenue land parcel adjacent to the office building (the “1915 Park Project”). The 1915 Park Project is expected to be completed by the third quarter of 2025 and to cost approximately \$19.3 million (the Company's share of which will be \$8.5 million). The 1910 Sunset JV plans to finance the project through a combination of cash from operations at its office property, additional equity contributions from existing investors, and proceeds from a mortgage loan from a third-party lender (which is in-place but currently has no outstanding borrowings and is subject to additional equity contribution requirements which have not yet been met). As of March 31, 2024, the 1910 Sunset JV had incurred total costs of \$2.3 million in connection with the 1915 Park Project.

The Company recorded a loss of \$402,000 \$301,000 and \$683,000 \$61,000 related to its investment in the 1910 Sunset JV during the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, respectively, and a loss of \$204,000 and income of \$176,000 during the three and nine months ended September 30, 2022, respectively, in the consolidated statements of operations, respectively. The Company's investment in the 1910 Sunset JV was \$12.0 million \$11.7 million and its ownership percentage remained unchanged as of September 30, 2023 March 31, 2024.

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**4750 Wilshire Boulevard**— In February 2023, three co-investors (the “4750 Wilshire JV Partners”) acquired an 80% interest in a property owned by a subsidiary of the Company located at 4750 Wilshire Boulevard in Los Angeles, California (“4750 Wilshire”) for a gross sales price of \$34.4 million (excluding transaction costs). The Company retained a 20% interest in 4750 Wilshire through a joint venture an Unconsolidated Joint Venture arrangement between the Company and the 4750 Wilshire JV Partners (the “4750 Wilshire JV”). The 4750 Wilshire JV Partners is converting two of the three floors of 4750 Wilshire from office-use into 68 for-lease multifamily units (the 4750 Wilshire Project), with the first floor of 4750 Wilshire continuing to function as 30,335 square feet of office space. The 4750 Wilshire Project is expected to be completed by the fourth quarter of 2024 and the total cost of the conversion is expected to be approximately \$31.0 million (the Company's share of which will be \$6.2 million), which will be financed by a combination of equity contributions from the 4750 Wilshire JV Partners and a third-party construction loan, secured by 4750 Wilshire, which closed in March 2023 and that allows for total draws of \$38.5 million (the “4750 Wilshire Construction Loan”). The Company provided a limited guarantee to the lender under the 4750 Wilshire Construction Loan. As of March 31, 2024, total costs of \$17.3 million had been incurred by the 4750 Wilshire JV in connection with the 4750 Wilshire Project.

Pursuant to the co-investment agreement, the 4750 Wilshire JV Partners will pay pays an on-going management fee to the Company. In addition, the Company may earn incentive fees based on the performance of 4750 Wilshire after the conversion.

The Company recorded income of \$2.0 million \$401,000 and \$1.5 million a loss of \$3,000 related to its investment in the 4750 Wilshire JV during the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, respectively, in the consolidated statements of operations. The Company's investment in the 4750 Wilshire JV was

**\$10.1** \$10.0 million and its ownership percentage remained unchanged at 20% as of **September 30, 2023** March 31, 2024.

**1902 Park Avenue**— In February 2023, the Company and a CIM-managed interval fund (the “1902 Park JV Partner”) purchased a multifamily property in the Echo Park neighborhood of Los Angeles, California for a gross purchase price of \$19.1 million (excluding transaction costs) (the “1902 Park JV”). The Company owns 50% of the 1902 Park JV. In connection

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with the closing of this transaction in February 2023, the 1902 Park JV obtained financing through a mortgage loan of \$9.6 million secured by the multifamily property (the “1902 Park Mortgage Loan”). The Company provided a limited guarantee to the lender under the 1902 Park Mortgage Loan.

The Company recorded a loss of **\$422,000** \$443,000 and income of **\$216,000** \$832,000 related to its investment in the 1902 Park JV during the three and nine months ended **September 30, 2023** March 31, 2024 and March 31, 2023, respectively, in the consolidated statements of operations. The Company’s investment in the 1902 Park JV was **\$7.1** \$6.7 million as of **September 30, 2023** March 31, 2024.

**1015 N Mansfield Avenue**— In October, 2023, the Company and a co-investor affiliated with CIM Group (the “1015 N Mansfield JV Partner”) acquired from an unrelated third party a 100% fee-simple interest in a plot of land located in the Sycamore media district of Los Angeles, California for a gross purchase price of \$18.0 million (excluding transaction costs) (the “1015 N Mansfield JV”). The property has a site area of approximately 44,141 square feet and contains a parking garage that has been leased to a third-party tenant. The site is being evaluated for different creative office or other commercial space development options and was in pre-development phase as the Company has not finalized the formal development plan for the property. The Company owns 28.8% of the 1015 N Mansfield JV.

The Company recorded income of \$17,000 related to its investment in the 1015 N Mansfield JV during the three months ended March 31, 2024 in the consolidated statements of operations. The Company’s investment in the 1015 N Mansfield JV was \$5.3 million as of March 31, 2024.

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**March 31, 2024 (Unaudited) – (Continued)**

## 5. LOANS RECEIVABLE

Loans receivable consist of the following (in thousands):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
SBA 7(a) loans receivable, subject to credit risk	\$ 5,329	\$ 56,116
SBA 7(a) loans receivable, subject to loan-backed notes	48,133	—
SBA 7(a) loans receivable, subject to secured borrowings	4,661	6,127
SBA 7(a) loans receivable, held for sale	2,809	117
Loans receivable	<hr/> 60,932	<hr/> 62,360
Deferred capitalized costs, net	1,176	1,293
Loan loss reserves (1)	(1,704)	(1,106)
Loans receivable, net	<hr/> \$ 60,404	<hr/> \$ 62,547

(1) On January 1, 2023, the Company adopted ASU 2016-13. As such, the amounts as of September 30, 2023 reflect the Company’s current estimate of potential credit losses related to the Company’s loans receivable.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
SBA 7(a) loans receivable, subject to credit risk	\$ 12,102	\$ 10,393
SBA 7(a) loans receivable, subject to loan-backed notes	41,736	43,983
SBA 7(a) loans receivable, subject to secured borrowings	2,508	3,105
SBA 7(a) loans receivable, held for sale	402	74
Loans receivable	<hr/> 56,748	<hr/> 57,555
Deferred capitalized costs, net	1,125	1,130
Current expected credit losses	(1,644)	(1,680)
Loans receivable, net	<hr/> \$ 56,229	<hr/> \$ 57,005

**SBA 7(a) Loans Receivable, Subject to Credit Risk**—Represents the unguaranteed portions of loans originated under the SBA 7(a) Program which were retained by the Company.

**SBA 7(a) Loans Receivable, Subject to Loan-Backed Notes**—Represents the unguaranteed portions of loans originated under the SBA 7(a) Program which were transferred to a trust and are held as collateral in connection with a securitization transaction. The proceeds received from the transfer were reflected as loan-backed notes payable (Note 7). These loans were subject to credit risk.

**SBA 7(a) Loans Receivable, Subject to Secured Borrowings**—Represents the government guaranteed portions of loans originated under the SBA 7(a) Program which were sold with the proceeds received from the sale reflected as secured borrowings—government guaranteed loans. There was no credit risk associated with these loans since the SBA has guaranteed payment of the principal.

**SBA 7(a) Loans Receivable, Held for Sale**—Represents the government guaranteed portion of loans held for sale at the end of the period or that had been sold but in respect of which proceeds had not been received as of the end of the period.

#### Current Expected Credit Losses

Current expected credit losses ("CECL") reflect CECL reflects the Company's current estimate of potential credit losses related to loans receivable included in the Company's consolidated balance sheets as of September 30, 2023 March 31, 2024 pursuant to ASU 2016-13 as implemented effective January 1, 2023. Refer to Note 2 for further discussion of CECL.

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The following table presents the activity in the Company's current expected credit losses CECL for the nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 (dollar amounts in thousands):

	Loans Receivable
Current expected credit losses as of December 31, 2023	\$ 1,680
Net adjustment to reserve for expected credit losses	(36)
Current expected credit losses as of March 31, 2024	\$ 1,644
Allowance for credit losses as of December 31, 2022	\$ 1,106
Transition adjustment on January 1, 2023	783
Reserve Net adjustment to reserve for expected credit losses	51
Current expected credit losses as of March 31, 2023	\$ 1,940
Write-offs	(85)
Reserve for expected credit losses	(142)
<b>Current expected credit losses as of June 30, 2023</b>	<b>\$ 1,713 1,940</b>

The Company's initial estimate of its current expected credit losses against the loans receivable of \$783,000, net of a \$164,000 deferred tax asset, was recorded on January 1, 2023 directly to distributions in excess of earnings on the Company's consolidated statements of equity. Subsequent changes to the allowance reserve for expected credit losses are recognized through net income on the Company's consolidated statements of operations. During the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, the Company recorded a decrease of \$36,000 and an increase of \$51,000, respectively, in its current expected credit losses CECL related to its loans receivable, which was recorded in general and administrative expenses in the consolidated statement of operations.

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**March 31, 2024 (Unaudited) – (Continued)**

#### Risk Ratings

As further described in Note 2 - Basis of Presentation and recorded Summary of Significant Accounting Policies, the Company evaluates its loans receivable portfolio on a quarterly basis. Each quarter, the Company assesses the risk factors of each loan and assigns a risk rating based on several factors. Factors considered in the assessment include, but are not limited to, write-offs loan and credit structure, current LTV ratio, debt yield, collateral performance and the quality and condition of \$85,000 during the nine months ended September 30, 2023 sponsor, borrower and guarantor(s). Loans are rated "1" (less risk) through "5" (greater risk), bringing which ratings are defined in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies.

The Company's primary credit quality indicator is its risk ratings, which are further discussed above. The following table presents the total current expected credit loss to \$1.7 million net book value of the Company's loans receivable portfolio as of September 30, 2023 March 31, 2024 by year of origination, loan type and risk rating (dollar amounts in thousands):

Amortized Cost of Loans Receivable by Year of Origination	
As of March 31, 2024	

	Number of Loans	2024	2023	2022	2021	2020	Prior	Total
Loans by internal risk rating:								
1	106	\$ 1,170	\$ 9,195	\$ 3,814	\$ 7,133	\$ 3,223	\$ 11,701	\$ 36,236
2	59	476	809	4,298	3,431	2,106	6,240	17,360
3	2	—	—	242	—	—	—	242
4	—	—	—	—	—	—	—	—
5	—	—	—	—	—	—	—	—
Total	167	\$ 1,646	\$ 10,004	\$ 8,354	\$ 10,564	\$ 5,329	\$ 17,941	\$ 53,838
Plus: SBA 7(a) loans receivable, subject to secured borrowings (1)								2,508
Plus: Deferred capitalized costs, net								1,125
Less: Current expected credit losses								(1,644)
Less: Held for sale guaranteed portion								402
Total loans receivable, net								\$ 56,229
Weighted average risk rating								1.4

(1) The Company does not assign a risk rating to its SBA 7(a) loans receivable that are subject to secured borrowings or the government guaranteed portion of loans held for sale. The Company has determined there is no credit risk associated with these loans since the SBA has guaranteed payment of the principal.

#### Other

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, 100.0% of the Company's loans subject to credit risk were **100.0%** and **99.9%**, respectively, concentrated in the hospitality industry. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, **99.0%** **97.8%** and **98.4%** **99.3%**, respectively, of the Company's loans subject to credit risk were current. The Company classifies loans with negative characteristics in substandard categories ranging from special mention to doubtful. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, **\$1.3 million** **\$1.6 million** and **\$1.0 million** **\$1.3 million**, respectively, of loans subject to credit risk were classified in substandard categories.

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**March 31, 2024 (Unaudited) – (Continued)**

#### 6. OTHER INTANGIBLE ASSETS AND LIABILITIES

A schedule of the Company's intangible assets and liabilities and related accumulated amortization and accretion as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** is as follows (in thousands):

	September 30, 2023	December 31, 2022
<b>Intangible assets:</b>		
Acquired in-place leases, net of accumulated amortization of \$4,727 and \$7,795, respectively, with an average useful life of 6 and 8 years, respectively.	\$ 1,078	\$ 1,488
Acquired above-market leases, net of accumulated amortization of \$29 and \$39, respectively, with an average useful life of 7 and 6 years, respectively	8	16
Trade name and license	2,957	2,957
Total intangible assets, net	<u>4,043</u>	<u>4,461</u>
<b>Intangible lease liabilities:</b>		
Acquired below-market leases, net of accumulated amortization of \$5 and \$22, respectively, with an average useful life of 1 year as of December 31, 2022.	\$ —	\$ 20

	March 31, 2024	December 31, 2023
<b>Intangible assets:</b>		
Acquired in-place leases, net of accumulated amortization of \$4,915 and \$4,821, respectively, both with an average useful life of 6 years, respectively.	\$ 890	\$ 984
Acquired above-market leases, net of accumulated amortization of \$32 and \$30, respectively, both with an average useful life of 7 years, respectively	5	7
Trade name and license	<u>2,957</u>	<u>2,957</u>

Total intangible assets, net	\$ 3,852	\$ 3,948
------------------------------	----------	----------

Amortization of the acquired above-market leases is recorded as a reduction to rental and other property income, and amortization of the acquired in-place leases is included in depreciation and amortization in the accompanying consolidated statements of operations. Amortization of the acquired below-market leases is recorded as an increase to rental and other property income in the accompanying consolidated statements of operations.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2023 (Unaudited) – (Continued)**

During the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, the Company recognized amortization related to its intangible assets and liabilities as follows (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
Acquired above-market lease amortization		2024		2024		2024		2024
Acquired above-market lease amortization								
Acquired above-market lease amortization	\$ 21		\$ 3		\$ 79		\$ 9	
Acquired in-place lease amortization	\$ 9,488		\$ 212		\$ 27,620		\$ 645	
Acquired in-place lease amortization								
Acquired below-market lease amortization	\$ 93		\$ 67		\$ 243		\$ 196	
Acquired below-market lease amortization								
Acquired below-market lease amortization								

A schedule of future amortization and accretion of acquired intangible assets and liabilities as of **September 30, 2023** **March 31, 2024**, is as follows (in thousands):

Years Ending December 31,	Years Ending December 31,	Assets		
		Acquired Above-Market Leases	Acquired In-Place Leases	Acquired In-Place Leases
2023		\$ 2		\$ 93
2024		5		374
Years Ending December 31,				
Years Ending December 31,				
2024 (Nine months ended December 31, 2024)				
2024 (Nine months ended December 31, 2024)				
2024 (Nine months ended December 31, 2024)				
2025				
2025				

2025	2025	1	171
2026	2026	—	123
2026			
2026			
2027	2027	—	123
2027			
2027			
2028			
2028			
2028			
Thereafter	Thereafter	—	194
		\$ 8	\$ 1,078
Thereafter			
Thereafter			
		\$	
		—————	
		\$	
		—————	
		\$	
		—————	

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 March 31, 2024 (Unaudited) – (Continued)

## 7. DEBT

The following table summarizes the debt balances as of **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**, and the debt activity for the nine three months ended **September 30, 2023**, **March 31, 2024** (in thousands):

Variable rate mortgage payable					
		250,700			
Deferred debt origination costs —	Deferred debt origination costs —				
Mortgages Payable	Mortgages Payable	(94)	(1,852)	—	749 (1,197)
<b>Total Mortgages Payable</b>	<b>Total Mortgages Payable</b>	<b>97,006</b>	<b>180,748</b>	<b>(16,000)</b>	<b>749 262,503</b>
Secured Borrowings —	Secured Borrowings —				
Government Guaranteed Loans: Outstanding Balance	Government Guaranteed Loans: Outstanding Balance				
		5,979	—	(1,434)	— 4,545
Outstanding Balance	Outstanding Balance				
Unamortized premiums	Unamortized premiums	258	—	—	(37) 221
<b>Total Secured Borrowings</b> —	<b>Total Secured Borrowings</b> —				
Government Guaranteed Loans	Government Guaranteed Loans				
		6,237	—	(1,434)	(37) 4,766
Other Debt:	Other Debt:				
2022 credit facility revolver	2022 credit facility revolver	—	247,000	(170,000)	— 77,000
2022 credit facility term loan	2022 credit facility term loan	56,230	—	—	— 56,230
Junior subordinated notes	Junior subordinated notes	27,070	—	—	— 27,070
SBA 7(a) loan- backed notes	SBA 7(a) loan- backed notes	—	54,141	(8,239)	— 45,902
Deferred debt origination costs — other	Deferred debt origination costs — other	(779)	(1,312)	—	368 (1,723)
Discount on junior subordinated notes	Discount on junior subordinated notes	(1,497)	—	—	74 (1,423)
<b>Total Other Debt</b>	<b>Total Other Debt</b>	<b>81,024</b>	<b>299,829</b>	<b>(178,239)</b>	<b>442 203,056</b>
<b>Total Debt, Net</b>	<b>Total Debt, Net</b>	<b>\$184,267</b>	<b>\$ 480,577</b>	<b>\$ (195,673)</b>	<b>\$ 1,154 \$470,325</b>

**Fixed Rate Mortgage Payable**—The Company's fixed rate mortgage payable is secured by a deed of trust on a property and assignments of rents receivable. As of September 30, 2023, the Company's fixed rate mortgage payable had a fixed interest rate of 4.14% per annum, with monthly payments of interest only, due on July 1, 2026. The

loan is nonrecourse.

**Variable Rate Mortgages Payable**—The Company's variable rate mortgages payable are secured by a deed of trust on the respective properties underlying such mortgages and assignments of rents receivable. As of **September 30, 2023** **March 31, 2024**, the Company's fixed rate mortgages payable had fixed interest rates of 4.14% and 6.25% per annum, respectively, with payments of interest only due on July 1, 2026 and June 7, 2024, respectively. In regards to the mortgage payable maturing on June 7, 2024, the Company exercised its one-year extension option in April 2024, extending the maturity of the mortgage by one year. These loans are non-recourse.

**Variable Rate Mortgages Payable**—The Company's variable rate mortgage payable is secured by a deed of trust on the property and assignment of rents receivable. As of **March 31, 2024**, the Company's variable rate mortgages payable had a variable interest rates ranging from rate of SOFR plus 3.25% - 3.35% 3.36%, with monthly payments of interest only due on **various dates from June 7, 2024 to July 7, 2025** with an extension options option subject to certain conditions being met. In regards to The loan is non-recourse.

The Company has been in discussions with the lender under the variable rate mortgage payable maturing on June 7, 2024, to restructure the terms of the mortgage, as rent payments from the property will likely be insufficient to meet debt service payments under the mortgage. There can be no assurance that such restructuring will occur. If the Company expects and the lender under the variable rate mortgage cannot agree on a modification of the mortgage and the Company fails to exercise its extension option or refinance make a required monthly debt service payment, such indebtedness prior failure will constitute an event of default under the mortgage and the lender may, among other remedies, declare principal and interest under the mortgage loan to maturity, be immediately due and payable. The loans are nonrecourse, mortgage relates to Channel House, a multifamily property in Oakland, California.

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**Secured Borrowings—Government Guaranteed Loans**—Secured borrowings—government guaranteed loans represent sold loans which are treated as secured borrowings because the loan sales did not meet the derecognition criteria provided for in ASC 860-30, *Secured Borrowing and Collateral*. These loans included cash premiums that are amortized as a reduction to interest expense over the life of the loan using the effective interest method and are fully amortized when the underlying loan is repaid in full. As of **September 30, 2023** **March 31, 2024**, the Company's secured borrowings—government guaranteed loans included **\$3.0 million** **\$898,000** of loans sold for a premium and excess spread, with a variable rate, reset quarterly, based on prime rate with weighted average coupon rate of **8.79%** **9.29%** at **September 30, 2023** **March 31, 2024**, and **\$1.6 million** **\$1.5 million** of loans sold for an excess spread, with a variable rate, reset quarterly, based on prime rate with weighted average coupon rate of **6.63%** **6.88%** at **September 30, 2023** **March 31, 2024**.

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**2022 Credit Facility**—In December 2022, the Company refinanced its 2018 credit facility and replaced it with a new 2022 credit facility, entered into with a bank syndicate, that includes a \$56.2 million term loan (the "2022 Credit Facility Term Loan") as well as a revolver allowing the Company to borrow up to \$150.0 million (the "2022 Credit Facility Revolver"), both of which are collectively subject to a borrowing base calculation. The 2022 credit facility Credit Facility is secured by certain properties in the Company's real estate portfolio: six office properties and one hotel property (as well as the hotel's adjacent parking garage and retail property). The 2022 credit facility Credit Facility bears interest at (A) the base rate plus 1.50% or (B) SOFR plus 2.60%. As of **September 30, 2023** **March 31, 2024**, the variable interest rate was **7.92%** **7.93%**. The 2022 Credit Facility Revolver is also subject to an unused commitment fee of 0.15% or 0.25% depending on the amount of aggregate unused commitments. The 2022 credit facility Credit Facility is guaranteed by the Company and the Company is subject to certain financial maintenance covenants. The 2022 credit facility Credit Facility matures in December 2025 and provides for two one-year extension options under certain conditions, including providing notice of the election and paying an extension fee of 0.15% of each lender's commitment being extended on the effective date of such extension. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, **\$73.0 million** **\$48.0 million** and **\$150.0 million** **\$53.0 million**, respectively, was available for future borrowings.

As of March 31, 2024, the Company was not in compliance with a financial covenant under the 2022 credit facility. Such non-compliance constituted an event of default under the 2022 credit facility. On May 14, 2024, lenders under the 2022 credit facility and the Company entered into an agreement (the "Modification Agreement") pursuant to which the lenders waived such event of default with respect to the test period ending March 31, 2024. Pursuant to the Modification Agreement, the Company will not be able to borrow under the 2022 credit facility without the consent of the lenders until certain conditions are satisfied, including delivery of a revised business plan acceptable to the lenders and re-establishing compliance with the financial covenant. There can be no assurance as to when or if such conditions will be satisfied. The Company believes that it could rely on other sources for its liquidity needs, including (i) obtaining new or modifying existing credit facilities and term loans (ii) offerings of shares of Common Stock, preferred stock or other equity and or debt securities of the Company; (iii) the addition of senior recourse or non-recourse debt using existing assets as collateral; (iv) the sale of existing assets; (v) partnering with co-investors; and or (vi) cash flows from operations. Among other restrictions, the Modification Agreement also prohibits subsidiaries of the Company that own properties that secured the 2022 credit facility from making any distributions to its parent entities. The Modification Agreement did not waive compliance with the financial covenant for the test period ending June 30, 2024 or any future period.

The Company has been in discussion with the administrative agent of the 2022 credit facility to obtain a long-term amendment to the terms of the 2022 credit facility. While the Company believes that it will be able to obtain such amendment, there can be no assurance that such amendment will be executed. If the Company is unsuccessful in amending the 2022 credit facility, and is not able to re-establish compliance with the financial covenant for the test period ending June 30, 2024 or any future period, lenders thereunder may, among other remedies, declare their commitment thereunder to be terminated and/or declare the unpaid principal amount of all outstanding loans, all interest accrued and unpaid thereon, to be immediately due and payable, and foreclose on or take other secured creditor remedies with respect to the properties that secure the 2022 credit facility.

**Junior Subordinated Notes**—The Company has junior subordinated notes with a variable interest rate which resets quarterly based on the three-month SOFR plus 3.51%, with quarterly interest only payments. The junior subordinated balance is due at maturity on March 30, 2035. The junior subordinated notes may be redeemed at par at the Company's option.

**SBA 7(a) Loan-Backed Notes**—On March 9, 2023, the Company completed a securitization of the unguaranteed portion of certain of its SBA 7(a) loans receivable with the issuance of \$54.1 million of unguaranteed SBA 7(a) loan-backed notes (with net proceeds of approximately \$43.3 million, after payment of fees and expenses in connection with the securitization and the funding of a reserve account and an escrow account). The SBA 7(a) loan-backed notes are collateralized by the right to receive payments and other recoveries attributable to the unguaranteed portions of certain of our SBA 7(a) loans receivable. The SBA 7(a) loan-backed notes mature on March 20, 2048, with monthly payments due as payments on the collateralized loans are received. The SBA 7(a) loan-backed notes bear interest at a per annum rate equal to the lesser of (i) 30-day 30-

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day average compounded SOFR plus 2.90% and (ii) prime rate minus 0.35%. As of September 30, 2023 March 31, 2024, the variable interest rate was 8.14% 8.15%. The Company reflects the SBA 7(a) loans receivable as assets on its consolidated balance sheet and the SBA 7(a) loan-backed notes as debt on its consolidated balance sheet. The restricted cash on the Company's consolidated balance sheets included funds related to the Company's SBA 7(a) loan-backed notes was \$6.4 \$4.6 million as of September 30, 2023 March 31, 2024.

**Other**—Deferred debt issuance costs, which represent legal and third-party fees incurred in connection with the Company's borrowing activities, are capitalized and amortized to interest expense on a straight-line basis or effective interest method over the life of the related loan, approximating the effective interest method. Deferred debt issuance costs are presented net of accumulated amortization and are a reduction to total debt.

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As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, accrued interest and unused commitment fees payable of \$1.6 million and \$562,000, \$1.8 million, respectively, were included in accounts payable and accrued expenses.

Future principal payments on the Company's debt (face value) as of September 30, 2023 March 31, 2024 are as follows (in thousands):

Years Ending	Years Ending	Secured 2022			Years Ending			Mortgage Payable	Secured Borrowings Principal	2022 Credit Facility	Other (2) (3)	Total
December 31,	December 31,	Mortgage Payable	Borrowings Principal (1)	Credit Facility	Other (1)	(2)	Total	December 31,	Principal (2)	Facility	(2) (3)	Total
2023 (Three months ending December 31, 2023)												
2023		\$ —	\$ 54	\$ —	\$ 798	\$ 852						
2024		79,600	229	—	8,576	88,405						
2024 (Nine months ending December 31, 2024)												
2025	2025	87,000	248	133,230	7,767	228,245						
2026	2026	97,100	245	—	7,047	104,392						
2027	2027	—	289	—	6,436	6,725						
2028												
Thereafter	Thereafter	—	3,480	—	42,348	45,828						
		\$ 263,700	\$ 4,545	\$ 133,230	\$ 72,972	\$ 474,447						
		\$										
		=										

(1) With regards to the \$66.6 million mortgage payable maturing on June 7, 2024, the Company exercised its one-year extension option in April 2024, extending the maturity of the mortgage by one year.

(2) Principal payments on secured borrowings and SBA 7(a) loan-backed notes, which are included in Other, are generally dependent upon cash flows received from the underlying loans. The Company's estimate of their repayment is based on scheduled payments on the underlying loans. The Company's estimate will differ from actual amounts to the extent the Company experiences prepayments and/or loan liquidations or charge-offs.

(2) (3) Represents the junior subordinated notes and SBA 7(a) loan-backed notes.

## 8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In the **normal ordinary** course of business, the Company may use certain types of derivative instruments for the purpose of managing or hedging its interest rate risk. During the **nine months** year ended **September 30, 2023** December 31, 2023, the Company entered into two interest rate cap agreements in connection with the assumption of two mortgage loans. In December 2023, the Company terminated one of its interest rate cap agreements.

The following table summarizes the terms of the Company's interest rate cap **agreements** as of **September 30, 2023** **March 31, 2024** (dollar amounts in thousands):

	Balance Sheet Location	Outstanding Notional					Fair Value of Assets as of	
		Amount as of September 30, 2023		Strike	Effective	Maturity	September 30, 2023	
		Location	Rates (1)	Dates	Dates	Dates		
Interest Rate Caps	Other assets	\$ 166,600	2.5% to 4.5%	8/07/2022 to 5/03/2023		6/07/2024 to 7/07/2025	\$ 2,966	

	Balance Sheet Location	Outstanding Notional					Fair Value of Assets as of	
		Amount as of March 31, 2024		Strike	Effective	Maturity	March 31, 2024	
		Location	Rates (1)	Dates	Dates	Dates		
Interest Rate Caps	Other assets	\$ 87,000	4.5%	5/03/2023		7/07/2025	\$ 544	

(1) The index used for the Company's interest rate cap agreements is 1-Month Term SOFR.

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Additional disclosures related to the fair value of the Company's derivative **instruments** is included in Note 13. The notional amount under the derivative **instruments** is an indication of the extent of the Company's involvement in **each** the instrument, but does not represent exposure to credit, interest rate or market risks.

Accounting for changes in the fair value of a derivative instrument depends on the intended use and designation of the derivative instrument. The Company has an interest rate **caps** **cap** that **are** used to manage exposure to interest rate movements but **do** **does** not meet the requirements to be designated as a **hedging instruments** **instrument**. The change in fair value of the derivative **instruments** **instrument** that **are** **is** not designated as **hedges** **a hedge** is recorded directly to earnings as interest expense on the accompanying consolidated statements of operations. During the three months ended March 31, 2024, the Company recorded an unrealized gain of \$55,000, which was included in interest expense on the accompanying consolidated statements of operations related to its interest rate cap.

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## 9. STOCK-BASED COMPENSATION PLANS

On April 3, 2015, the Company's board of directors (the "Board of Directors") unanimously approved the Company's Equity Incentive Plan (the "Equity Incentive Plan"), which was approved by the Company's stockholders. On June 27, 2023, the Equity Incentive Plan was amended by the Board of Directors, and subsequently approved by the Company's stockholders, to authorize additional shares of Common Stock for issuance as compensation. The Company has granted awards of restricted shares of Common Stock to each of the independent members of the Board of Directors under the Equity Incentive Plan as follows:

Grant Date (1)	Vesting Date	Restricted Shares of Common Stock -	
		Individual	Aggregate
June 2022	June 2023	7,746	30,984
August 2023	August 2024	12,222	48,888

(1) Compensation expense related to these restricted shares of Common Stock is recognized over the vesting period, and generally vests based on one year of continuous service. The Company recorded compensation expense related to these restricted shares of Common Stock in the amount of \$36,000 \$55,000 and \$55,000 for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively, and \$128,000 and \$147,000 for the nine months ended **September 30, 2023** and **2022**, **2023**, respectively.

As of **September 30, 2023** **March 31, 2024**, there was **\$183,000** **\$73,000** of total unrecognized compensation expense related to restricted shares of Common Stock which will be recognized ratably over the remaining vesting period.

#### 10. EARNINGS PER SHARE ("EPS")

The **computations** computation of basic EPS are based on the Company's weighted average shares outstanding. No shares of Series D Preferred Stock, Series A Preferred Stock, or Series A1 Preferred Stock outstanding as of **September 30, 2023** **March 31, 2024** or **2022** **2023** were included in the computation of diluted EPS because they had no dilutive effect. Outstanding Series A Preferred Warrants were not included in the computation of diluted EPS for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** because their impact was either anti-dilutive or such warrants were not exercisable during such periods (Note 12). Outstanding shares of Series L Preferred Stock were not included in the computation of diluted EPS for the three and nine months ended **September 30, 2023** (because they were redeemed in January 2023) and 2022 (because such shares were not redeemable during such period).

EPS for the year-to-date period may differ from the sum of quarterly EPS amounts due to the required method for computing EPS in the respective periods. In addition, EPS is calculated independently for each component and may not be additive due to rounding.

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The following table reconciles the numerator and denominator used in computing the Company's basic and diluted per-share amounts for net loss attributable to common stockholders for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (in thousands, except per share amounts):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
<b>Three Months Ended March 31,</b>					
<b>Three Months Ended March 31,</b>					
<b>Three Months Ended March 31,</b>					
<b>2024</b>					
<b>2024</b>					
<b>2024</b>					
<b>Numerator:</b>					
<b>Numerator:</b>					
<b>Numerator:</b>	<b>Numerator:</b>				
Net loss attributable to common stockholders	Net loss attributable to common stockholders	\$ (22,934)	\$ (11,684)	\$ (59,464)	\$ (16,844)
Net loss attributable to common stockholders	Net loss attributable to common stockholders				
Net loss attributable to common stockholders	Net loss attributable to common stockholders				
Redeemable preferred stock dividends declared on dilutive shares	Redeemable preferred stock dividends declared on dilutive shares	—	—	—	—
Redeemable preferred stock dividends declared on dilutive shares	Redeemable preferred stock dividends declared on dilutive shares	—	—	—	—
Diluted net loss attributable to common stockholders	Diluted net loss attributable to common stockholders	\$ (22,934)	\$ (11,684)	\$ (59,464)	\$ (16,844)
Diluted net loss attributable to common stockholders	Diluted net loss attributable to common stockholders				
Diluted net loss attributable to common stockholders	Diluted net loss attributable to common stockholders				
<b>Denominator:</b>	<b>Denominator:</b>				
<b>Denominator:</b>	<b>Denominator:</b>				

Denominator:		Denominator:							
Basic weighted average shares of Common Stock outstanding	Basic weighted average shares of Common Stock outstanding	22,738	23,209	22,717	22,717	22,717	22,717	23,303	23,303
Basic weighted average shares of Common Stock outstanding	Basic weighted average shares of Common Stock outstanding								
Basic weighted average shares of Common Stock outstanding	Basic weighted average shares of Common Stock outstanding								
Effect of dilutive securities—contingently issuable shares	Effect of dilutive securities—contingently issuable shares	—	—	—	—	—	—	—	—
Diluted weighted average shares and common stock equivalents outstanding	Diluted weighted average shares and common stock equivalents outstanding	22,738	23,209	22,717	22,717	22,717	22,717	23,303	23,303
Diluted weighted average shares and common stock equivalents outstanding	Diluted weighted average shares and common stock equivalents outstanding								
Diluted weighted average shares and common stock equivalents outstanding	Diluted weighted average shares and common stock equivalents outstanding								
<b>Net loss attributable to common stockholders per share:</b>	<b>Net loss attributable to common stockholders per share:</b>								
Net loss attributable to common stockholders per share:	Net loss attributable to common stockholders per share:								
Basic	Basic	\$ (1.01)	\$ (0.50)	\$ (2.62)	\$ (2.62)	\$ (2.62)	\$ (2.62)	\$ (0.72)	\$ (0.72)
Basic	Basic								
Diluted	Diluted	\$ (1.01)	\$ (0.50)	\$ (2.62)	\$ (2.62)	\$ (2.62)	\$ (2.62)	\$ (0.72)	\$ (0.72)
Diluted	Diluted								

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#### 11. REDEEMABLE PREFERRED STOCK

The table below provides information regarding the issuances, reclassifications and redemptions of each class of the Company's preferred stock in permanent equity during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (dollar amounts in thousands):

	Preferred Stock									
	Series A1		Series A		Series D		Series L		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<b>Balances, December 31, 2021</b>	—	\$ —	6,271,337	\$ 156,431	56,857	\$ 1,396	5,387,160	\$ 152,834	11,715,354	\$ 310,661
Reclassification of Series A Preferred stock to permanent equity	—	\$ —	329,921	\$ 8,304	—	\$ —	—	\$ —	329,921	\$ 8,304

Redemption of Series A Preferred															
Stock	—	—	(49,341)	(1,228)	—	—	—	—	—	—	(49,341)	(1,228)			
<b>Balances, March 31, 2022</b>	—	\$	—	6,551,917	\$	163,507	56,857	\$	1,396	5,387,160	\$	152,834	11,995,934	\$	317,737
Issuance of Series A1 Preferred Stock	192,440		4,770	—	—	—	—	—	—	—	—	—	192,440	4,770	
Reclassification of Series A Preferred stock to permanent equity	—	—	430,082	10,857	—	—	—	—	—	—	—	—	430,082	10,857	
Redemption of Series A Preferred	Stock	—	—	(88,225)	(2,188)	—	—	—	—	—	—	—	(88,225)	(2,188)	
<b>Balances, June 30, 2022</b>	192,440		4,770	6,893,774	172,176	56,857	1,396	5,387,160	152,834	12,530,231	331,176	—	—	—	
Issuance of Series A1 Preferred Stock	2,667,001		64,720	—	—	—	—	—	—	—	—	—	2,667,001	64,720	
Repurchase of Series L Preferred	Stock	—	—	—	—	—	—	—	—	(2,435,284)	(69,089)	(2,435,284)	(69,089)		
Reclassification of Series A Preferred stock to permanent equity	—	—	299,303	7,574	—	—	—	—	—	—	—	—	299,303	7,574	
Redemption of Series A Preferred	Stock	—	—	(58,742)	(1,463)	—	—	—	—	—	—	—	(58,742)	(1,463)	
<b>Balances, September 30, 2022</b>	2,859,441	\$	69,490	7,134,335	\$	178,287	56,857	\$	1,396	2,951,876	\$	83,745	13,002,509	\$	332,918
<b>Balances, December 31, 2022</b>	5,956,147	\$	147,514	7,565,349	\$	189,048	48,857	\$	1,200	—	\$	—	13,570,353	\$	337,762
Issuance of Series A1 Preferred Stock	1,032,433		25,569	—	—	—	—	—	—	—	—	—	1,032,433	25,569	
Redemption of Series A1 Preferred	Stock	(12,870)	(319)	—	—	—	—	—	—	—	—	—	(12,870)	(319)	
Reclassification of Series A Preferred stock to permanent equity	—	—	389,325	9,699	—	—	—	—	—	—	—	—	389,325	9,699	
Redemption of Series A Preferred	Stock	—	—	(189,753)	(4,723)	—	—	—	—	—	—	—	(189,753)	(4,723)	
<b>Balances, March 31, 2023</b>	6,975,710	\$	172,764	7,764,921	\$	194,024	48,857	\$	1,200	—	\$	—	14,789,488	\$	367,988
Issuance of Series A1 Preferred Stock	1,195,589		29,582	—	—	—	—	—	—	—	—	—	1,195,589	29,582	
Redemption of Series A1 Preferred	Stock	(11,200)	(277)	—	—	—	—	—	—	—	—	—	(11,200)	(277)	
Redemption of Series D Preferred	Stock	—	—	—	—	—	(410)	(10)	—	—	—	—	(410)	(10)	
Reclassification of Series A Preferred stock to permanent equity	—	—	300,846	7,462	—	—	—	—	—	—	—	—	300,846	7,462	
Redemption of Series A Preferred	Stock	—	—	(183,809)	(4,575)	—	—	—	—	—	—	—	(183,809)	(4,575)	
<b>Balances, June 30, 2023</b>	8,160,099	\$	202,069	7,881,958	\$	196,911	48,447	\$	1,190	—	\$	—	16,090,504	\$	400,170

(Continued)

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	Preferred Stock									
	Series A1		Series A		Series D		Series L		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<b>Series A1</b>										
<b>Series A1</b>										
<b>Series A1</b>										
<b>Balances, December 31, 2022</b>										
<b>Balances, December 31, 2022</b>										
<b>Balances, December 31, 2022</b>										

Issuance of Series A1 Preferred Stock											
Issuance of Series A1 Preferred Stock											
Issuance of Series A1 Preferred Stock	Issuance of Series A1 Preferred Stock	1,094,386	27.015	—	—	—	—	—	—	1,094,386	27.015
Redemption of Series A1 Preferred Stock	Redemption of Series A1 Preferred Stock	(30,941)	(760)	—	—	—	—	—	—	(30,941)	(760)
Redemption of Series A1 Preferred Stock											
Redemption of Series A1 Preferred Stock											
Reclassification of Series A Preferred stock to permanent equity											
Reclassification of Series A Preferred stock to permanent equity											
Reclassification of Series A Preferred stock to permanent equity											
Redemption of Series A Preferred Stock	Redemption of Series A Preferred Stock	—	—	(187,759)	(4,676)	—	—	—	—	(187,759)	(4,676)
<b>Balances, September 30, 2023</b>		<b>9,223,544</b>	<b>\$ 228,324</b>	<b>7,694,199</b>	<b>\$ 192,235</b>	<b>48,447</b>	<b>\$ 1,190</b>	<b>—</b>	<b>\$ —</b>	<b>16,966,190</b>	<b>\$ 421,749</b>
Redemption of Series A Preferred Stock											
Redemption of Series A Preferred Stock											
<b>Balances, March 31, 2023</b>											
<b>Balances, March 31, 2023</b>											
<b>Balances, March 31, 2023</b>											
<b>Balances, December 31, 2023</b>											
<b>Balances, December 31, 2023</b>											
Issuance of Series A1 Preferred Stock											
Issuance of Series A1 Preferred Stock											
Issuance of Series A1 Preferred Stock											
Redemption of Series A1 Preferred Stock											
Redemption of Series A1 Preferred Stock											
Redemption of Series A1 Preferred Stock											
Redemption of Series A Preferred Stock											
Redemption of Series A Preferred Stock											
Redemption of Series A Preferred Stock											

Balances, March 31, 2024

Balances, March 31, 2024

Balances, March 31, 2024

**Series A1 Preferred Stock**—Since Commencing in June 2022, the Company has been conducting conducted a continuous public offering with respect to shares of its Series A1 Preferred Stock, par value \$0.001 per share with an initial stated value of \$25.00 per share, subject to adjustment. The Company has filed a Registration Statement on Form S-11 in respect of such offering and anticipates continuing the offering upon effectiveness of such Registration Statement on Form S-11. Nothing contained in this Quarterly Report on Form 10-Q is or shall be deemed to be an offer to sell any securities of the Company, or the solicitation of any offer to buy any securities of the Company, in any jurisdiction, which may only be made pursuant to appropriate offering documentation. Shares of Series A1 Preferred Stock are recorded in permanent equity at the time of their issuance. As of September 30, 2023 March 31, 2024, the Company had issued in registered public offerings 9,088,485 11,127,248 shares of the Series A1 Preferred Stock and received gross proceeds of \$224.9 million \$275.5 million, and additionally had issued 200,000 shares of Series A1 Preferred Stock as payment for services to the CIM Service Provider, LLC (the "Administrator"), for which no cash proceeds were received. In connection with the issuance of shares of Series A1 Preferred Stock, \$16.5 million \$20.3 million of costs specifically identifiable to the offering of Series A1 Preferred Stock was allocated to the Series A1 Preferred Stock. Such costs include commissions, dealer manager fees and other offering fees and expenses but do not include non-issuance-specific costs of \$10.2 million \$10.9 million related to the Company's offering of Series A Preferred Stock, Series A Preferred Warrants, Series A1 Preferred Stock and Series D Preferred Stock. As

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March 31, 2024 (Unaudited) – (Continued)

of September 30, 2023 March 31, 2024, the Company had reclassified and allocated \$3.1 million \$4.0 million from deferred charges to Series A1 Preferred Stock as a reduction to the gross proceeds received. Such reclassification was based on the cumulative number of securities issued relative to the maximum number of securities expected to be issued under the offering.

As of September 30, 2023 March 31, 2024, there were 9,223,544 11,208,176 shares of Series A1 Preferred Stock outstanding and 64,941 119,072 shares of Series A1 Preferred Stock had been redeemed.

**Series A Preferred Stock**—The Company conducted a continuous public offering of Series A Preferred Stock (with each issued share of Series A Preferred Stock, initially accompanied by one warrant ("Series A Preferred Warrant") to purchase 0.25 of a share of Common Stock, subject to adjustment) from October 2016 through January 2020. Proceeds and expenses from the sale were allocated to the Series A Preferred Stock and Series A Preferred Warrants using their relative fair values on the date of issuance.

From February 2020 through June 2022, the Company conducted a continuous public offering with respect to shares of the Company's Series A Preferred Stock, which, since February 2020, was no longer being issued as a unit with an accompanying Series A Preferred Warrant. In June 2022, the Company concluded the offering of Series A Preferred Stock.

As of September 30, 2023 March 31, 2024, the Company had issued in registered public offerings 8,251,657 shares of Series A Preferred Stock and 4,603,287 Series A Preferred Warrants and received gross proceeds of \$205.4 million and \$761,000, respectively, and additionally, had issued 568,681 shares of Series A Preferred Stock as payment for services to the Administrator, for which no cash proceeds were received. In connection with the cumulative issuance of Series A Preferred Stock and Series A Preferred Warrants, \$17.0 million and \$142,000 of costs specifically identifiable to the offering of the Series A Preferred Stock and Series A Preferred Warrants, respectively, were allocated to the Series A Preferred Stock and Series A Preferred Warrants, respectively. Such costs include commissions, dealer manager fees and other offering fees and expenses but do not include non-issuance-specific costs of \$10.2 million \$10.9 million related to the Company's offering of Series A Preferred Stock, Series A Preferred Warrants, Series A1 Preferred Stock and Series D Preferred Stock. As of September 30, 2023 March 31, 2024, the Company had reclassified and allocated \$1.9 million and \$5,000 from deferred charges to Series A Preferred Stock and Series A Preferred Warrants, respectively, as a reduction to the gross proceeds received. Such reclassification was based on the cumulative number of securities issued relative to the maximum number of securities expected to be issued under the offering.

Net proceeds from the issuance of shares of Series A Preferred Stock were initially recorded in temporary equity at an amount equal to the gross proceeds allocated to such shares of Series A Preferred Stock minus the costs specifically identifiable to the issuance of such shares and the non-issuance specific offering costs allocated to such shares. If the net proceeds from the issuance of shares of Series A Preferred Stock were less than the redemption value of such shares at the time they were issued, or if the redemption value of such shares subsequently becomes greater than the carrying value of such shares, an adjustment was recorded to increase the carrying amount of such shares to their redemption value as of the balance sheet date. Such adjustment was considered a deemed dividend for purposes of calculating basic and diluted EPS. During the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, the Company recorded no redeemable preferred stock deemed dividends related to such

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adjustments. During the three and nine months ended September 30, 2022, the Company recorded redeemable preferred stock deemed dividends of \$0 and \$19,000, respectively, related to such adjustments.

On the first anniversary of the issuance of a particular share of Series A Preferred Stock, the Company reclassifies such share of Series A Preferred Stock from temporary equity to permanent equity because the feature giving rise to temporary equity classification, the requirement to satisfy redemption requests in cash, lapses on the first anniversary date. As of September 30, 2023 March 31, 2024, the Company had reclassified an aggregate of \$199.6 million in net proceeds from temporary equity to permanent equity.

As of September 30, 2023 March 31, 2024, there were 7,694,199 7,042,333 shares of Series A Preferred Stock outstanding and 1,126,139 1,778,005 shares of Series A Preferred Stock had been redeemed.

**Series D Preferred Stock**—From February 2020 through June 2022, the Company conducted a continuous public offering with respect to shares of its Series D Preferred Stock, par value \$0.001 per share, subject to adjustment. The selling price of the Series D Preferred Stock was \$25.00 per share for all sales that occurred from the beginning of the offering to and including June 28, 2020 and \$24.50 per share thereafter. Shares of Series D Preferred Stock were recorded in permanent equity at the time of their issuance. In June 2022, the Company concluded the offering of its Series D Preferred Stock.

As of **September 30, 2023** **March 31, 2024**, the Company had issued in registered public offerings 56,857 shares of Series D Preferred Stock and received gross proceeds of \$1.4 million. In connection with such issuance, \$35,000 of costs specifically identifiable to the offering of Series D Preferred Stock were allocated to the Series D Preferred Stock. Such costs include commissions, dealer manager fees and other offering fees and expenses but do not include non-issuance-specific costs of **\$10.2 million** **\$10.9 million** related

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to the Company's offering of Series A Preferred Stock, Series A Preferred Warrants, Series A1 Preferred Stock and Series D Preferred Stock. As of **September 30, 2023** **March 31, 2024**, the Company had reclassified and allocated \$13,000 from from deferred charges to Series D Preferred Stock as a reduction to the gross proceeds received. Such reclassification was based on the cumulative number of securities issued relative to the maximum number of securities expected to be issued under the offering.

As of **September 30, 2023** **March 31, 2024**, there were 48,447 shares of Series D Preferred Stock outstanding and 8,410 shares of Series D Preferred Stock had been redeemed.

**Series L Preferred Stock**—On November 21, 2017, the Company issued 8,080,740 shares of Series L Preferred Stock having an initial stated value of \$28.37 per share ("Series L Preferred Stock Stated Value"), subject to adjustment. The Company received gross proceeds of \$229.3 million from the sale of the Series L Preferred Stock, which was reduced by issuance-specific offering costs.

On September 15, 2022, the Company repurchased 2,435,284 shares of its Series L Preferred Stock in a privately negotiated transaction (the "Series L Repurchase"). The shares were repurchased at a purchase price of \$27.40 per share (a 3.4% discount to the stated value of \$28.37 per share) plus \$1.12 per share of accrued and unpaid dividends (or \$2.7 million accrued and unpaid dividends in the aggregate). The total cost to complete the Series L Repurchase, including transaction costs of \$700,000 (or \$0.29 per share), was \$70.1 million.

In connection with **December 2022**, the Company announced the redemption of all remaining outstanding shares of its Series L Repurchase, Preferred Stock. In **January 2023**, the Company recognized redeemable preferred stock redemptions completed such previously-announced redemption of \$4.8 million on all outstanding shares of its consolidated statement of operations for the three months ended September 30, 2022. The \$4.8 million of redeemable preferred stock redemptions represents the difference between the repurchase price (including \$0.29 per share of transaction costs) and the carrying value of the repurchased Series L Preferred Stock (representing the in cash at its stated value of \$28.37 per share reduced by \$2.65 (plus accrued and unpaid dividends of \$1.56 per share, or \$4.6 million in the aggregate)). The total cost to complete the Series L Redemption, including transaction costs of stock offering costs, \$93,000 (or \$0.03 per share), was \$83.8 million.

**Dividends**—With respect to the payment of dividends or the distribution of amounts upon liquidation, dissolution or winding-up, the Series A1 Preferred Stock, the Series A Preferred Stock and Series D Preferred Stock rank on parity with respect to each other and senior to the Common Stock.

Holders of Series A1 Preferred Stock are entitled to receive, if, as and when authorized by the Company's Board of Directors, and declared by the Company out of legally available funds, cumulative cash dividends (the "Series A1 Dividend") on each share of Series A1 Preferred Stock at the greater of (i) an annual rate of 6.0% of the Series A1 Preferred Stock Stated Value (i.e., the equivalent of \$0.3750 per share per quarter) and (ii) the Federal Funds (Effective) Rate for such quarter and plus 2.5% of the Series A1 Preferred Stock Stated Value divided by four, up to a maximum of 2.5% of the Series A1 Preferred Stock Stated Value per quarter. Holders of Series A Preferred Stock are entitled to receive, if, as and when authorized by the Company's Board of Directors, and declared by the Company out of legally available funds, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.50% of the Series A Preferred Stock Stated Value (i.e., the equivalent of \$0.34375 per share per quarter) (the "Series A Dividend"). Holders of Series D Preferred Stock are entitled to receive, if, as and when authorized by the Company's Board of Directors, and declared by the Company out of legally available funds, cumulative

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cash dividends on each share of Series D Preferred Stock at an annual rate of 5.65% of the Series D Preferred Stock Stated Value (i.e., the equivalent of \$0.35313 per share per quarter) (the "Series D Dividend"). Dividends on each share of Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock begin accruing on, and are cumulative from, the date of issuance.

The Company expects to pay the Series A1 Dividend, Series A Dividend and Series D Dividend in arrears on a monthly basis in accordance with the foregoing provisions, unless the Company's results of operations, general financing conditions, general economic conditions, applicable requirements of the MGCL or other factors make it imprudent to do so. The timing and amount of the Series A1 Dividend, Series A Dividend and the Series D Dividend will be determined by the Company's Board of Directors, in its sole discretion, and may vary from time to time.

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the Company paid **\$9.3 million** **\$5.1 million**, **\$8.3 million** **\$2.5 million**, **\$52,000** and **\$4.6 million** **\$17,000** of cash dividends on the Series A1 Preferred Stock, Series A Preferred Stock, Series D Preferred Stock and Series L Preferred Stock, respectively. During the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, the Company paid **\$384,000**, **\$8.5 million** **\$2.4 million**, **\$60,000** **\$2.8 million**, **\$17,000** and **\$11.1 million** **\$4.6 million** of cash dividends on the Series A1 Preferred Stock, Series A Preferred Stock, Series D Preferred Stock and Series L Preferred Stock, respectively.

**Redemptions**—The Company's Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock are redeemable at the option of the holder or the Company. The redemption schedule of the Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock allows redemptions at the option of the holder of Series A1 Preferred Stock, Series A Preferred Stock or Series D Preferred Stock from the date of original issuance of any such shares at the Series A1

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Preferred Stock Stated Value, Series A Preferred Stock Stated Value or Series D Preferred Stock Stated Value, respectively, less a redemption fee applicable prior to the fifth anniversary of the issuance of such shares, plus accrued and unpaid dividends. The Company has the right to redeem the Series A1 Preferred Stock after the date that is twenty-four months following the original issuance of such shares of Series A1 Preferred Stock at the Series A1 Preferred Stock Stated Value, plus accrued and unpaid dividends. The Company has the right to redeem the Series A Preferred Stock or Series D Preferred Stock after the fifth anniversary of the date of original issuance of such shares at the Series A Preferred Stock Stated Value or Series D Preferred Stock Stated Value, respectively, plus accrued and unpaid dividends. With respect to redemptions of the Series A1 Preferred Stock, Series A Preferred Stock or Series D Preferred Stock, at the Company's discretion, the redemption price will be paid in cash and/or in Common Stock based on the volume weighted average price of the Company's Common Stock for the 20 trading days prior to the redemption; provided that the redemption price of any shares of Series A Preferred Stock redeemed prior to the first anniversary of the date of original issuance of such shares must be paid in cash.

The Company redeemed all outstanding shares of Series L Preferred Stock in cash in January 2023. The total cost to complete the redemption, including transaction costs of \$93,000, was \$83.8 million. The accrued and unpaid dividends on the redeemed shares of Series L Preferred Stock through December 31, 2022 of \$1.56 per share (or \$4.6 million accrued and unpaid dividends in the aggregate) were also paid January 25, 2023.

## 12. STOCKHOLDERS' EQUITY

### Dividends

Holders of the Company's Common Stock are entitled to receive dividends, if, as and when authorized by the Board of Directors and declared by the Company out of legally available funds. In determining the Company's dividend policy, the Board of Directors considers many factors including the amount of cash resources available for dividend distributions, capital spending plans, cash flow, the Company's financial position, applicable requirements of the MGCL, any applicable contractual restrictions, and future growth in NAV and cash flow per share prospects. Consequently, the dividend rate on a quarterly basis

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does not necessarily correlate directly to any individual factor. Cash dividends per share of Common Stock paid in respect of the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** consist of the following:

Declaration Date	Payment Date	Type	Cash Dividend Per Share of Common Stock
September 27, 2023	October 23, 2023	Regular Quarterly	\$ 0.085
June 27, 2023	July 24, 2023	Regular Quarterly	\$ 0.085
March 20, 2023	April 11, 2023	Regular Quarterly	\$ 0.085
September 22, 2022	October 17, 2022	Regular Quarterly	\$ 0.085
June 10, 2022	July 5, 2022	Regular Quarterly	\$ 0.085
March 8, 2022	April 1, 2022	Regular Quarterly	\$ 0.085

### Series A Preferred Warrants

Prior to February 2020, the Series A Preferred Stock was sold as a unit that included one share of Series A Preferred Stock and one Series A Preferred Warrant that could be exercised to purchase 0.25 of a share of Common Stock. The Series A Preferred Warrants are exercisable beginning on the first anniversary of the date of their original issuance until and including the fifth anniversary of the date of such issuance. At the time of issuance, the exercise price of each Series A Preferred Warrant was at a 15.0% premium to the per share estimated NAV of the Company's Common Stock then most recently published and designated as the applicable NAV. However, in accordance with the terms of the Series A Preferred Warrants, the exercise price of each Series A Preferred Warrant issued prior to the Reverse Stock Split was automatically adjusted to reflect the effect of the Reverse Stock Split and, in the discretion of the Company's Board of Directors, the exercise price and the number of shares issuable upon exercise of each Series A Preferred Warrant issued prior to the Special Dividend was adjusted to reflect the effect of the Special Dividend.

Proceeds and expenses from the sale of the Series A Preferred Stock and Series A Preferred Warrants were allocated to the Series A Preferred Stock and Series A Preferred Warrants using their relative fair values on the date of issuance. As of **September 30, 2023** **March 31, 2024**, the Company had **2,141,183** **1,444,258** Series A Preferred Warrants outstanding to purchase **551,550** **369,653** shares of Common Stock in connection with the Company's offering of Series A Preferred Units and allocated net proceeds of **\$421,000**, **\$401,000**, after specifically identifiable offering costs and allocated general offering costs, to the Series A Preferred Warrants in permanent equity.

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#### Share Repurchase Program

In May 2022, the Company's Board of Directors approved a repurchase program of up to \$10.0 million of the Company's Common Stock (the "SRP"). Under the SRP, the Company, in its discretion, may purchase shares of its Common Stock from time to time in the open market or in privately negotiated transactions. The amount and timing of purchases of shares will depend on a number of factors, including, without limitation, the price and availability of shares, trading volume, general market conditions and compliance with applicable securities law. The SRP has no termination date and may be suspended or discontinued at any time.

There were no repurchases during the three **and nine** months ended **September 30, 2023** **March 31, 2024**. As of **September 30, 2023** **March 31, 2024**, the Company had repurchased 662,462 shares of Common Stock for \$4.7 million.

#### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company determines the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. The hierarchy for inputs used in measuring fair value is as follows:

*Level 1 Inputs*—Quoted prices in active markets for identical assets or liabilities

*Level 2 Inputs*—Observable inputs other than quoted prices in active markets for identical assets and liabilities

*Level 3 Inputs*—Unobservable inputs

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In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Management's estimation of the fair value of the Company's financial instruments is based on a Level 3 valuation in the fair value hierarchy established for disclosure of how a company values its financial instruments. In general, quoted market prices from active markets for the identical financial instrument (Level 1 inputs), if available, should be used to value a financial instrument. If quoted prices are not available for the identical financial instrument, then a determination should be made if Level 2 inputs are available. Level 2 inputs include quoted prices for similar financial instruments in active markets for identical or similar financial instruments in markets that are not active (i.e., markets in which there are few transactions for the financial instruments, the prices are not current, price quotations vary substantially, or in which little information is released publicly). There is limited reliable market information for the Company's financial instruments and the Company utilizes other methodologies based on unobservable inputs for valuation purposes since there are no Level 1 or Level 2 inputs available. Accordingly, Level 3 inputs are used to measure fair value.

In general, estimates of fair value may differ from the carrying amounts of the financial assets and liabilities primarily as a result of the effects of discounting future cash flows. Considerable judgment is required to interpret market data and develop estimates of fair value. Accordingly, the estimates presented are made at a point in time and may not be indicative of the amounts the Company could realize in a current market exchange.

The following describes the methods the Company uses to estimate the fair value of the Company's financial assets and liabilities.

**Debt**—The carrying amounts of the Company's secured borrowings - government guaranteed loans, SBA 7(a) loan-backed notes, 2022 Credit Facility Revolver and variable rate mortgages payable approximate their fair values, as the interest rates on these securities are variable and approximate current market interest rates. The Company determines the fair value of fixed rate mortgage notes payable and junior subordinated notes by performing discounted cash flow analyses using an appropriate market discount rate. The Company calculates the market discount rate for its mortgage notes payable by obtaining period-end treasury or swap flows based on estimated borrowing rates as applicable, for maturities that correspond to the maturities of the Company as of the Company's debt measurement date. Current and then adding an appropriate credit spread. These credit spreads take into account factors such as the Company's credit standing, the maturity of the debt, whether the debt is secured or unsecured, prior period liabilities' carrying and the loan-to-value ratios of the debt. When estimating the fair value of the Company's mortgages payable as of September 30, 2023 and December 31, 2022, the Company used a rate of 7.69% and 6.48%, respectively. The rate used to estimate the fair value of the Company's junior subordinated notes was 9.91% and 9.02% as of September 30, 2023 and December 31, 2022, respectively. Values exclude net deferred financing costs.

**Loans Receivable**—The Company determines the fair value of loans receivable by performing a present value analysis for the anticipated future cash flows using an appropriate market discount rate taking into consideration the credit risk and using an anticipated prepayment rate. The value of the government guaranteed portions of loans held for sale is based

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primarily on the anticipated proceeds to be received upon sale. The following summarizes the ranges of discount rates and prepayment rates used to arrive at the estimated fair values of the Company's loans receivable:

	September 30, 2023		March 31, 2024		December 31, 2022		2023	
	Discount Rate	Prepayment Rate	Discount Rate	Prepayment Rate	Discount Rate	Prepayment Rate	Discount Rate	Prepayment Rate
SBA 7(a) loans receivable, subject to credit risk	8.80% 12.00%	7.83% - 11.00%	4.88% - 17.50%	7.83% - 11.00%	11.00%	4.88% - 11.25%	5.00%	- 17.00% 17.50%
SBA 7(a) loans receivable, subject to loan-backed notes	10.25% 12.00%	10.00% - 11.00%	4.88% - 17.50%	10.00% - 11.00%	N/A	N/A	4.88% - 17.50%	- 17.50%
SBA 7(a) loans receivable, subject to secured borrowings	11.25% 11.75%	10.00% - 10.50%	5.00% - 17.50%	10.00% - 10.50%	11.25%	5.00% - 17.00% 17.50%	5.00% - 17.00% 17.50%	- 17.00% 17.50%

**Derivative Instruments** — The Company's derivative instruments are comprised of interest rate caps. All derivative instruments are carried at fair value and are valued using Level 2 inputs. The fair value of these instruments is determined using interest rate market pricing models. In addition, credit valuation adjustments are incorporated into the fair values to account for the Company's potential nonperformance risk and the performance risk of the respective counterparties.

**Other Financial Instruments** — The carrying amounts of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued expenses approximate their fair values due to their short-term maturities at

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September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Due to the short-term maturities of these instruments, Level 1 inputs are utilized to estimate the fair value of these financial instruments.

The estimated fair values of those financial instruments which are not recorded at fair value on a recurring basis on the Company's consolidated balance sheets are as follows (dollar amounts in thousands):

		September 30, 2023				December 31, 2022				March 31, 2024				December 31, 2023			
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
			Level				Level				Level						Level
<b>Assets:</b>																	
SBA 7(a) loans receivable, subject to credit risk	SBA 7(a) loans receivable, subject to credit risk	\$ 5,412	\$ 5,184	\$ 56,237	\$ 58,432	3											
SBA 7(a) loans receivable, subject to loan-backed notes	SBA 7(a) loans receivable, subject to loan-backed notes	\$ 47,456	\$ 50,360	\$ —	\$ —	3											
SBA 7(a) loans receivable, subject to secured borrowings	SBA 7(a) loans receivable, subject to secured borrowings	\$ 4,675	\$ 4,765	\$ 6,158	\$ 6,237	3											
SBA 7(a) loans held for sale	SBA 7(a) loans held for sale	\$ 2,861	\$ 2,981	\$ 152	\$ 126	3											
<b>Liabilities:</b>																	
Fixed rate mortgage payable <sup>(1)</sup>		\$97,100	\$88,349	\$97,100	\$90,002	2, 3											
Mortgages payable <sup>(1)</sup>																	
Junior subordinated notes <sup>(1)</sup>	Junior subordinated notes <sup>(1)</sup>	\$27,070	\$25,216	\$27,070	\$25,067	3											

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(1) The carrying amounts for the **mortgage** **mortgages** payable and junior subordinated notes represents the principal outstanding amounts, excluding deferred debt issuance costs and discounts.

#### 14. RELATED-PARTY TRANSACTIONS

##### Asset Management and Other Fees to Related Parties

**Asset Management Fees; Administrative Fees and Expenses**—CIM Urban Partners, L.P., a wholly-owned subsidiary of the Company, and CIM Capital, LLC, an affiliate of CIM Group ("CIM Capital"), have an investment management agreement, pursuant to which CIM Urban engaged CIM Capital to provide certain services to CIM Urban (the "Investment Management Agreement"). CIM Capital has assigned its duties under the Investment Management Agreement to its four wholly-owned subsidiaries: CIM Capital Securities Management, LLC, a securities manager, CIM Capital RE Debt Management, LLC, a debt manager, CIM Capital Controlled Company Management, LLC, a controlled company manager, and CIM Capital Real Property Management, LLC, a real property manager. The "Operator" refers to CIM Capital and its four wholly-owned subsidiaries.

The Company and its subsidiaries have a master services agreement (the "Master Services Agreement") with CIM Service Provider, LLC (the "Administrator"), an affiliate of CIM Group, pursuant to which the Administrator provides, or arranges for other service providers to provide, management and administration services to the Company and its subsidiaries.

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Pursuant to the Master Services Agreement, the Company appointed an affiliate of CIM Group as the administrator of Urban Partners GP, LLC.

On January 5, 2022, the Company and certain of its subsidiaries entered into a Fee Waiver (the "Fee Waiver") with the Operator and the Administrator with respect to fees that are payable to them. The Fee Waiver is effective retroactively to January 1, 2022 (the "Effective Date"). Pursuant to the Fee Waiver, the Administrator agreed to voluntarily waive any fees in excess of those set forth in the Fee Waiver, to the extent it would otherwise have been entitled to such additional compensation under the Master Service Agreement, and the Operator agreed to voluntarily waive any fees in excess of those set forth in the Fee Waiver, to the extent it would otherwise have been entitled to such additional compensation under the Investment Management Agreement. Following the end of each quarter, the Administrator will deliver to the Company (i) a calculation of the cumulative fees earned by the Operator and the Administrator under the methodology prescribed by the Fee Waiver from the Effective Date through the end of such quarter and (ii) a calculation of the cumulative fees that would have been earned by the Operator and the Administrator during such period under the Master Services Agreement and the Investment Management Agreement without giving effect to the Fee Waiver. If, in respect of any quarter, the aggregate fees that are payable under the methodology prescribed by the Fee Waiver exceed the aggregate fees that would have been payable under the Master Services Agreement and the Investment Management Agreement, without giving effect to the Fee Waiver, such quarter will be deemed an "Excess Quarter". For any quarter following an Excess Quarter, the Company (upon the direction of the independent members of the Board) may, at its option and upon written notice to Administrator, elect to calculate all fees due to the

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Administrator and the Operator in accordance with the Master Services Agreement and the Investment Management Agreement, without giving effect to the Fee Waiver, from and after such Excess Quarter. Any such election by the Company will be irrevocable, and all fees due to the Administrator and the Operator from and after such election will be calculated in accordance with the Master Services Agreement and the Investment Management Agreement, without giving effect to the Fee Waiver.

The fees payable to the Operator and the Administrator are determined as follows under the Fee Waiver.

1. **Base Fee:** A base asset management fee (the "Base Fee") is payable quarterly in arrears to the Operator in an amount equal to an annual rate of 1% (or 0.25% per quarter) of the average of the "Net Asset Value Attributable to Common Stockholders" as of the first and last day of the applicable quarter. Net Asset Value Attributable to Common stockholders is defined as (a) the sum of the Company's (1) investments in real estate at fair value, (2) cash, (3) loans receivable at fair value and (4) the book value of the other assets of the Company, excluding deferred costs and net of other liabilities at book value, less (b) the Company's (i) debt at face value, (ii) outstanding preferred stock at stated value, and (iii) non-controlling interests at book value; provided, that, non-controlling interests in any UPREIT operating partnership relating to the Company shall not be excluded.

Subject to applicable laws and regulations under Nasdaq and the TASE and the agreement of the Operator, the Company will pay the Base Fee owed with respect to the first quarter of 2022 in shares of its Series A Preferred Stock and it is likely that the Company will pay some or part of the remainder of the Base Fees incurred during the year ended December 31, 2022 in shares of Series A Preferred Stock.

2. **Incentive Fee:** An incentive fee (the "Revised Incentive Fee") is payable quarterly in arrears to the Administrator with respect to the quarterly core funds from operations in excess of a quarterly threshold equal to 1.75% (i.e., 7.00% on an annualized basis) of the Company's "Adjusted Common Equity" (as defined below) for such quarter ("Excess Core FFO") as follows: (i) no Revised Incentive Fee in any quarter in which the Excess Core FFO is \$0; (ii) 100% of any Excess Core FFO up to an amount equal to the product of (x) the average of the Adjusted Common Equity as of the first and last day of the applicable quarter and (y) 0.4375%; and (iii) 20% of any Excess Core FFO thereafter. Revised Incentive Fees payable for any partial quarter will be appropriately prorated.

"Adjusted Common Equity" means Common Equity plus Excluded Depreciation and Amortization. "Common Equity" means Total Stockholders' Equity minus Excluded Equity. "Total Stockholders' Equity" means the amount reflected as total stockholders' equity in accordance with GAAP on the consolidated balance sheet of the Company and its subsidiaries as of the last day of a given quarter. "Excluded Equity" means the sum of all preferred securities of the Company and its subsidiaries classified as permanent equity in accordance with GAAP on the consolidated balance sheet of the Company and its subsidiaries as of the last day of a given quarter. "Excluded

"Depreciation and Amortization" means, for a given quarter, the amount of all accumulated depreciation and amortization of (i) the Company and its subsidiaries and (ii) to the extent allocable to the Company and its subsidiaries, the unconsolidated affiliates, in each case as of the last day of such quarter that corresponds to the periodic depreciation and amortization expense calculated in each case in accordance with GAAP that is a permitted add back to net income calculated in accordance with GAAP when calculating funds from operations.

3. Capital Gains Fee: A capital gains fee (the "Capital Gains Fee") is payable quarterly in arrears to the Administrator in an amount equal to (i) 15% of the cumulative aggregate realized capital gains minus the cumulative aggregate realized capital losses (in each case since the Effective Date), minus (ii) the aggregate capital gains fees paid since the Effective

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Date. Realized capital gains and realized capital losses are calculated by subtracting from the sales price of a property: (a) any costs incurred to sell such property, and (b) the current gross value of the property (meaning the property's original acquisition price plus any subsequent, non-reimbursed capital improvements thereon paid for by the Company).

Pursuant to the Investment Management Agreement, the asset management fee prior to January 1, 2022 fee was calculated (without giving effect to the Fee Waiver) as a percentage of the daily average adjusted fair value of CIM Urban's assets as follows (dollar amounts in thousands):

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Daily Average Adjusted Fair Value of CIM Urban's Assets			Quarterly Fee Percentage
From Greater of		To and Including	
\$	—	\$ 500,000	0.2500%
\$	500,000	\$ 1,000,000	0.2375%
\$	1,000,000	\$ 1,500,000	0.2250%
\$	1,500,000	\$ 4,000,000	0.2125%
\$	4,000,000	\$ 20,000,000	0.1000%

Asset management fees are included in asset management and other fees to related parties in the accompanying consolidated statements of operations.

Under the Master Services Agreement, for fiscal quarters prior to April 1, 2020, the Company paid a base service fee (the "Base Service Fee") to the Administrator initially set at \$1.0 million per year (subject to an annual escalation by a specified inflation factor beginning on January 1, 2015), payable quarterly in arrears. On May 11, 2020, the Master Services Agreement was amended to replace the Base Service Fee with an incentive fee pursuant to which the Administrator was entitled to receive, on a quarterly basis, 15.00% of the Company's quarterly core funds from operations in excess of a quarterly threshold equal to 1.75% (i.e., 7.00% on an annualized basis) of the Company's average Adjusted Common Equity (defined above) for such quarter. The amendment was effective as of April 1, 2020 and was further modified by the Fee Waiver described above. No such incentive fee was paid by the Company.

In addition, pursuant to the terms of the Master Services Agreement, the Administrator may receive compensation and/or reimbursement for performing certain services for the Company and its subsidiaries that are not covered by the Base Service Fee. During the nine months years ended September 30, 2023 December 31, 2023 and 2022, such services performed by the Administrator and its affiliates included accounting, tax, reporting, internal audit, legal, compliance, risk management, IT, human resources, corporate communications, operational and on-going support in connection with the Company's offering of Preferred Stock. The Company will also reimburse the Administrator for the Company's share of broken deal expenses that are incurred by the Administrator and its affiliates (i.e., fees and expenses relating to investments that were contemplated but the Company did not make and/or transactions that could have been executed by the Company but that the Company did not consummate, including fees and expenses associated with performing due diligence review and negotiating the terms of such investments or transactions). The Administrator's compensation is based on the salaries and benefits of the employees of the Administrator and its affiliates who performed these services (allocated based on the percentage of time spent on the affairs of the Company and its subsidiaries). The expense for such services is included in expense reimbursements to related parties - parties corporate in the accompanying consolidated statements of operations.

**Property Management Fees and Reimbursements**—CIM Management, Inc. and certain of its affiliates (collectively, the "CIM Management Entities"), all affiliates of CIM Group, provide property management, leasing, and development services to properties owned by the Company. Property management fees earned by the CIM Management entities and onsite management costs incurred are included in rental and other property operating expenses in the accompanying consolidated statements of operations, with the exception of certain onsite management costs which are capitalized in some cases. Leasing commissions earned are capitalized to deferred charges on the accompanying consolidated balance sheets. Construction management fees and development management reimbursements are capitalized to investments in real estate on the accompanying consolidated balance sheets.

**Lending Segment Expenses**—The Company has a Staffing and Reimbursement Agreement with CIM SBA Staffing, LLC ("CIM SBA"), an affiliate of CIM Group, and the Company's subsidiary, PMC Commercial Lending, LLC. The agreement provides that CIM SBA will provide personnel and resources to the Company and that the Company will reimburse

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CIM SBA for the costs and expenses of providing such personnel and resources. The expense for such services is included in expense reimbursements to related parties—lending segment in the accompanying consolidated statements of operations.

**Offering-Related Fees**—CCO Capital, LLC (“CCO Capital”) became the exclusive dealer manager for the Company’s public offering of the Series A Preferred Stock and Series A Preferred Warrants effective as of May 31, 2019. CCO Capital is a registered broker dealer and is under common control with the Operator and the Administrator. The Company’s offering of the Series A Preferred Warrants ended at the end of January 2020. On January 28, 2020, the Company entered into the Second Amended and Restated Dealer Manager Agreement, pursuant to which CCO Capital acted as the exclusive dealer manager for the Company’s public offering of its Series A Preferred Stock and Series D Preferred Stock. The Second Amended and Restated Dealer Manager Agreement was subsequently amended by the Company and CCO Capital to address changes to, among other things, selling commissions and dealer manager fees.

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On **June 16, 2022** **November 22, 2022**, the Company entered into the **Third Fourth** Amended and Restated Dealer Manager Agreement, pursuant to which CCO Capital has been acting as the exclusive dealer manager for the Company’s public offering of its Series A1 Preferred Stock. Thereunder, the Company agreed to compensate CCO Capital, as the dealer manager for the offering, as follows: (1) a dealer manager fee of up to 3.00% of the selling price of each share of Series A1 Preferred Stock sold and (2) selling commissions of up to 7.00% of the selling price of each share of Series A1 Preferred Stock sold. The Company has been informed that CCO Capital generally realloows 100% of the selling commissions on sales of Series A1 Preferred Stock and generally realloows substantially all of the dealer manager fee on sales of Series A1 Preferred Stock, to participating broker-dealers. In addition, pursuant to the Third Amended and Restated Dealer Manager Agreement, CCO Capital will no longer solicit or make any offers for the sale of shares of Series A Preferred Stock or Series D Preferred Stock.

The Company recorded fees and expense reimbursements as shown in the table below for services provided by related parties related to the services described above during the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30, 2023	
	2023	2022	2023	2022
<b>Asset Management Fees:</b>				
Asset management fees <sup>(1)</sup>	\$ 724	\$ 916	\$ 2,071	\$ 2,757
<b>Property Management Fees and Reimbursements:</b>				
Property management fees <sup>(2)</sup>	\$ 551	\$ 442	\$ 1,579	\$ 1,293
Onsite management and other cost reimbursements <sup>(3)</sup>	\$ 1,707	\$ 922	\$ 4,238	\$ 2,153
Leasing commissions <sup>(4)</sup>	\$ 27	\$ 635	\$ 103	\$ 740
Construction management fees <sup>(5)</sup>	\$ 112	\$ 102	\$ 282	\$ 300
Development management reimbursements <sup>(6)</sup>	\$ 327	\$ —	\$ 980	\$ —
<b>Administrative Fees and Expenses:</b>				
Expense reimbursements to related parties - corporate	\$ 524	\$ 511	\$ 1,729	\$ 1,459
<b>Lending Segment Expenses:</b>				
Expense reimbursements to related parties - lending segment <sup>(7)</sup>	\$ 648	\$ 539	\$ 2,166	\$ 1,612
<b>Offering-Related Fees:</b>				
Upfront dealer manager and trailing dealer manager fees <sup>(8)</sup>	\$ 337	\$ 778	\$ 1,027	\$ 1,052
Non-issuance specific offering costs <sup>(9)</sup>	\$ 154	\$ 230	\$ 460	\$ 319

	Three Months Ended March 31,	
	2024	2023
<b>Asset Management Fees:</b>		
Asset management fees	\$ 394	\$ 720
<b>Property Management Fees and Reimbursements:</b>		
Property management fees <sup>(1)</sup>	\$ 583	\$ 477
Onsite management and other cost reimbursements <sup>(2)</sup>	\$ 1,730	\$ 1,070

Leasing commissions <sup>(3)</sup>	\$	55	\$	39
Construction management fees <sup>(4)</sup>	\$	52	\$	118
Development management reimbursements <sup>(5)</sup>	\$	422	\$	—
<b>Administrative Fees and Expenses:</b>				
Expense reimbursements to related parties - corporate	\$	605	\$	528
<b>Lending Segment Expenses:</b>				
Expense reimbursements to related parties - lending segment <sup>(6)</sup>	\$	563	\$	608
<b>Offering-Related Fees:</b>				
Upfront dealer manager and trailing dealer manager fees <sup>(7)</sup>	\$	267	\$	320
Non-issuance specific offering costs <sup>(8)</sup>	\$	210	\$	144

(1) The Company issued to the Operator 36,843 and 36,779 shares of Series A1 Preferred Stock in lieu of cash payment for the asset management fees incurred during the three months ended March 31, 2022 and June 30, 2022, respectively.

(2) Does not include the company's Company's share of the property management fees from the Unconsolidated Joint Ventures of \$20,000 \$25,000 and and \$57,000 \$17,000 for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$13,000 and \$28,000 for the three and nine months ended September 30, 2022 March 31, 2023, respectively.

(3) (2) Does not include the Company's share of the onsite management and other cost reimbursements from the Unconsolidated Joint Ventures of \$114,000 \$107,000 and \$255,000 \$29,000 for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$33,000 and \$66,000 for the three and nine months ended September 30, 2022 March 31, 2023, respectively.

(4) (3) Does not include the Company's share of the leasing commissions from the Unconsolidated Joint Ventures of \$18,000 \$4,000 and \$32,000 \$12,000 for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$4,000 for the three and nine months ended September 30, 2022 March 31, 2023, respectively.

(5) (4) Does not include the Company's share of the construction management fees from the Unconsolidated Joint Ventures of \$26,000 \$87,000 and \$85,000 \$4,000 for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, respectively, and \$6,000 and \$9,000 for the three and nine months ended September 30, 2022 respectively.

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(6) (5) Does not include the Company's share of the development management reimbursements from the Unconsolidated Joint Ventures of \$135,000 and \$322,000 \$179,000 for the three and nine months ended September 30, 2023, respectively, March 31, 2024.

(7) (6) Expense reimbursements to related parties - lending segment do not include personnel costs capitalized to deferred loan origination costs of \$6,000 \$30,000 and \$67,000 \$65,000 for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$118,000 and \$316,000 for the three and nine months ended September 30, 2022 March 31, 2023, respectively.

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(8) (7) Represents fees earned by CCO Capital and allocated to Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock.

(9) (8) As of September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, \$2.6 million \$230,000 and \$2.6 million \$2.5 million, respectively, was included in deferred costs as reimbursable expenses incurred pursuant to the Master Services Agreement and the then applicable dealer manager agreement with CCO Capital. These non-issuance specific costs are allocated against the gross proceeds from the sale of the Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock on a pro rata basis for each issuance as a percentage of the total offering.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, due to related parties consisted of the following (in thousands):

	September		March 31, 2024	December 31, 2023
	30, 2023	31, 2022		
Asset management fees	Asset management fees	\$ 677 \$ 812		
Property management fees and reimbursements	Property management fees and reimbursements	2,701 1,214		

Expense reimbursements	Expense reimbursements		
- corporate	- corporate	524	466
Expense reimbursements	Expense reimbursements		
- lending segment	- lending segment	202	124
Upfront dealer manager and trailing dealer manager fees	Upfront dealer manager and trailing dealer manager fees	327	454
Non-issuance specific offering costs	Non-issuance specific offering costs	107	17
Other amounts due (from) to the CIM Management Entities and certain of its affiliates	Other amounts due (from) to the CIM Management Entities and certain of its affiliates	201	68
Total due to related parties	Total due to related parties	\$ 4,739	\$ 3,155

#### Affiliate Investments with Affiliates of CIM Group

In February 2022, the Company invested with the 1910 Sunset JV Partner, a CIM-managed separate account, in the 1910 Sunset JV which purchased an office property in Los Angeles, California for a gross purchase price of approximately \$51.0 million, of which the Company initially contributed approximately \$22.4 million and the 1910 Sunset JV Partner initially contributed the remaining balance. See Note 2 and Note 4 for more information.

In February 2023, the Company and the 1902 Park JV Partner invested in the 1902 Park JV, which purchased a multifamily property in the Echo Park neighborhood of Los Angeles, California for a gross purchase price of \$19.1 million. The Company owns 50% of the 1902 Park JV. In connection with the closing in February 2023, the 1902 Park JV obtained financing of \$9.6 million through the 1902 Park Mortgage Loan. The Company and the 1902 Park JV Partner both initially contributed \$6.6 million to the 1902 Park JV. See Note 2 and Note 4 for more information.

In October 2023, the Company and the 1015 N Mansfield JV Partner acquired from an unrelated third party a 100% fee-simple interest in a plot of land located in the Sycamore media district of Los Angeles, California for a gross purchase price of \$18.0 million (excluding transaction costs). The property has a site area of approximately 44,141 square feet and contains a parking garage that has been leased to a third-party tenant. The Company owns 28.8% of the 1015 N Mansfield JV.

During the nine months ended September 30, 2023 March 31, 2023, the Company acquired an interest in four assets from entities indirectly wholly-owned by a fund that is managed by affiliates of CIM Group for \$282.9 million (exclusive of transaction costs). See Note 3 and Note 7 for more information.

#### Other

On May 15, 2019, an affiliate of CIM Group entered into an approximately 11-year lease for approximately 32,000 rentable square feet with respect to a property owned by the Company (4750 Wilshire). The lease was amended on August 7, 2019 to reduce the rentable square feet to approximately 30,000 rentable square feet. In February 2023, the Company sold an 80% interest in 4750 Wilshire and now holds its retained 20% interest in the property through the 4750 Wilshire JV. Prior to the sale, for the three months ended March 31, 2023, the Company recorded rental and other property income related to this tenant

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of \$194,000 and for the three and nine months ended September 30, 2022, recorded rental and other property income from the tenant of \$370,000 and \$1.1 million respectively. For the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, the Company's share of the income from the tenant earned by the 4750 Wilshire JV was \$80,000 and \$170,000, \$37,000, respectively.

#### 15. COMMITMENTS AND CONTINGENCIES

**Loan Commitments**—Commitments to extend credit are agreements to lend to a customer when the terms established in the contract are met. The Company's outstanding commitments to fund loans were \$25.9 million \$8.2 million as of September 30, 2023 March 31, 2024, all of which are for prime-based loans to be originated by the Company's subsidiary engaged in SBA 7(a) Small Business Loan Program lending, the government guaranteed portion of which is intended to be sold. Commitments generally have fixed expiration dates. Since some commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements.

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**General**—In connection with the ownership and operation of real estate properties, the Company has certain obligations for the payment of tenant improvement allowances and lease commissions in connection with new leases and renewals. The Company had a total of **\$5.8 million** **\$4.4 million** in future obligations under leases to fund tenant improvements and other future construction obligations as of **September 30, 2023** **March 31, 2024**. As of **September 30, 2023** **March 31, 2024**, \$2.5 million was funded to reserve accounts included in restricted cash on the Company's consolidated balance sheet for these tenant improvement obligations in connection with the mortgage loan agreement entered into in June 2016.

**Employment Agreements**—The Company has an employment agreement with one of its officers. Under certain circumstances, this employment agreement provides for (1) severance payment equal to the annual base salary paid to the officer and (2) death and disability payments in an amount equal to two times and one time, respectively, the annual base salary paid to the officer.

**Litigation**—The Company is not currently involved in any material pending or threatened legal proceedings nor, to the Company's knowledge, are any material legal proceedings currently threatened against the Company, other than routine litigation arising in the ordinary course of business. In the normal course of business, the Company is periodically party to certain legal actions and proceedings involving matters that are generally incidental to the Company's business. While the outcome of these legal actions and proceedings cannot be predicted with certainty, in management's opinion, the resolution of these legal proceedings and actions will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flow or the Company's ability to satisfy its debt service obligations or to maintain its level of distributions on Common Stock or Preferred Stock.

A subsidiary of the Company is a defendant in a lawsuit in connection with injuries sustained by a third-party contractor at a property previously owned by such subsidiary. While it is possible that a loss may be incurred, the Company is unable to estimate a range of potential losses due to the complexity and current status of the lawsuit. However, the Company maintains insurance coverage to mitigate the impact of adverse exposures in lawsuits of this nature and do not expect this lawsuit to have a material adverse effect on the Company's business, financial condition, results of operations, cash flow or the Company's ability to satisfy its debt service obligations or to maintain the level of distributions on the Company's Common Stock or Preferred Stock.

**SBA Related**—If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced under the **PPP or the SBA 7(a) Small Business Loan Program**, the SBA may seek recovery of the principal loss related to the deficiency from the Company. As of **September 30, 2023** **March 31, 2024**, the Company serviced an aggregate of **\$232.6 million** **\$230.5 million** of the guaranteed portion of SBA 7(a) loans. With respect to the guaranteed portion of SBA loans that have been sold, the SBA will first honor its guarantee and then seek compensation from the Company in the event that a loss is deemed to be attributable to technical deficiencies. Based on historical experience, the Company does not expect that this contingency is probable to be asserted. However, if asserted, it could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow or the Company's ability to satisfy its debt service obligations or to maintain its level of distributions on Common Stock or Preferred Stock.

**Environmental Matters**—In connection with the ownership and operation of real estate properties, the Company may be potentially liable for costs and damages related to environmental matters, including asbestos-containing materials. The Company has not been notified by any governmental authority of any noncompliance, liability, or other claim in connection with any of the properties, and the Company is not aware of any other environmental condition with respect to any of the properties that management believes will have a material adverse effect on the Company's business, financial condition, results of operations, cash flow or the Company's ability to satisfy its debt service obligations or to maintain its level of distributions on Common Stock or Preferred Stock.

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## 16. LEASES

Future minimum rental revenue under long-term operating leases as of **September 30, 2023** **March 31, 2024**, excluding tenant reimbursements of certain costs, are as follows (excludes unconsolidated properties, in thousands):

Years Ending	Years Ending	Total
<b>December 31,</b>	<b>December 31,</b>	
2023 (Three months ending December 31, 2023)		\$ 15,362
2024		55,767
<b>Years Ending</b>		
<b>December 31,</b>		
<b>Years Ending</b>		
<b>December 31,</b>		<b>Total</b>

2024 (Nine months ending December 31, 2024)		
2025	2025	31,305
2026	2026	22,781
2027	2027	15,202
2028		
Thereafter	Thereafter	49,118
		<u>\$189,535</u>
		\$
		=

## 17. SEGMENT DISCLOSURE

The Company's reportable segments during the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 consist of three types of commercial real estate properties, namely, office, hotel and multifamily, as well as a segment for the Company's lending business. The Company's reportable segments during the three and nine months ended September 30, 2022 consist of two types of commercial real estate properties, namely, office and hotel, as well as a segment for the Company's lending business. Management internally evaluates the operating performance and financial results of the segments based on net operating income. The Company also has certain general and administrative level activities, including public company expenses, legal, accounting, and tax preparation that are not considered separate operating segments. The reportable segments are accounted for on the same basis of accounting as described in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2022 December 31, 2023 included in the 2022 2023 Form 10-K.

For the Company's real estate segments, the Company defines net operating income (loss) as rental and other property income and expense reimbursements less property related expenses, and excludes non-property income and expenses, interest expense, depreciation and amortization, corporate related general and administrative expenses, gain (loss) on sale of real estate, gain (loss) on early extinguishment of debt, impairment of real estate, transaction costs, and provision (benefit) for income taxes. For the Company's lending segment, the Company defines net operating income as interest income net of interest expense and general overhead expenses.

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The net operating income (loss) of the Company's segments for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is as follows (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Office:	Office:				
Office:					
Office:					
Revenues					
Revenues					
Revenues	Revenues	\$ 14,049	\$ 14,043	\$ 41,511	\$ 42,225
Property expenses:	Property expenses:				
Property expenses:					
Property expenses:					
Operating					
Operating					
Operating	Operating	6,267	7,249	19,159	19,772
General and administrative	General and administrative	75	71	232	196
General and administrative					
General and administrative					
Total property expenses					
Total property expenses					
Total property expenses	Total property expenses	6,342	7,320	19,391	19,968

Income (loss) from unconsolidated entities	Income (loss) from unconsolidated entities	1,611	(204)	837	176
Income (loss) from unconsolidated entities					
Income (loss) from unconsolidated entities					
Segment net operating income—office					
Segment net operating income—office					
Segment net operating income—office	Segment net operating income—office	9,318	6,519	22,957	22,433
<b>Hotel:</b>	<b>Hotel:</b>				
<b>Hotel:</b>					
<b>Hotel:</b>					
Revenues					
Revenues					
Revenues	Revenues	7,948	8,456	31,108	25,825
Property expenses:	Property expenses:				
Property expenses:					
Property expenses:					
Operating					
Operating					
Operating	Operating	6,030	6,052	20,912	17,728
General and administrative	General and administrative	(3)	27	17	79
General and administrative					
General and administrative					
Total property expenses					
Total property expenses					
Total property expenses	Total property expenses	6,027	6,079	20,929	17,807
Segment net operating income—hotel	Segment net operating income—hotel	1,921	2,377	10,179	8,018
Segment net operating income—hotel					
Segment net operating income—hotel					
<b>Multifamily:</b>	<b>Multifamily:</b>				
<b>Multifamily:</b>					
<b>Multifamily:</b>	<b>Multifamily:</b>				
Revenues	Revenues	3,331	—	8,632	—
Revenues					
Revenues					
Property expenses:	Property expenses:				
Property expenses:					
Property expenses:	Property expenses:				
Operating	Operating	3,212	—	7,642	—
Operating					
Operating					
General and administrative					
General and administrative					
General and administrative	General and administrative	88	—	400	—
Total property expenses	Total property expenses	3,300	—	8,042	—
Total property expenses					

Total property expenses					
(Loss) income from unconsolidated entity	(Loss) income from unconsolidated entity	(422)	—	216	—
Segment net operating (loss) income—multifamily		(391)	—	806	—
(Loss) income from unconsolidated entity					
(Loss) income from unconsolidated entity					
Segment net operating income—multifamily					
Segment net operating income—multifamily					
Segment net operating income—multifamily					
<b>Lending:</b>					
<b>Lending:</b>					
<b>Lending:</b>	<b>Lending:</b>				
Revenues	Revenues	2,570	2,353	8,243	7,987
Revenues					
Revenues					
Lending expenses:					
Lending expenses:					
Lending expenses:	Lending expenses:				
Interest expense	Interest expense	1,177	134	2,737	360
Interest expense					
Interest expense					
Expense reimbursements to related parties—lending segment	Expense reimbursements to related parties—lending segment	648	539	2,166	1,612
Expense reimbursements to related parties—lending segment					
Expense reimbursements to related parties—lending segment					
General and administrative					
General and administrative					
General and administrative	General and administrative	379	489	1,092	1,387
Total lending expenses	Total lending expenses	2,204	1,162	5,995	3,359
Total lending expenses					
Total lending expenses					
Segment net operating income—lending					
Segment net operating income—lending					
Segment net operating income—lending	Segment net operating income—lending				
—lending	—lending	366	1,191	2,248	4,628
Total segment net operating income	Total segment net operating income	\$ 11,214	\$ 10,087	\$ 36,190	\$ 35,079
Total segment net operating income					
Total segment net operating income					

**CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2023 March 31, 2024 (Unaudited) – (Continued)**

A reconciliation of segment net operating income to net income attributable to the Company for the three **and nine** months ended **September 30, 2023 March 31, 2024** and **2022** **2023** is as follows (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Total segment net operating income	Total segment net operating income	\$ 11,214	\$ 10,087	\$ 36,190	\$ 35,079
Total segment net operating income					
Total segment net operating income					
Interest and other income					
Interest and other income					
Interest and other income	Interest and other income	220	1	296	1
Asset management and other fees to related parties	Asset management and other fees to related parties	(724)	(916)	(2,071)	(2,757)
Asset management and other fees to related parties					
Asset management and other fees to related parties					
Expense reimbursements to related parties—corporate					
Expense reimbursements to related parties—corporate					
Expense reimbursements to related parties—corporate	Expense reimbursements to related parties—corporate	(524)	(511)	(1,729)	(1,459)
Interest expense	Interest expense	(8,556)	(2,059)	(21,941)	(6,406)
Interest expense					
Interest expense					
General and administrative					
General and administrative					
General and administrative	General and administrative	(1,603)	(1,353)	(4,010)	(3,370)
Transaction-related costs	Transaction-related costs	(38)	(201)	(3,398)	(201)
Transaction-related costs					
Transaction-related costs					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	(16,082)	(5,093)	(46,056)	(15,071)
Gain on sale of real estate	Gain on sale of real estate	—	—	1,104	—
(Loss) income before provision for income taxes		(16,093)	(45)	(41,615)	5,816
Gain on sale of real estate					
Gain on sale of real estate					
Loss before provision for income taxes					
Loss before provision for income taxes					
Loss before provision for income taxes					
Provision for income taxes	Provision for income taxes	(554)	(187)	(969)	(815)
Net (loss) income		(16,647)	(232)	(42,584)	5,001

Net loss (income) attributable to noncontrolling interests	874	(5)	2,501	(19)
Net (loss) income attributable to the Company	\$ (15,773)	\$ (237)	\$ (40,083)	\$ 4,982
Provision for income taxes				
Provision for income taxes				
Net loss				
Net loss				
Net loss				
Net loss attributable to non-controlling interests				
Net loss attributable to non-controlling interests				
Net loss attributable to non-controlling interests				
Net loss attributable to the Company				
Net loss attributable to the Company				
Net loss attributable to the Company				

The condensed assets for each of the segments as of **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**, along with capital expenditures and loan originations for the **nine** **three** months ended **September 30, 2023**, **March 31, 2024** and **2022**, **2023**, are as follows (in thousands):

		September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
		\$ 417,307		\$ 471,677					
<b>Condensed assets:</b>		<b>Condensed assets:</b>							
Office	Office	97,805	99,082						
Hotel	Hotel	284,303	—						
Multifamily	Multifamily	79,329	76,148						
Lending	Lending	19,312	43,341						
Non-segment assets	Non-segment assets								
Total assets	Total assets	\$ 898,056	\$ 690,248						
		Nine Months Ended September 30,							
		2023							
<b>Capital expenditures<sup>(1)</sup> and loan originations:</b>		<b>Capital expenditures<sup>(1)</sup> and loan originations:</b>					<b>Three Months Ended March 31,</b>		
		2023							
<b>Capital expenditures<sup>(1)</sup> and loan originations:</b>							<b>2024</b>		
		2022							
<b>Capital expenditures<sup>(1)</sup> and loan originations:</b>							<b>2023</b>		
Office	Office	\$ 5,236	\$ 7,008						
Hotel	Hotel	1,939	197						
Multifamily	Multifamily	6,075	—						
Total capital expenditures	Total capital expenditures	13,250	7,205						
Loan originations	Loan originations	22,018	35,956						
Total capital expenditures and loan originations	Total capital expenditures and loan originations	\$35,268	\$43,161						

(1) Represents additions and improvements to real estate investments, excluding acquisitions. Includes the activity for dispositions through their respective disposition dates.

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2023 March 31, 2024 (Unaudited) – (Continued)

**18. SUBSEQUENT EVENTS**

On October 10, 2023 The Company evaluated events subsequent to March 31, 2024, the Company and a co-investor affiliated with CIM Group acquired from an unrelated third-party a 100% fee-simple interest in a plot of land located concluded that, other than those items already disclosed elsewhere in the Sycamore media district of Los Angeles, California for a gross purchase price of \$18.0 million. The property has a site area of approximately 44,141 square feet. The Company owns approximately 28.8% of this property. The site is being evaluated for different development options. notes to the consolidated financial statements, no subsequent events have occurred that would require recognition or disclosure in the consolidated unaudited financial statements.

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**Item 2.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

This Form 10-Q contains certain forward-looking statements 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"), which are intended to be covered by the safe harbors created thereby. These statements include the plans and objectives of management for future operations, including plans and objectives relating to future growth of our business and availability of funds. Such forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "project," "target," "expect," "intend," "might," "believe," "anticipate," "estimate," "could," "would," "would," "continue," "pursue," "potential," "forecast," "seek," "plan," "should" or "goal" or the negative thereof or other variations or similar words or phrases. Such forward-looking statements also include, among others, statements about our plans and objectives relating to future growth and outlook. Such forward-looking statements are based on particular assumptions that our management has made in light of its experience, as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. Forward-looking statements are necessarily estimates reflecting the judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include those associated with (i) the timing, form, and operational effects of our development activities, (ii) our ability to raise in place rents to existing market rents and to maintain or increase occupancy levels, (iii) fluctuations in market rents, (iv) the effects of inflation and continuing higher interest rates on our operations and profitability and (v) general economic, market and other conditions. Additional important factors that could cause our actual results to differ materially from our expectations are discussed under the section "Risk in "Item 1A—Risk Factors" in of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 30, 2023 March 29, 2024 (the "2022 2023 Form 10-K"). The forward-looking statements included herein are based on current expectations and there can be no assurance that these expectations will be attained. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements expressed or implied herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made. We do not undertake to update them to reflect changes that occur after the date they are made, except as may be required by applicable securities laws.

The following discussion of our financial condition as of September 30, 2023 March 31, 2024 and results of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 should be read in conjunction with the 2022 2023 Form 10-K. For a more detailed description of the risks affecting our financial condition and results of operations, see "Risk Factors" in Part I, Item 1A of the 2022 2023 Form 10-K and in Part II, Item 1A of this Quarterly Report. Capitalized terms used herein, but not otherwise defined, shall have the meaning ascribed to those terms in "Part I — Financial Information" of this Quarterly Report on Form 10-Q, including the notes to the consolidated financial statements contained therein. The terms "we," "us," "our" and the "Company" refer to Creative Media & Community Trust Corporation and its subsidiaries.

**Definitions**

We use certain defined terms throughout this Quarterly Report on Form 10-Q that have the following meanings:

The phrase "ADR" represents average daily rate. It is calculated as trailing nine-month three-month room revenue divided by the number of rooms occupied. For sold properties, ADR is presented for the Company's period of ownership only.

The phrase "annualized rent" represents gross monthly base rent, or gross monthly contractual rent under parking and retail leases, multiplied by 12. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

The phrase "net annualized rent" represents gross monthly base rent, or gross monthly contractual rent under parking and retail leases, net of total rent abatements granted in the applicable month, multiplied by 12. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

The phrase "RevPAR" represents revenue per available room. It is calculated as trailing nine-month three-month room revenue divided by the number of available rooms. For sold properties, RevPAR is presented for the Company's period of ownership only.

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## Executive Summary

### Business Overview

Creative Media & Community Trust Corporation (formerly known as CIM Commercial Trust Corporation) is a Maryland corporation and REIT. We primarily acquire, develop, own and operate both premier multifamily properties situated in vibrant communities throughout the United States and Class A and creative office real assets in markets with similar business and employment characteristics to our multifamily investments. We seek to apply the expertise of CIM Group to the acquisition, development and operation of premier multifamily properties and creative office assets that cater to rapidly growing industries such as technology, media and entertainment. All of our real estate assets are and will generally be located in communities qualified by CIM Group as described further below. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, positive population trends and a propensity for growth. We believe that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of real estate assets in the area. We believe that these assets will provide greater returns than similar assets in other markets, as a result of the population growth, public commitment and significant private investment that characterize these areas.

CIM is headquartered in Los Angeles, CA, with offices in Atlanta, GA, Chicago, IL, Dallas, TX, London, UK, New York, NY, Orlando, FL, Phoenix, AZ, and Tokyo, Japan. CIM also maintains additional offices across the United States as well as and in South Korea and Hong Kong to support its platform.

### Properties

As of **September 30, 2023** **March 31, 2024**, our real estate portfolio consisted of **20** **27** assets, all of which were fee-simple properties including and five of which we own through investments in Unconsolidated Joint Ventures. Our Unconsolidated Joint Ventures contain two office properties (one of which is being partially converted into multifamily units and units), one of which also includes a multifamily site currently under development, site and one multifamily property which we own through our investment in unconsolidated joint ventures (the "Unconsolidated Joint Ventures"), and one commercial development site. As of **September 30, 2023** **March 31, 2024**, our 13 office properties, totaling approximately 1.3 million rentable square feet, were **82.6%** **83.4%** occupied, and our one hotel with an ancillary parking garage, which has a total of 503 rooms, had RevPAR of **\$149.01** **\$166.84** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, and our three multifamily properties were **84.1%** **86.2%** occupied. Additionally, as of **September 30, 2023** **March 31, 2024**, we had **eight** **nine** development sites (with two (three of which were being used as parking lots).

### Strategy

We are a Maryland corporation and REIT. Our portfolio of investments currently consists of premier multifamily, Class A and creative office real assets in vibrant and improving metropolitan communities throughout the United States. We also own one hotel in northern California and a lending platform that originates loans under the Small Business Administration ("SBA") 7(a) loan program. We seek to apply the expertise of CIM Group to the acquisition, development and operation of premier multifamily properties situated in vibrant communities throughout the United States. We also seek to acquire, develop and operate creative office assets that cater to rapidly growing industries such as technology, media and entertainment in markets with similar business and employment characteristics to our multifamily investments. All of our multifamily and creative office assets are and will generally be located in communities qualified by CIM Group as described further below. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, positive population trends and a propensity for growth. We believe that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of real estate assets in the area. We believe that these assets will provide greater returns than similar assets in other markets, as a result of the population growth, public commitment and significant private investment that characterize these areas.

Our investments in multifamily and creative office assets may take different forms, including direct equity or preferred investments, real estate development activities, side-by-side investments or co-investments with vehicles managed or owned by CIM Group and/or originating loans that are secured directly or indirectly by properties primarily located in qualified communities ("Qualified Communities") that meet our strategy. Further, we leverage the investor relationships of CIM Group to execute on our investment pipeline using an asset-light approach for certain of our investments. Under this approach, we **coinvest** co-invest with one or more third parties on an asset-level basis by raising capital from such third parties, maintain an economic interest in the asset and, in some cases, earn a management fee and a percentage of the profits. We believe this is a compelling model that is expected to contribute to strong returns on invested capital while reducing risk by reducing our capital outlay.

We intend to dispose of assets that do not fit into our strategy over time and opportunistically (i.e., we do not have any specific time frame with respect to such dispositions). Further, as a matter of prudent management, we regularly evaluate each asset within our portfolio as well as our strategy. Such review may result in dispositions when, among other things, we believe the proceeds generated from the sale of an asset can be redeployed in one or more assets that will generate better returns, or the market value of such asset is equal to or exceeds our view of its intrinsic value.

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## CIM Group Operations

CIM Group believes that a vast majority of the risks associated with acquiring real estate are mitigated by accumulating local market knowledge of the community where the asset is located. As a result, CIM Group typically spends significant resources over a period of between six months and five years evaluating communities prior to making any acquisitions. The distinct districts that CIM Group identifies through this process as targets for acquisitions are referred to as "Qualified Communities." Qualified Communities typically have dedicated resources to become, or are currently, vibrant communities where people can live, work, shop and be entertained, all within walking distance or close proximity to public transportation. These areas, which include traditional downtown areas and suburban main streets, generally have high barriers to entry, high population density, positive population trends, a propensity for growth and support for investment. CIM Group believes that the critical mass of redevelopment in such Qualified Communities creates positive externalities, which enhance the value of real estate assets in the area. CIM Group targets acquisitions of diverse types of real estate assets, including retail, residential, office, parking, hotel, signage and mixed-use through CIM Group's extensive network and its current opportunistic activities.

CIM Group seeks to maximize the value of its holdings through active onsite property management and leasing. CIM Group has extensive in-house research, acquisition, credit analysis, development, finance, leasing and onsite property management capabilities, which leverage its deep understanding of metropolitan communities to position properties for multiple uses and to maximize operating income. As a vertically-integrated owner and operator, CIM Group has in-house onsite property management and leasing capabilities. Property managers prepare annual capital and operating budgets and monthly operating reports, monitor results and oversee vendor services, maintenance and capital improvement schedules. In addition, they ensure that revenue objectives are met, lease terms are followed, receivables are collected, preventative maintenance programs are implemented, vendors are evaluated and expenses are controlled. In addition, CIM Group's real assets management committee (the "Real Assets Management Committee") reviews and approves strategic decisions related to financing strategies and hold/ sell analyses and performance tracking relative to the overall business plan. CIM Group's

organizational structure provides for continuity through multi-disciplinary teams responsible for an asset from the time of the original investment recommendation, through the implementation of the asset's business plan, and any repositions or ultimate disposition activities.

CIM Group's Investments and Development teams are separate groups that work very closely together on transactions requiring development or redevelopment. While the Investments team is ultimately responsible for acquisition analysis, both the Investments and Development teams perform due diligence, evaluate and determine underwriting assumptions and participate in the development management and ongoing asset management of CIM Group's assets under development. The Development team is also responsible for the oversight and/or execution of securing entitlements and the development/repositioning process. In instances where CIM Group is not the lead developer, CIM Group's in-house Development team continues to provide development and construction oversight to co-sponsors through a shadow team that oversees the progress of the development from beginning to end to ensure adherence to the budgets, schedules, quality and scope of the project in order to maintain CIM Group's vision for the final product. Both the Investments and Development teams interact as a cohesive team when sourcing, underwriting, acquiring, executing and managing the business plan of an opportunistic acquisition.

#### **Financing Strategy**

We may finance our future activities through one or more of the following methods: (i) offerings of shares of our common stock, par value \$0.001 per share ("Common Stock"), preferred stock or other equity and/or debt securities of the Company; (ii) issuances of interests in our operating partnership in exchange for properties; (iii) credit facilities and term loans; (iv) the addition of senior recourse or non-recourse debt using target acquisitions as well as existing assets as collateral, including the securitization of portions of our loan portfolio; (v) the sale of existing assets; (vi) partnering with co-investors; and/or (vii) cash flows from operations.

#### **Rental Rate Trends**

**Office Statistics:** The following table sets forth occupancy rates and annualized rent per occupied square foot across our office portfolio as of the specified periods (includes 100% of our properties partially owned through **unconsolidated joint ventures**) **Unconsolidated Joint Ventures**):

	As of September 30,	
	2023	2022
Occupancy (1)(2)	82.6 %	83.2 %
Annualized rent per occupied square foot (1)(3)	\$ 56.93	\$ 54.40
	As of March 31,	
	2024	2023
Occupancy (1)	83.4 %	81.3 %
Annualized rent per occupied square foot (1)(2)	\$ 58.17	\$ 55.98

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- (1) The information presented in this table represents historical information as of the date indicated without giving effect to any property sales occurring thereafter.
- (2) **In connection with the 4750 Wilshire Project (as defined later), the Company is no longer classifying approximately 110,000 square feet of vacant space at its property at 4750 Wilshire Boulevard in Los Angeles, California as rentable office square footage as of September 30, 2023.**
- (3) Represents gross monthly base rent under leases commenced as of the specified periods, multiplied by 12. This amount reflects total cash rent before abatements. **Total abatements, representing lease incentives in the form of free rent, for the twelve months ended September 30, 2023 and 2022 were approximately \$2.9 million and \$2.3 million, respectively.** Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail. **Total abatements, representing lease incentives in the form of free rent, for the twelve months ended March 31, 2024 and 2023 were approximately \$2.7 million and \$2.8 million, respectively.** Giving effect to abatements, net annualized rent per occupied square foot was \$56.32 and \$54.36 as of March 31, 2024 and 2023, respectively (See Definitions for more detail).

Over the next four quarters, we expect to see expiring cash rents as set forth in the table below (includes 100% of our properties partially owned through **unconsolidated joint ventures**) **Unconsolidated Joint Ventures**):

	For the Three Months Ended			For the Three Months Ended			
	March		June	June 30, 2024		September 30, 2024	December 31, 2024
	December	31,	30,	September			
	31, 2023	2024	2024	30, 2024			
<b>Expiring Expiring</b>							
<b>Cash Cash</b>							
<b>Rents: Rents:</b>							
<b>Expiring Expiring</b>							
<b>square square</b>							
<b>feet (1) feet (1)</b>	24,208	35,010	39,103	19,371			

Expiring rent per square foot (2)	Expiring rent per square foot (2)	\$ 63.33	\$ 55.01	\$ 39.95	\$ 59.06
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(1) Month-to-month tenants occupying a total of **7,391** **12,457** square feet are included in the expiring leases in the first quarter listed.  
 (2) Represents gross monthly base rent, as of **September 30, 2023** **March 31, 2024**, under leases expiring during the periods above, multiplied by 12. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

During the three **and nine** months ended **September 30, 2023** **March 31, 2024**, we executed leases with terms longer than 12 months totaling **29,291** and **102,390** **36,961** square feet, respectively. feet. The table below sets forth information on certain of our executed leases during the three **and nine** months ended **September 30, 2023** **March 31, 2024**, excluding space that was vacant for more than one year, month-to-month leases, leases with an original term of less than 12 months, related party leases, and space where the previous tenant was a related party:

	Number of Leases (1)	Rentable Square Feet	New Cash Rents per Square Foot (2)		Expiring Cash Rents per Square Foot (2)	
Three months ended September 30, 2023	8	22,436	\$ 44.09	\$	42.78	
Nine months ended September 30, 2023	20	70,428	\$ 52.21	\$	51.72	

	Number of Leases (1)	Rentable Square Feet	New Cash Rents per Square Foot (2)		Expiring Cash Rents per Square Foot (2)	
Three months ended March 31, 2024	9	35,742	\$ 51.97	\$	52.11	

(1) Based on the number of tenants that signed leases.  
 (2) Cash rents represent gross monthly base rent, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

Fluctuations in submarkets, buildings and terms of leases cause large variations in these numbers and make predicting the changes in rent in any specific period difficult. Our rental and occupancy rates are impacted by general economic conditions, including the pace of regional and economic growth, and access to capital. Therefore, we cannot give any assurance that leases will be renewed or that available space will be re-leased at rental rates equal to or above the current market rates. Additionally, decreased demand and other negative trends or unforeseeable events that impair our ability to timely renew or re lease space could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations or to maintain our level of distributions on our Common Stock or Preferred Stock.

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**Multifamily Statistics:** The following table sets forth occupancy rates and the monthly rent per occupied unit across our multifamily portfolio for the specified periods (includes 100% of our property partially owned through an **unconsolidated joint venture**) **Unconsolidated Joint Venture**:

	As of September 30,		As of March 31,		
			2024		2023
	2023	2022			%
Occupancy	Occupancy	84.1 %	N/A	86.2	%
Monthly rent per occupied unit (1)	Monthly rent per occupied unit (1)	\$2,869	N/A		80.7 %

(1) Represents gross monthly base rent under leases commenced as of the specified period, divided by occupied units. This amount reflects total cash rent before concessions. Net of rent concessions granted in the specified period, monthly rent per occupied unit was \$2,429 and \$2,450 as of March 31, 2024 and 2023, respectively.

**Hotel Statistics:** The following table sets forth the occupancy, ADR and RevPAR for our hotel in Sacramento, California for the specified periods:

		For the Nine Months Ended September 30,		For the Three Months Ended March 31,	
		2023	2022	2024	2023
Occupancy	Occupancy	76.9 %	73.5 %	79.0 %	80.6 %
ADR	ADR	\$193.84	\$171.05		
RevPAR	RevPAR	\$149.01	\$125.64		

#### Seasonality

Our revenues and expenses for our hotel property are subject to seasonality during the year. Generally, our hotel revenues are greater in the first and second quarters than the third and fourth quarters. This seasonality can be expected to cause quarterly fluctuations in revenues, segment net operating income, net income and cash provided by operating activities. In addition, the hotel industry is cyclical and demand generally follows, on a lagged basis, key macroeconomic factors.

#### Lending Segment

Through our loans originated under the SBA 7(a) Program, we are a national lender that primarily originates loans to small businesses. We identify loan origination opportunities through personal contacts, internet referrals, attendance at trade shows and meetings, direct mailings, advertisements in trade publications and other marketing methods. We also generate loans through referrals from real estate and loan brokers, franchise representatives, existing borrowers, lawyers and accountants.

The SBA 7(a) Loan Program is the SBA's most common loan program. The maximum loan amount for an SBA 7(a) loan is \$5.0 million. Key eligibility factors are based on what the business does to generate its income, its credit history, the liquidity of the borrower, size standards and where the business operates. We work with potential borrowers to identify the type of loan that would be appropriate for each such borrower's needs. Our SBA 7(a) term loans have monthly repayment terms of principal and interest and are originated with variable interest rates based on the prime rate. Most of our SBA 7(a) loans have maturities of approximately 25 years.

While we have focused on originating real estate loans almost exclusively to the limited service and mid-scale hospitality industry, we intend to increase our efforts to originate other real estate collateralized loans. These loans are anticipated to be primarily concentrated in industries in which we previously had positive experience, including convenience store, RV park and single purpose building owner-occupied restaurant operations and may include owner-occupied industrial operations/warehouse buildings.

#### Property Concentration

Kaiser Foundation Health Plan, Incorporated, which occupied space in one of our Oakland, California properties, accounted for 29.2% 29.5% of our annualized office rental income for the three months ended September 30, 2023 March 31, 2024.

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#### 2023 2024 Results of Operations

##### *Comparison of the Three Months Ended September 30, 2023 March 31, 2024 to the Three Months Ended September 30, 2022 March 31, 2023*

##### Net Loss and FFO

	Three Months Ended September 30,		Change	
	2023		2022	
	(dollars in thousands)			
Total revenues	\$ 28,118	\$ 24,853	\$ 3,265	13.1 %
Total expenses	\$ 45,400	\$ 24,694	\$ 20,706	83.9 %
Net loss	\$ (16,647)	\$ (232)	\$ (16,415)	NM*

(\*) Percentage changes in excess of 100% are deemed to be not meaningful ("NM")

	Three Months Ended March 31,		Change	
	2024		2023	
	(dollars in thousands)			
Total revenues	\$ 33,998	\$ 28,912	\$ 5,086	17.6 %
Total expenses	\$ 37,307	\$ 38,104	\$ (797)	(2.1)%
Net loss	\$ (3,905)	\$ (7,576)	\$ 3,671	(48.5)%

Net loss was \$16.6 3.9 million for the three months ended September 30, 2023 March 31, 2024 compared to a net loss of \$232,000 7.6 million for the three months ended September 30, 2022 March 31, 2023, an increase a decrease of \$16.4 million \$3.7 million. The increase decrease in net loss was primarily due to an increase a decrease in depreciation and amortization expense of \$11.0 3.0 million, and an increase a \$2.7 million decrease in interest expense not allocated to our operating segments of \$6.5 million, an increase in provision for income taxes of \$367,000 transaction-related costs, and an increase in general and administrative expenses of \$250,000. These were partially offset by an increase of \$655,000 \$1.1 million in segment net operating income (discussed in more detail in the following Summary Segment Results). These were partially offset by a \$2.1 million increase in interest expense not allocated to our operating segments. Additionally, during the three months ended March 31, 2023, an increase of there was a

\$219,000 **1.1 million** gain on sale of real estate recognized in connection with the sale of 80% of our interest and other income and a decrease of \$192,000 in asset management fees, an office property.

#### Funds from Operations

We believe that funds from operations ("FFO"), a non-GAAP measure, is a widely recognized and appropriate measure of the performance of a REIT and that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO represents net income (loss) attributable to common stockholders, computed in accordance with GAAP, which reflects the deduction of redeemable preferred stock dividends accumulated, excluding gains (or losses) from sales of real estate, impairment of real estate, and real estate depreciation and amortization. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts (the "NAREIT").

Like any metric, FFO should not be used as the only measure of our performance because it excludes depreciation and amortization and captures neither the changes in the value of our real estate properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our operating results. Other REITs may not calculate FFO in accordance with the standards established by the NAREIT; accordingly, our FFO may not be comparable to the FFOs of other REITs. Therefore, FFO should be considered only as a supplement to net income (loss) as a measure of our performance and should not be used as a supplement to or substitute measure for cash flows from operating activities computed in accordance with GAAP. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends.

The following table sets forth a historical reconciliation of net loss attributable to common stockholders to FFO attributable to common stockholders (in thousands):

	Three Months Ended September 30,		Three Months Ended March 31,		2023
	2023	2022	2024		
Net loss attributable to common stockholders <sup>(1)</sup>	Net loss attributable to common stockholders <sup>(1)</sup>	\$ (22,934)	\$ (11,684)		
Depreciation and amortization	Depreciation and amortization	16,082	5,093		
Noncontrolling interests' proportionate share of depreciation and amortization		(626)	—		
Non-controlling interests' proportionate share of depreciation and amortization					
Non-controlling interests' proportionate share of depreciation and amortization					
Gain on sale of real estate					
FFO attributable to common stockholders <sup>(1)</sup>	FFO attributable to common stockholders <sup>(1)</sup>	\$ (7,478)	\$ (6,591)		

(1) During the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, we recognized **\$352,000** **\$806,000** and **\$4.9 million**, **\$373,000**, respectively, of redeemable preferred stock redemptions. Such amounts are included in, and have the effect of increasing net loss attributable to common stockholders and FFO attributable to common stockholders because redeemable preferred stock redemptions are not an adjustment prescribed by NAREIT.

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FFO attributable to common stockholders, which is a non-GAAP measure, was **\$7.5** **\$5.9** million for the three months ended **September 30, 2023** **March 31, 2024**, a decrease of **\$885,000** **\$1.1 million** compared to **\$6.6** **\$4.8** million for the three months ended **September 30, 2022** **March 31, 2023**. The decrease in FFO was primarily due to an increase in interest expense not allocated to our operating segments of **\$6.5 million** **\$2.1 million**, an increase in provision for income taxes of **\$367,000**, an increase in general and administrative expenses of **\$250,000** and an increase in redeemable preferred stock dividends of **\$225,000**. These were partially offset by a decrease **\$2.4 million**, and an increase in redeemable preferred stock redemptions of **\$4.5 million**, **\$433,000**. These were partially offset by a **\$2.7 million** decrease in transaction-related costs and an increase of **\$1.1**

million \$655,000 in segment net operating income (discussed in more detail in the following Summary Segment Results), an increase in net loss attributable to noncontrolling interests, adjusted for their share of depreciation and amortization expense, of \$253,000, an increase of \$219,000 in interest and other income and a decrease of \$192,000 in asset management fees.

### Summary Segment Results

During the three months ended September 30, 2023 March 31, 2024 and March 31, 2023, we operated in four segments: office, hotel and multifamily properties and lending. During the three months ended September 30, 2022, we operated in three segments: office and hotel properties and lending. Set forth and described below are summary segment results for our operating segments (dollar amounts in thousands).

		Three Months Ended September 30,				Three Months Ended March 31,					
		Revenues:		Change		Revenues:		Change		Change	
		2023	2022	\$	%	2024	2023	\$	%		%
<b>Revenues:</b>	<b>Revenues:</b>										
Office	Office	\$ 14,049	\$ 14,043	\$ 6	— %	Office	\$ 14,611	\$ 13,487	\$ 1,124	8.3	8.3 %
Hotel	Hotel	\$ 7,948	\$ 8,456	\$ (508)	(6.0)%	Hotel	\$ 11,854	\$ 11,492	\$ 362	3.2	3.2 %
Multifamily	Multifamily	\$ 3,331	\$ —	\$ 3,331	N/A	Multifamily	\$ 4,749	\$ 1,223	\$ 3,526	NM*	NM*
Lending	Lending	\$ 2,570	\$ 2,353	\$ 217	9.2 %	Lending	\$ 2,640	\$ 2,710	\$ (70)	(2.6)	(2.6)%
<b>Expenses:</b>	<b>Expenses:</b>										
Office	Office	\$ 6,342	\$ 7,320	\$ (978)	(13.4)%	Office	\$ 6,863	\$ 6,623	\$ 240	3.6	3.6 %
Hotel	Hotel	\$ 6,027	\$ 6,079	\$ (52)	(0.9)%	Hotel	\$ 7,792	\$ 7,347	\$ 445	6.1	6.1 %
Multifamily	Multifamily	\$ 3,300	\$ —	\$ 3,300	N/A	Multifamily	\$ 3,389	\$ 1,380	\$ 2,009	NM*	NM*
Lending	Lending	\$ 2,204	\$ 1,162	\$ 1,042	89.7 %	Lending	\$ 1,851	\$ 1,352	\$ 499	36.9	36.9 %
<b>Income (loss) from unconsolidated entities</b>											
Income (Loss) From Unconsolidated Entities											
Income (Loss) From Unconsolidated Entities											
Income (Loss) From Unconsolidated Entities											
Office	Office										
Non-Segment Revenue and Expenses:	Non-Segment Expenses:										
Non-Segment Revenue and Expenses:	Non-Segment Expenses:										
Non-Segment Revenue and Expenses:	Non-Segment Expenses:										
Interest and other income	Interest and other income	\$ 220	\$ 1	\$ 219	NM*	Interest and other income	\$ 144	\$ —	\$ 144	100.0	100.0 %
Asset management and other fees to related parties	Asset management and other fees to related parties	\$ 192	\$ (21.0)%	\$ 192	Asset management and other fees to related parties	\$ (394)	\$ (720)	\$ 326	(45.3)	(45.3)%	
		\$ (724)	\$ (916)								

(\*) Percentage changes in excess of 100% are deemed to be not meaningful ("NM")

### Revenues

**Office Revenue:** Office revenue includes rental revenue, expense reimbursements and lease termination income from office properties. Office revenue of \$14.0 million increased by 8.3% to \$14.6 million for the three months ended September 30, 2023 remained consistent with \$14.0 million March 31, 2024, compared to

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\$13.5 million for the three months ended September 30, 2022 as of March 31, 2023. The increase was primarily due to higher rental revenues at an office property in Beverly Hills, California due to increased occupancy and rental rates, was offset by a decrease in rental revenues as a result of the disposition of an 80% interest in an office property in Los Angeles, California in February 2023, due to increased occupancy.

**Hotel Revenue:** Hotel revenue decreased increased to \$7.9 million \$11.9 million, or by 6.0% 3.2%, for the three months ended September 30, 2023 March 31, 2024, compared to \$8.5 million \$11.5 million for the three months ended September 30, 2022 March 31, 2023. The decrease increase was primarily due to a decrease an increase in food average daily rate and beverage revenue and parking revenue, per occupied room during the three months ended March 31, 2024.

**Multifamily Revenue:** Multifamily revenue was \$3.3 million for the three months ended September 30, 2023. As our multifamily properties were acquired during the first quarter of 2023, there was no comparable revenue for the three months ended March 31, 2024, compared to \$1.2 million for the three months ended September 30, 2022. The increase was primarily due to the fact that the three months ended March 31, 2024 benefited from a full quarter of income from properties acquired during the three months ended March 31, 2023.

**Lending Revenue:** Lending revenue represents revenue from our lending subsidiaries, including interest income on loans and other loan related fee income. Lending revenue increased to was \$2.6 million, or by 9.2%, for the three months ended September 30, 2023 March 31, 2024, compared to \$2.4 million \$2.7 million for the three months ended September 30, 2022 March 31, 2023. The increase is decrease was primarily due to increased interest income from an increase a decrease in interest rates, partially offset by decreased premium income as a result of lower loan sale volume, partially offset by increased interest income from an increase in interest rates during the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 as well as a decrease in loan servicing income as a result of lower loan origination volume and higher loan payoff volume, March 31, 2023.

**Income (loss) From Unconsolidated Office Entities:** The income from our unconsolidated entities Unconsolidated Joint Ventures included in office segment net operating income increased to \$1.6 million \$117,000 for the three months ended September 30, 2023 March 31, 2024, compared to a loss of \$204,000 \$64,000 for the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to an unrealized gain on the value of real estate at one of the unconsolidated office entities recognized during the three months ended September 30, 2023 March 31, 2024.

**Loss (income) From Unconsolidated Multifamily Entity:** The loss from our unconsolidated entity Unconsolidated Joint Venture included in the multifamily segment net operating income was \$422,000 \$443,000 for the three months ended September 30, 2023. As our unconsolidated multifamily property was acquired during the nine months ended September 30, 2023 March 31, 2024, there was no comparable compared to income of \$832,000 for the three months ended September 30, 2022 March 31, 2023. The decrease was primarily due to an unrealized loss on the value of real estate at the Unconsolidated Joint Venture included in multifamily during the three months ended March 31, 2024.

**Interest and Other Income:** Interest and other income, which has not been allocated to our operating segments, increased to \$220,000 \$144,000 for the three months ended September 30, 2023 March 31, 2024, compared to \$1,000 \$0 for the three months ended September 30, 2022 March 31, 2023. The increase was primarily related to interest earned on money market accounts during the three months ended September 30, 2023 March 31, 2024.

#### Expenses

**Office Expenses:** Office expenses decreased increased to \$6.3 million \$6.9 million, or by 13.4% 3.6%, for the three months ended September 30, 2023 March 31, 2024, compared to \$6.6 million for the three months ended March 31, 2023. The increase was primarily due to higher operating expenses at our office properties in Beverly Hills, California and Los Angeles, California resulting from increased occupancy.

**Hotel Expenses:** Hotel expenses increased by 6.1% to \$7.8 million for the three months ended March 31, 2024, compared to \$7.3 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to a decrease in real estate tax expense at an office property in Austin, Texas.

**Hotel Expenses:** Hotel increased wage expenses were \$6.0 million for during the three months ended September 30, 2023, consistent with expenses of \$6.1 million for the three months ended September 30, 2022 March 31, 2024.

**Multifamily Expenses:** Multifamily expenses were \$3.3 million increased to \$3.4 million for the three months ended September 30, 2023. As our multifamily properties were acquired during the first quarter of 2023, there were no comparable expenses March 31, 2024 compared to \$1.4 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to the fact that the three months ended March 31, 2024 included a full quarter of expense from properties acquired during the three months ended March 31, 2023.

**Lending Expenses:** Lending expenses represent expenses from our lending subsidiaries, including interest expense, general and administrative expenses and fees to related parties. Lending expenses increased to \$2.2 million \$1.9 million, for the three months ended September 30, 2023 March 31, 2024, compared to \$1.2 million \$1.4 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to an increase in interest expense related to the issuance of new SBA 7(a) loan-backed notes in connection with the securitization that closed in March 2023.

**Asset Management and Other Fees to Related Parties:** Asset management fees and other fees to related parties, which have not been allocated to our operating segments, were \$724,000 \$394,000 for the three months ended September 30, 2023 March 31, 2024, a decrease of 21.0% 45.3%, compared to \$916,000 \$720,000 for the three months ended September 30, 2022 March 31, 2023. The decrease was a result of a reduction in asset management fees related to a decrease in our net asset value, primarily resulting from a reduction in the fair value of our investments in real estate as of the end of 2022, 2023.

**Expense Reimbursements to Related Parties—Corporate:** The Administrator receives compensation and and/or reimbursement for performing certain services for the Company and its subsidiaries. Expense reimbursements to related parties-corporate was \$524,000 were \$605,000 for the three months ended September 30, 2023 March 31, 2024, consistent with expenses of \$511,000 \$528,000 for the three months ended September 30, 2022 March 31, 2023.

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**Interest Expense:** Interest expense, which has not been allocated to our operating segments, increased by 34.5% to \$8.6 million \$8.1 million for the three months ended September 30, 2023 March 31, 2024, compared to \$2.1 million \$6.0 million for the three months ended September 30, 2022 March 31, 2023. The increase was attributable to two variable-rate mortgages assumed in connection with our multifamily acquisitions during the first quarter of 2023, higher average outstanding principal balances on our 2022 Credit Facility Revolver for the three months ended September 30, 2023 March 31, 2024 compared to our 2018 revolving line of credit facility for the three months ended September 30, 2022 March 31, 2023 and an increase in the LIBOR and SOFR components of interest rates on our variable-rate debt for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022, given the higher interest rate environment March 31, 2023.

**General and Administrative Expenses:** General and administrative expenses, which have not been allocated to our operating segments, were \$1.6 million \$1.2 million for the three months ended September 30, 2023 March 31, 2024, consistent with \$1.4 million \$1.3 million for the three months ended September 30, 2022 March 31, 2023.

**Transaction Transaction-Related Costs:** Transaction costs related to abandoned project costs in connection with potential real estate transactions, were \$38,000 \$690,000 for the three months ended September 30, 2023 March 31, 2024, compared with \$201,000 \$3.4 million for the three months ended September 30, 2022 due to a higher volume of costs March 31, 2023. The decrease was related to contemplated deals during costs incurred in connection with the acquisition of two multifamily properties in Oakland, California in the first quarter of 2023, which increased these costs in the prior year period.

**Depreciation and Amortization Expense:** Depreciation and amortization expense increased decreased by 31.8% to \$16.1 million \$6.5 million for the three months ended September 30, 2023 March 31, 2024, compared to \$5.1 million \$9.5 million for the three months ended September 30, 2022 March 31, 2023. The increase is decrease was primarily due to an increase in acquired in-place lease intangible assets amortization at multifamily properties located in Oakland, California acquired during the first quarter of 2023, which were fully amortized as well as incremental increases to fixed asset depreciation expense related to the acquired properties.

**Provision for Income Taxes:** Provision for income taxes increased to \$554,000 for the three months ended September 30, 2023 as compared to \$187,000 for the three months ended September 30, 2022. The increase is due to higher taxable income at our taxable REIT subsidiaries.

#### 2023 Results of Operations

##### Comparison of the Nine Months Ended September 30, 2023 to the Nine Months Ended September 30, 2022

#### Net Loss and FFO

	Nine Months Ended September 30,		Change	
	2023	2022	\$	%
	(dollars in thousands)			
Total revenues	\$ 89,790	\$ 76,038	\$ 13,752	18.1 %
Total expenses	\$ 133,562	\$ 70,398	\$ 63,164	89.7 %
Net income (loss)	\$ (42,584)	\$ 5,001	\$ (47,585)	NM*

(\*) Percentage changes in excess of 100% are deemed to be not meaningful ("NM")

Net loss was \$42.6 million for the nine months ended September 30, 2023 compared to net income of \$5.0 million for the nine months ended September 30, 2022, a decrease of \$47.6 million. The decrease was primarily due to an increase in depreciation and amortization expense of \$31.0 million, an increase in interest expense not allocated to our operating segments of \$15.5 million, a decrease in transaction-related costs of \$3.2 million (primarily related to transfer tax expenses in connection with the acquisition of two multifamily properties in Oakland, California during the three months ended March 31, 2023), an increase in general and administrative expenses of \$640,000, and an increase in expense reimbursements to related parties of \$270,000. These were partially offset by an increase of \$1.1 million in segment net operating income (discussed in more detail in the following Summary Segment Results), a gain of \$1.1 million recognized during the nine months ended September 30, 2023 in connection with the sale of 80% of our interest in an office property), a decrease of \$686,000 in asset management fees and an increase of \$295,000 in interest and other income.

#### Funds from Operations

The following table sets forth a historical reconciliation of net loss attributable to common stockholders to FFO attributable to common stockholders (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Net loss attributable to common stockholders <sup>(1)</sup>	\$ (59,464)	\$ (16,844)
Depreciation and amortization	46,056	15,071
Noncontrolling interests' proportionate share of depreciation and amortization	(1,986)	—
Gain on sale of real estate	(1,104)	—
FFO attributable to common stockholders <sup>(1)</sup>	\$ (16,498)	\$ (1,773)

(1) During the nine months ended September 30, 2023 and 2022, we recognized \$1,040,000 and \$5.0 million, respectively, of redeemable preferred stock redemptions and \$0 and \$19,000, respectively, of redeemable preferred stock deemed dividends. Such amounts are included in, and have the effect of increasing net loss attributable to common stockholders and FFO attributable to common stockholders because redeemable preferred stock redemptions are not an adjustment prescribed by NAREIT.

FFO attributable to common stockholders was \$(16.5) million for the nine months ended September 30, 2023, a decrease of \$14.7 million compared to \$(1.8) million for the nine months ended September 30, 2022. The decrease in FFO was primarily due to an increase in interest expense not allocated to our operating segments of \$15.5 million and a decrease in transaction-related costs of \$3.2 million (primarily related to transfer tax expenses in connection with the acquisition of two multifamily properties in Oakland, California during the three months ended March 31, 2023), an increase in redeemable preferred stock dividends of \$1.6 million, an increase in general and administrative expenses of \$640,000 and an increase in expense reimbursements to related parties of \$270,000. These were partially offset by a decrease in the consolidated statement of operations impact of redeemable preferred stock redemptions of \$4.0 million, an increase of \$1.1 million in segment net operating income (discussed in more detail in the following Summary Segment Results), a decrease of \$686,000 in asset management fees, an increase in net loss attributable to noncontrolling interests, adjusted for their share of depreciation and amortization expense, of \$534,000 and an increase of \$295,000 in interest and other income.

#### Summary Segment Results

During the nine months ended September 30, 2023 we operated in four segments: office, hotel and multifamily properties and lending. During the nine months ended September 30, 2022, we operated in three segments: office and hotel properties and lending. Set forth and described below are summary segment results for our operating segments (dollar amounts in thousands).

	Nine Months Ended September 30,		Change	
	2023	2022	\$	%
<b>Revenues:</b>				
Office	\$ 41,511	\$ 42,225	\$ (714)	(1.7)%

Hotel	\$ 31,108	\$ 25,825	\$ 5,283	20.5 %
Multifamily	\$ 8,632	\$ —	\$ 8,632	N/A
Lending	\$ 8,243	\$ 7,987	\$ 256	3.2 %
<b>Expenses:</b>				
Office	\$ 19,391	\$ 19,968	\$ (577)	(2.9)%
Hotel	\$ 20,929	\$ 17,807	\$ 3,122	17.5 %
Multifamily	\$ 8,042	\$ —	\$ 8,042	N/A
Lending	\$ 5,995	\$ 3,359	\$ 2,636	78.5 %
<b>Income from unconsolidated entities</b>				
Office	\$ 837	\$ 176	\$ 661	NM*
Multifamily	\$ 216	\$ —	\$ 216	N/A
<b>Non-Segment Revenue and Expenses:</b>				
Interest and other income	\$ 296	\$ 1	\$ 295	NM*
Asset management and other fees to related parties	\$ (2,071)	\$ (2,757)	\$ 686	(24.9)%
Expense reimbursements to related parties - corporate	\$ (1,729)	\$ (1,459)	\$ (270)	18.5 %
Interest expense	\$ (21,941)	\$ (6,406)	\$ (15,535)	NM*
General and administrative	\$ (4,010)	\$ (3,370)	\$ (640)	19.0 %
Transaction-related costs	\$ (3,398)	\$ (201)	\$ (3,197)	NM*
Depreciation and amortization	\$ (46,056)	\$ (15,071)	\$ (30,985)	NM*
Gain on sale of real estate	\$ 1,104	\$ —	\$ 1,104	N/A
Provision for income taxes	\$ (969)	\$ (815)	\$ (154)	18.9 %

(\*) Percentage changes in excess of 100% are deemed to be not meaningful ("NM")

#### Revenues

**Office Revenue:** Office revenue includes rental revenue, expense reimbursements and lease termination income from office properties. Office revenue decreased to \$41.5 million, or by (1.7)%, for the nine months ended September 30, 2023 compared to \$42.2 million for the nine months ended September 30, 2022. The decrease is primarily due to decreased rental revenues at an office property in Los Angeles, California as a result of lower occupancy, and the disposition of an 80% interest in an office property in Los Angeles, California in February 2023, partially offset by higher rental revenues at an office property in Beverly Hills, California due to higher occupancy and rental rates.

**Hotel Revenue:** Hotel revenue increased to \$31.1 million, or by 20.5%, for the nine months ended September 30, 2023, compared to \$25.8 million for the nine months ended September 30, 2022, primarily due to an increase in occupancy and average daily rate.

**Multifamily Revenue:** Multifamily revenue was \$8.6 million for the nine months ended September 30, 2023. As our multifamily properties were acquired during the nine months ended September 30, 2023, there was no comparable revenue for the nine months ended September 30, 2022.

**Lending Revenue:** Lending revenue represents revenue from our lending subsidiaries, including interest income on loans and other loan related fee income. Lending revenue increased to \$8.2 million, or by 3.2% for the nine months ended September 30, 2023, compared to \$8.0 million for the nine months ended September 30, 2022. The increase is due to increased interest income from higher interest rates, partially offset by decreased premium income as a result of lower loan sale volume during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, as well as a decrease in loan servicing income as a result of lower loan origination volume and higher loan payoff volume.

**Income From Unconsolidated Office Entities:** The income from our unconsolidated entities included in office segment net operating income increased to \$0.8 million for the nine months ended September 30, 2023 compared to \$176,000 for the nine months ended September 30, 2022. The increase was primarily due to an unrealized gain on the value of real estate at one of our unconsolidated office entities recognized during the nine months ended September 30, 2023 December 31, 2023, partially offset by an unrealized loss on the value of real estate related to another one of our unconsolidated office entities and an increase in mortgage interest expense during the nine months ended September 30, 2023.

**Income From Unconsolidated Multifamily Entity:** The income from our unconsolidated entity included in multifamily segment net operating income was \$216,000 for the nine months ended September 30, 2023. As our unconsolidated multifamily property was acquired during the nine months ended September 30, 2023, there was no comparable income for the nine months ended September 30, 2022.

**Interest and Other Income:** Interest and other income, which has not been allocated to our operating segments, was \$296,000 for the nine months ended September 30, 2023 compared to \$1,000 for the nine months ended September 30, 2022. The increase was primarily related to interest earned on money market accounts during the nine months ended September 30, 2023.

#### **Expenses**

**Office Expenses:** Office expenses decreased to \$19.4 million, or by (2.9)%, for the nine months ended September 30, 2023, compared to \$20.0 million for the nine months ended September 30, 2022. The decrease is primarily due to a decrease in operating expenses at an office property in Austin, Texas, primarily as a result of lower real estate tax expenses, and a result of the disposition of an 80% interest in an office property in Los Angeles, California in February 2023.

**Hotel Expenses:** Hotel expenses increased to \$20.9 million, or by 17.5%, for the nine months ended September 30, 2023, compared to \$17.8 million for the nine months ended September 30, 2022, primarily as a result of increased occupancy at the hotel.

**Multifamily Expenses:** Multifamily expenses were \$8.0 million for the nine months ended September 30, 2023. As our multifamily properties were acquired during the nine months ended September 30, 2023, there were no comparable expenses for the nine months ended September 30, 2022.

**Lending Expenses:** Lending expenses represent expenses from our lending subsidiaries, including interest expense, general and administrative expenses and fees to related parties. Lending expenses increased to \$6.0 million, or by 78.5%, for the nine months ended September 30, 2023, compared to \$3.4 million for the nine months ended September 30, 2022. The increase was primarily due to an increase interest expense related to the issuance of new SBA 7(a) loan-backed notes in connection with the securitization that closed in March 2023 as well as an increase in allocated payroll expenses.

**Asset Management and Other Fees to Related Parties:** Asset management fees and other fees to related parties, which have not been allocated to our operating segments, were \$2.1 million for the nine months ended September 30, 2023, a decrease of 24.9%, compared to \$2.8 million for the nine months ended September 30, 2022. The decrease was a result of a reduction in asset management fees related to a decrease in our net asset value, primarily resulting from a reduction in the fair value of our investments in real estate as of the end of 2022.

**Expense Reimbursements to Related Parties—Corporate:** The Administrator receives compensation and or reimbursement for performing certain services for the Company and its subsidiaries. Expense reimbursements to related parties-corporate increased by 18.5% to \$1.7 million for the nine months ended September 30, 2023, compared to \$1.5 million for the nine months ended September 30, 2022, primarily due to increases in allocated payroll primarily due to the transactions that occurred during the nine months ended September 30, 2023.

**Interest Expense:** Interest expense, which has not been allocated to our operating segments, increased to \$21.9 million for the nine months ended September 30, 2023, compared to \$6.4 million for the nine months ended September 30, 2022. The

increase was attributable to two variable-rate mortgages assumed in connection with our multifamily acquisitions during the first quarter of 2023, higher outstanding principal balances on our 2022 Credit Facility Revolver for the nine months ended September 30, 2023 compared to our 2018 revolving line of credit facility for the nine months ended September 30, 2022 and an increase in the LIBOR and SOFR components of interest rates on our variable-rate debt increased for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, given the higher interest rate environment.

**General and Administrative Expenses:** General and administrative expenses, which have not been allocated to our operating segments, increased to \$4.0 million, or by 19.0%, for the nine months ended September 30, 2023 as compared to \$3.4 million for the nine months ended September 30, 2022. The increase was primarily due to increases in non-recurring legal fees.

**Transaction-Related Costs:** Transaction-related costs increased to \$3.4 million for the nine months ended September 30, 2023 compared to \$201,000 for the nine months ended September 30, 2022. The increase was primarily related to transfer tax expenses in connection with the acquisition of two multifamily properties in Oakland, California in the first quarter of 2023.

**Depreciation and Amortization Expense:** Depreciation and amortization expense increased to \$46.1 million for the nine months ended September 30, 2023, compared to \$15.1 million for the nine months ended September 30, 2022. The increase is primarily due to an increase in acquired in-place lease intangible assets amortization at multifamily properties located in Oakland, California acquired during the nine months ended September 30, 2023 as well as incremental increases to fixed asset depreciation expense related to the acquired properties.

**Gain on Sale of real estate: Real Estate:** Gain on sale of real estate of \$1.1 million for the nine months ended September 30, 2023 March 31, 2023 was related to the sale of 80% of our interest in an office property in Los Angeles, California. There were no dispositions during the nine months ended September 30, 2022 March 31, 2024.

**Provision for Income Taxes:** Provision for income taxes increased to \$969,000 was \$270,000 for the nine months ended September 30, 2023 as compared to \$815,000 March 31, 2024, consistent with \$256,000 for the nine months ended September 30, 2022. The increase was due to higher taxable income at our taxable REIT subsidiaries during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 March 31, 2023.

#### **Cash Flow Analysis**

Our cash flows from operating activities are primarily dependent upon the real estate assets owned, occupancy level of our real estate assets, the rental rates achieved through our leases, the occupancy and ADR of our hotel, the collectability of rent and recoveries from our tenants, and loan related activity. Our cash flows from operating activities are also impacted by fluctuations in operating expenses and other general and administrative costs. Net cash provided by operating activities decreased by \$11.5 million \$1.2 million

for the **nine** three months ended **September 30, 2023** **March 31, 2024**, as compared to the same period in **2022, 2023**. The decrease was primarily due to a **\$5.4 million** decrease in **net income adjusted for depreciation and amortization expense and other non-cash items of \$18.1 million**, partially offset by a **\$5.9 million increase** resulting from a higher level of **net working capital used compared to the prior period**, **partially offset by an increase in reduction in net loss adjusted for depreciation and amortization expense and other non-cash items of \$3.1 million** and an increase in net proceeds from the sale of loans of **\$872,000** **\$1.2 million**.

Our cash flows from investing activities are primarily related to property acquisitions and dispositions, expenditures for the development or repositioning of properties, capital expenditures and cash flows associated with loans originated at our lending segment. Net cash used in investing activities **increased decreased** by **\$59.2 million** **\$90.7 million** for the **nine** three months ended **September 30, 2023** **March 31, 2024**, as compared to the same period in **2022, 2023**. The **increase decrease** in cash used in investing activities was primarily due to an **increase decrease** in acquisitions of real estate of **\$86.0 million**, a decrease in distributions from an unconsolidated entity of **\$10.3 million**, **\$96.7 million** and a decrease in **principal collected on loans** **cash outlays of \$5.3 million** **\$6.1 million** related to our investments in Unconsolidated Joint Ventures during the three months ended **March 31, 2024**, compared to the same period in **2022, 2023**. Partially offsetting the **decrease** in net cash used in investing activities are **\$31.4 million** **\$16.7 million** in proceeds from the sale of a property to the 4750 Wilshire JV during the **nine** three months ended **September 30, 2023**, and a decrease in cash outlays of **\$15.2 million** related to our investments in unconsolidated joint ventures during the **nine** months ended **September 30, 2023**, compared to the same period in **2022, March 31, 2023**.

Our cash flows from financing activities are generally impacted by borrowings and capital activities. Net cash provided by financing activities **increased decreased** by **\$63.3 million** **\$77.5 million** for the **nine** three months ended **September 30, 2023** **March 31, 2024**, as compared to the same period in **2022, 2023**, primarily as a result of net proceeds from our credit facility **2022 Credit Facility** and mortgages of **\$54.0 million** **\$1.4 million** during the **nine** three months ended **September 30, 2023** **March 31, 2024** compared to **\$15.0 million** **\$103.8 million** during the **nine** three months ended **September 30, 2022, March 31, 2023** and the issuance of unguaranteed SBA 7(a) loan-backed notes of approximately **\$54.1 million**, and a decrease of cash used in the repurchase of Series L Preferred Stock and Common Stock of **\$72.1 million** during the **nine** three months ended **September 30, 2023** **March 31, 2023**. The aforementioned amounts **increasing decreasing** net cash provided by financing activities were partially offset by an **increase a decrease** in redemption of preferred stock of **\$94.3 million** during the **nine** months ended **September 30, 2023** **\$78.7 million**, as well as an **increase a decrease** in the payment of deferred debt origination costs of **\$3.2 million** **\$2.4 million**, and an **increase decrease** in preferred dividend payments of **\$2.2 million** during the three months ended **March 31, 2024**, compared to the three months ended **March 31, 2023**.

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### Liquidity and Capital Resources

#### General

On a short-term basis, our principal demands for funds will be for the acquisition of assets, development or repositioning of properties (as further described below) (including pre-construction costs such as obtaining entitlements and permits and architectural work), or re-leasing of space in existing properties, capital expenditures, paying interest and principal on current and any future debt financings, SBA 7(a) loan originations, paying distributions on our Preferred Stock and Common Stock and making redemption payments on our Preferred Stock. We may finance our future activities through one or more of the following methods: (i) offerings of shares of **our common stock, par value \$0.001 per share ("Common Stock, Stock")**, preferred stock or other equity **and and/or** debt securities of the Company; (ii) issuances of interests in our operating partnership in exchange for properties; (iii) credit facilities and term loans; (iv) the addition of senior recourse or non-recourse debt using target acquisitions as well as existing assets as **collateral**; (v) **collateral, including the securitization of portions of our loan portfolio**; (vi) the sale of existing assets; (vii) partnering with co-investors; and **and/or** (viii) cash flows from operations. In December 2022, we completed a refinancing of our 2018 credit facility, which was set to mature in October 2023, replacing it with **a new facility (the "2022 Credit Facility")**. The 2022 Credit Facility includes a **\$56.2 million** **\$56.2 million** term loan as well as a revolver allowing the Company to borrow up to **\$150.0 million**, **\$150.0 million**, both of which are collectively subject to a borrowing base calculation. The 2022 Credit Facility matures in December 2025 and provides for two one-year extension options, subject to certain conditions being satisfied. On December 23, 2022, the Company announced it would redeem all remaining outstanding shares of its Series L Preferred Stock in cash on January 25, 2023 at its stated value of **\$28.37**. The **for a total cost to complete the Series L Redemption, including transaction costs, was \$83.8 million**, **\$83.8 million**. The payment for the Series L Redemption was made on January 25, 2023 together with payment of the accrued and unpaid dividends on the redeemed shares of Series L Preferred Stock through December 31, 2022 of **\$1.56 per share (or \$4.6 million accrued and unpaid dividends in the aggregate)** and was funded by a combination of proceeds from the sale of our Series A1 Preferred Stock, draws on our 2022 Credit Facility, and cash on hand. **No additional dividends were owed on the redeemed shares of Series L Preferred Stock subsequent to December 31, 2022**.

Our long-term liquidity needs will consist primarily of funds necessary for acquisitions of assets, development or repositioning (including pre-construction costs) of properties, or re-leasing of space in existing properties, capital expenditures, paying interest and principal on debt financings, refinancing of indebtedness, SBA 7(a) loan originations, paying distributions on our Preferred Stock or any other preferred stock we may issue, any future repurchase of Common Stock **and and/or** redemption of our Preferred Stock (if we choose, or are required, to pay the redemption price in cash instead of in shares of our Common Stock) and distributions on our Common Stock. Additionally, our outstanding commitments to fund loans were **\$25.9 million** **\$8.2 million** as of **September 30, 2023** **March 31, 2024**, substantially all of which reflect prime-based loans to be originated by our subsidiary engaged in SBA 7(a) Small Business Loan Program lending. A majority of these commitments have government guarantees of 75% (as the government guarantee has now reverted to 75%) and we believe that we will be able to sell the guaranteed portion of these loans in a liquid secondary market upon fully funding these loans. Since some commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements. **Further, we are evaluating renovation of certain areas of our hotel in California and development of our development sites.** To the extent we decide to proceed with **renovating our hotel and/or conducting development work on any of our development sites (in addition to those discussed below)**, we will have increased liquidity needs.

**We own a 20% interest in an unconsolidated joint venture An Unconsolidated Joint Venture (the "4750 Wilshire Joint Venture" JV) that, in which we have a 20% ownership interest, is in the process of converting a portion two of the three floors of an office building in Los Angeles, California from office space office-use into luxury for-rent residential 68 for-lease multifamily units (the "4750 Wilshire Project"), with the first floor of the building continuing to function as 30,335 square feet of office space.** The total cost of the 4750 Wilshire Project is expected to be approximately \$31.0 million (our share of which will be \$6.2 million), which will be financed by a combination of equity contributions from us and co-investors as well as a mortgage loan from a third-party lender. In connection with the 4750 Wilshire Joint Venture, JV, we received cash sales proceeds from **our** the joint venture partners, **partners, enhancing our liquidity.** Further, we have earned and will continue to earn management fees from co-investors in connection with their co-investment in the 4750 Wilshire Project. As of March 31, 2024, total costs of \$17.3 million had been incurred by the 4750 Wilshire JV in connection with the 4750 Wilshire Project. The 4750 Wilshire Project is expected to be completed by the 4th quarter of 2024.

In addition to the 4750 Wilshire Project, our long-term liquidity needs include our plan to renovate the Sheraton Grand Hotel in Sacramento, California (the "Hotel Renovation"), which primarily entails renovating the hotel's guest rooms and corridors and is expected to cost approximately \$20.9 million. As of March 31, 2024, \$1.6 million of pre-

construction costs had been incurred with respect to the Hotel Renovation; the Company plans to start construction in the second half of 2024, with anticipated completion by the third quarter of 2025. Additionally, an Unconsolidated Joint Venture (the "1910 Sunset JV"), in which we have approximately a 44% ownership interest, has begun construction to develop a multifamily apartment building with 36 multifamily units at 1915 Park Avenue in Los Angeles, California (the "1915 Park Project), which development is expected to be completed by the third quarter of 2025 and with an estimated cost of approximately \$19.3 million (our share of which will be \$8.5 million). The 1910 Sunset JV plans to finance the project through a combination of cash from operations at its office property, additional equity contributions from existing investors, and proceeds from a mortgage loan from a third-party lender (which is in-place but currently has no outstanding borrowings and is subject to additional equity contribution

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requirements which have not yet been met). As of March 31, 2024, the 1910 Sunset JV had incurred total costs of \$2.3 million in connection with the 1915 Park Project.

We may not have sufficient funds on hand or may not be able to obtain additional financing to cover all of our long-term cash requirements. The nature of our business, and the requirements imposed by REIT rules that we distribute a substantial majority of our REIT taxable income on an annual basis in the form of dividends, may cause us to have substantial liquidity needs over the long-term. While we will seek to satisfy such needs through one or more of the methods described in the first paragraph of this section, our ability to take such actions is highly uncertain and cannot be predicted, and could be affected by various risks and uncertainties, including, but not limited to, the risks detailed in "Risk Factors" in "Item 1A—Risk Factors" of this Annual Report on Form 10-K. If we cannot obtain funding for our long-term liquidity needs, our assets may generate lower cash flows or decline in value, or both, which may cause us to sell assets at a time when we would not otherwise do so which could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations or to maintain our level of distributions on our Common Stock or Preferred Stock.

## **Sources and Uses of Funds**

### **Mortgages**

We have mortgage loan agreements with an outstanding balances of \$263.7 million \$250.7 million as of **September 30, 2023** March 31, 2024. Our mortgage loans mature on various dates from June 7, 2024 through July 1, 2026. In regards to our **variable** fixed rate mortgage loan maturing on June 7, 2024, we **expect to exercise** exercised its one-year extension option **or refinance** in April 2024, extending the maturity of the mortgage by one year.

The Company has been in discussions with the lender under the variable rate mortgage to restructure the terms of the mortgage, as rent payments from the property will likely be insufficient to meet debt service payments under the mortgage. There can be no assurance that such **indebtedness prior** restructuring will occur. If the Company and the lender under the variable rate mortgage cannot agree on a modification of the mortgage and the Company fails to **maturity**, make a required monthly debt service payment, such failure will constitute an event of default under the mortgage and the lender may, among other remedies, declare principal and interest under the mortgage loan to be immediately due and payable. The mortgage relates to Channel House, a multifamily property in Oakland, California.

### **Revolving Credit Facilities**

In October 2018, we entered into the 2018 revolving credit facility that, as amended, allowed us to borrow up to \$209.5 million, subject to a borrowing base calculation. The 2018 revolving credit facility was secured by properties in the Company's real estate portfolio: eight office properties and one hotel property. In December 2022, the Company refinanced its 2018 credit facility and replaced it with a new 2022 Credit Facility, entered into with a bank syndicate, that includes a \$56.2 million \$56.2 million term loan (the "2022 Credit Facility Term Loan") as well as a revolver allowing the Company to borrow up to \$150.0 million \$150.0 million (the "2022 Credit Facility Revolver"), both of which are collectively subject to a borrowing base calculation. The 2022 Credit Facility is secured by properties in the Company's real estate portfolio: six office properties and one hotel property (as well as the hotel's adjacent parking garage and retail property). The 2022 Credit Facility bears interest at (A) the base rate plus 1.50% or (B) SOFR plus 2.60%. As of **September 30, 2023** March 31, 2024, the variable interest rate was 7.92% 7.93%. The 2022 Credit Facility Revolver is also subject to an unused commitment fee of 0.15% or 0.25% depending on the amount of aggregate unused commitments. The 2022 Credit Facility is guaranteed by the Company and the Company is subject to certain financial maintenance covenants. The 2022 Credit Facility matures in December 2025 and provides for two one-year extension options, subject to certain conditions being satisfied, including providing notice of the election and paying an extension fee of 0.15% of each lender's commitment being extended on the effective date of such extension. As of **November 8, 2023** May 14, 2024, September 30, 2023 March 31, 2024, and **December 31, 2022** December 31, 2023, \$143.2 \$173.2 million, \$133.2 \$158.2 million, and \$56.2 \$153.2 million, respectively, was outstanding under the 2022 Credit Facility and approximately \$63.0 million, \$73.0 \$0.0, \$48.0 million and \$150.0 \$53.0 million, respectively, was available for future borrowings.

As of March 31, 2024, the Company was not in compliance with a financial covenant under the 2022 credit facility. Such non-compliance constituted an event of default under the 2022 credit facility. On May 14, 2024, lenders under the 2022 credit facility and the Company entered into an agreement (the "Modification Agreement") pursuant to which the lenders waived such event of default with respect to the test period ending March 31, 2024. Pursuant to the Modification Agreement, the Company will not be able to borrow under the 2022 credit facility without the consent of the lenders until certain conditions are satisfied, including delivery of a revised business plan acceptable to the lenders and re-establishing compliance with the financial covenant. There can be no assurance as to when or if such conditions will be satisfied. The Company believes that it could rely on other sources for its liquidity needs, including (i) obtaining new or modifying existing credit facilities and term loans; (ii) offerings of shares of Common Stock, preferred stock or other equity and or debt securities of the Company; (iii) the addition of senior recourse or non-recourse debt using existing assets as collateral; (iv) the sale of existing assets; (v) partnering

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with co-investors; and or (vi) cash flows from operations. Among other restrictions, the Modification Agreement also prohibits subsidiaries of the Company that own properties that secured the 2022 credit facility from making any distributions to its parent entities. The Modification Agreement did not waive compliance with the financial covenant for the test period ending June 30, 2024 or any future period.

The Company has been in discussion with the administrative agent of the 2022 credit facility to obtain a long-term amendment to the terms of the 2022 credit facility. While the Company believes that it will be able to obtain such amendment, there can be no assurance that such amendment will be executed. If the Company is unsuccessful in amending the 2022 credit facility, and is not able to re-establish compliance with the financial covenant for the test period ending June 30, 2024 or any future period, lenders thereunder may, among other remedies, declare their commitment thereunder to be terminated and/or declare the unpaid principal amount of all outstanding loans, all interest accrued and unpaid thereon, to be immediately due and payable, and foreclose on or take other secured creditor remedies with respect to the properties that secure the 2022 credit facility.

#### **Other Financing Activity**

On March 9, 2023, our lending division completed a securitization of the unguaranteed portion of certain of our SBA 7(a) loans receivable with the issuance of \$54.1 million \$54.1 million of unguaranteed SBA 7(a) loan-backed notes (with net proceeds of approximately \$43.3 million \$43.3 million, after payment of fees and expenses in connection with the securitization and the funding of a reserve account and an escrow account). The SBA 7(a) loan-backed notes are collateralized by the right to receive payments and other recoveries attributable to the unguaranteed portions of certain of our SBA 7(a) loans receivable. The SBA 7(a) loan backed notes mature on March 20, 2048, with monthly payments due as payments on the collateralized loans are received. The SBA 7(a) loan-backed notes bear interest at a per annum rate equal to the lesser of (i) 30-Day average compounded SOFR plus 2.90% and (ii) prime rate minus 0.35%. As of September 30, 2023 March 31, 2024, the variable interest rate was 8.14% 8.15%. We reflect the SBA 7(a) loans receivable as assets on our consolidated balance sheet and the SBA 7(a) loan-backed notes as debt on our consolidated balance sheet.

We have junior subordinated notes with a variable interest rate that resets quarterly based on the three-month SOFR plus 3.51%, with quarterly interest-only payments. The junior subordinated balance is due at maturity on March 30, 2035. The junior subordinated notes may be redeemed at par at our option. The aggregate principal balance of the junior subordinated notes was \$27.1 million as of September 30, 2023 March 31, 2024.

#### **Securities Offerings**

We conducted a continuous public offering of Series A Preferred Stock from October 2016 through January 2020, where one Series A Preferred Warrant was issued along with each issued share of Series A Preferred Stock. During the tenure of the offering, we issued 4,603,287 Series A Preferred Stock and Series A Preferred Warrants and received aggregate net proceeds of \$105.2 million after commissions, fees and allocated costs.

The Series A Preferred Warrants are exercisable beginning on the first anniversary of the date of their original issuance until and including the fifth anniversary of the date of such issuance. At the time of issuance, the exercise price of each Series A Preferred Warrant was equal to a 15.0% premium to the per share estimated NAV of our Common Stock most recently published and designated as the applicable NAV by us at the time of issuance. However, in accordance with the terms of the Series A Preferred Warrants, the exercise price of each Series A Preferred Warrant issued prior to the reverse stock split in 2019 (the "Reverse Stock Split") was automatically adjusted to reflect the effect of the Reverse Stock Split and, in the discretion of our Board of Directors, the exercise price and the number of shares issuable upon exercise of each Series A Preferred Warrant

issued prior to the special dividend in 2019 was adjusted to reflect the effect of the Special Dividend. As of September 30, 2023 March 31, 2024, there were 2,141,183 1,444,258 Series A Preferred Warrants to purchase 551,550 369,653 shares of Common Stock outstanding.

From February 2020 through June 2022, we conducted a continuous public offering of our Series A Preferred Stock and Series D Preferred Stock. In Commencing in June 2022, we concluded the offering of our Series A Preferred Stock and Series D Preferred Stock and have since Company has conducted a continuous public offering with respect to shares of our its Series A1 Preferred Stock of up to approximately \$692.3 million, par value \$0.001 per share with an initial stated value of \$25.00 per share, subject to adjustment. The Company has filed a Registration Statement on Form S-11 in respect of such offering and anticipates continuing the offering upon effectiveness of such Registration Statement on Form S-11. Nothing contained in this Quarterly Report on Form 10-Q is or shall be deemed to be an offer to sell any securities of the Company, or the solicitation of any offer to buy any securities of the Company, in any jurisdiction, which may only be made pursuant to appropriate offering documentation. We intend to use the net proceeds from the offerings for general corporate purposes, acquisitions of shares of our Common Stock and Preferred Stock, whether through one or more tender offers, share repurchases or otherwise, and acquisitions consistent with our acquisition and asset management strategies. As of September 30, 2023 March 31, 2024, we had issued 9,088,485 11,127,248 shares of Series A1 Preferred Stock, 8,251,657 shares of Series A Preferred Stock and 56,857 shares of Series D Preferred Stock and received aggregate net proceeds of \$393.2 million \$439.0 million after commissions, fees and allocated costs.

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#### **Dividends on and Redemptions of Preferred Stock**

Holders of Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, and declared by us out of legally available funds, cumulative cash dividends on each share as follows: (1) at the of greater of (i) an annual rate of 6.0% of the Series A1 Preferred Stock Stated Value (i.e., the equivalent of \$0.3750 per share per quarter) and (ii) the Federal Funds (Effective) Rate for such quarter and plus 2.5% of the Series A1 Preferred Stock Stated Value divided by four, up to a maximum of 2.5% of the Series A1 Preferred Stock Stated Value per quarter, (2) 5.50% of the Series A Preferred Stock Stated Value (i.e., the equivalent of \$0.34375 per share per quarter), and (3) 5.65% of the Series D Preferred Stock Stated Value (i.e., the equivalent of \$0.35313 per share per quarter), respectively.

We expect to pay dividends on the Series A1 Preferred Stock, Series A Preferred Stock and Series D Preferred Stock in arrears on a monthly basis, unless our results of operations, our general financing conditions, general economic conditions, applicable requirements of the MGCL or other factors make it imprudent to do so. The timing and amount of dividends declared and paid on our Preferred Stock will be determined by our Board of Directors, in its sole discretion, and may vary from time to time.

Holders of our Common Stock are entitled to receive dividends, if, as and when authorized by the Board of Directors and declared by us out of legally available funds. In determining our dividend policy, the Board of Directors considers many factors including the amount of cash resources available for dividend distributions, capital spending plans, cash flow, our financial position, applicable requirements of the MGCL, any applicable contractual restrictions, and future growth in NAV and cash flow per share prospects. Consequently, the dividend rate on a quarterly basis does not necessarily correlate directly to any individual factor.

From the date of issuance until the fifth anniversary of the date of issuance, holders of Series A Preferred Stock and Series D Preferred Stock may require us to redeem such shares at a discount to the Series A1 Preferred Stock, Series A Preferred Stated Value and Series D Preferred Stated Value, respectively. From and after the fifth anniversary of the date of original issuance of any share of our Preferred Stock, we generally (subject to certain conditions) have the right (but not the obligation) to redeem, and the holder of such share may require us to redeem, such share at a redemption price equal to 100% of the stated value of such share, plus any accrued but unpaid dividends in respect of such share as of the effective date of the redemption. The redemption price in respect of any share of Preferred Stock, whether redeemed at our option or at the option of a holder, may be paid in cash or in shares of Common Stock in our sole discretion. **During the three months ended September 30, 2023 As of March 31, 2024, we redeemed 187,759 1,778,005 shares of Series A Preferred Stock, 30,941 119,072 shares of Series A1 Preferred Stock, and no 8,410 shares of Series D Preferred Stock.**

**On September 15, 2022, we repurchased 2,435,284 shares of our Series L Preferred Stock in a privately negotiated transaction (the "Series L Repurchase"). The shares were repurchased at a purchase price of \$27.40 per share (a 3.4% discount to the stated value of \$28.37 per share) plus \$1.12 per share of accrued and unpaid dividends (or \$2.7 million of accrued and unpaid dividends in the aggregate). The total cost to complete the Series L Repurchase, including of transactions costs of \$700,000, was \$70.1 million. In connection with the Series L Repurchase, we recognized redeemable preferred stock redemptions of \$4.8 million on our consolidated statement of operations for the three months ended September 30, 2022.**

**As announced on December 23, 2022, we redeemed all remaining outstanding shares of our Series L Preferred Stock in cash on January 25, 2023 at its stated value of \$28.37 (the "Series L Redemption"). The total cost to complete the Series L Redemption, including transaction costs, was \$83.8 million. In connection with the Series L Redemption, we recognized redeemable preferred stock redemptions of \$7.9 million on our consolidated statement of operations for the year ended December 31, 2022. The \$7.9 million of redeemable preferred stock redemptions represents the difference between the repurchase price and the carrying value of the repurchased Series L Preferred Stock (representing the stated value of \$28.37 per share reduced by \$2.65 per share of stock offering costs). As of December 31, 2022, \$83.8 million was recorded in accounts payable and accrued expenses on our consolidated balance sheet in connection with the Series L Redemption. The accrued and unpaid dividends on the redeemed shares of Series L Preferred Stock through December 31, 2022 of \$1.56 per share (or \$4.6 million accrued and unpaid dividends in the aggregate) were also paid January 25, 2023. No additional dividends were owed on the redeemed shares of Series L Preferred Stock subsequent to December 31, 2022.**

#### Off-Balance Sheet Arrangements

As of **September 30, 2023** **March 31, 2024**, we did not have any off-balance sheet arrangements.

#### Recently Issued Accounting Pronouncements

Our recently issued accounting pronouncements are described in Note 2 to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

#### Item 3.

##### Quantitative and Qualitative Disclosures About Market Risk

Our future income, cash flow and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We are exposed to market risk in the form of changes in interest rates and the potential impact such changes may have on the cash flows from our floating rate debt or the fair values of our fixed rate debt. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (including our variable rate mortgages payable subject to interest rate cap agreements and excluding premiums, discounts, and deferred loan costs), **\$263.7 million** **\$250.7 million** (or **55.6%** **52.6%**) and **\$97.1 million** **\$250.7 million** (or **52.1%** **52.7%**) of our debt, respectively, was fixed rate borrowings. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (excluding our variable rate mortgages payable subject to interest rate cap agreements as well as premiums, discounts and deferred loan costs), **\$210.7 million** **\$225.5 million** (or **44.4%** **47.4%**) and **\$89.3 million** **\$224.7 million** (or **47.9%** **47.3%**), respectively, was floating rate borrowings. Based on the level of floating rate debt outstanding as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, a 50 basis point change in SOFR would result in an annual impact to our earnings of approximately \$1.1 million and **\$446,000**, **\$1.1 million**, respectively. We calculate interest rate sensitivity by multiplying the amount of floating rate debt by the respective change in rate.

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As of **September 30, 2023** **March 31, 2024**, we had **two** **one** interest rate cap agreements agreement outstanding with an aggregate notional amount of **\$166.6 million** **\$87.0 million** and an aggregate fair value of the net derivative assets asset of **\$3.0 million** **\$544,000**. As of **September 30, 2023** **March 31, 2024**, an increase or decrease of 50 basis points in interest rates would not result in a significant change to the fair value of the derivative asset.

#### Item 4.

##### Controls and Procedures

###### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, regarding 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 Exchange Act). Based on that evaluation, as of **September 30, 2023** **March 31, 2024**, our Principal Executive Officer and Principal Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and include controls and procedures designed to ensure the information required to be disclosed by us in such reports is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

###### Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II

### Other Information

#### Item 1. Legal Proceedings

We are not currently involved in any material pending or threatened legal proceedings nor, to our knowledge, are any material legal proceedings currently threatened against us, other than routine litigation arising in the ordinary course of business. In the normal course of business, we are periodically party to certain legal actions and proceedings involving matters that are generally incidental to our business. While the outcome of these legal actions and proceedings cannot be predicted with certainty, in management's opinion, the resolution of these legal proceedings and actions will not have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations or to maintain our level of distributions on our Common Stock or Preferred Stock.

#### Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in "Risk Factors" in Part I, Item 1A of the [2022](#) [2023](#) Form 10-K.

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

In May 2022, the Company's Board of Directors approved a repurchase program of up to \$10.0 million of the Company's Common Stock (the "SRP"). Under the SRP, the Company, in its discretion, may purchase shares of its Common Stock from time to time in the open market or in privately negotiated transactions. The amount and timing of purchases of shares will depend on a number of factors, including the price and availability of shares, trading volume and general market conditions. The SRP has no termination date and may be suspended or discontinued at any time. There were no repurchases during the three and nine months ended [September 30, 2023](#) [March 31, 2024](#). As of [September 30, 2023](#) [March 31, 2024](#), the Company had repurchased 662,462 shares of Common Stock for \$4.7 million.

#### Item 3. Defaults Upon Senior Securities

None.

#### Item 4. Mine Safety Disclosures

Not applicable.

#### Item 5. Other Information

None of our officers or directors had any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K, in effect at any time during the three months ended [September 30, 2023](#) [March 31, 2024](#).

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#### Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1	<a href="#">Amended and Restated Agreement of Limited Partnership of CIM Urban Partners, L.P. (incorporated by reference to Exhibit 10.23 to the Registrant's Form 10-K filed with the SEC on March 29, 2024).</a>
10.2	<a href="#">Exchange Agreement, dated as of March 28, 2024, by and among Creative Media &amp; Community Trust Corporation, CMCT NAV REIT and CIM Urban Partners, L.P. (incorporated by reference to Exhibit 10.24 to the Registrant's 10-K filed with SEC on March 29, 2024).</a>
*10.3	<a href="#">Modification Agreement, dated as of May 14, 2024, by and among 9460 Wilshire Blvd (BH) Owner, L.P., a Delaware limited partnership, CIM/11600 Wilshire (Los Angeles), L.P., a Delaware limited partnership, CIM/11620 Wilshire (Los Angeles), L.P., a Delaware limited partnership, 1130 Howard (SF) Owner, L.P., a Delaware limited partnership, CIM Urban REIT Properties IX, L.P., a Delaware limited partnership, CIM/J Street Hotel Sacramento, L.P., a California limited partnership, CIM/J Street Garage Sacramento, L.P., a California limited partnership, and Two Kaiser Plaza (Oakland) Owner, LLC, a Delaware limited liability company, and the lenders from time to time party to the Credit Agreement.</a>
*31.1	<a href="#">Section 302 Officer Certification—Chief Executive Officer.</a>
*31.2	<a href="#">Section 302 Officer Certification—Chief Financial Officer.</a>
*32.1	<a href="#">Section 906 Officer Certification—Chief Executive Officer.</a>
*32.2	<a href="#">Section 906 Officer Certification—Chief Financial Officer.</a>
*101.INS	XBRL Instance Document — the instance document does not appear in the interactive data files because its XBRL on the Interactive Data File because its XBRL tags are embedded within the inline XBRL document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*104	Cover page Interactive Data File, formatted in inline XBRL (included in Exhibit 101).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: **November 14, 2023** **May 15, 2024**

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION

By: **/s/ DAVID THOMPSON**  
David Thompson  
*Chief Executive Officer*

Dated: **November 14, 2023** **May 15, 2024**

By: **/s/ BARRY N. BERLIN**  
Barry N. Berlin  
*Chief Financial Officer*

**6255**

**MODIFICATION AGREEMENT**

This Modification Agreement (this “**Agreement**”) is made as of May 14, 2024 (the “**Effective Date**”), by and among 9460 WILSHIRE BLVD (BH) OWNER, L.P., a Delaware limited partnership, CIM/11600 WILSHIRE (LOS ANGELES), LP, a Delaware limited partnership, CIM/11620 WILSHIRE (LOS ANGELES), LP, a Delaware limited partnership, 1130 HOWARD (SF) OWNER, L.P., a Delaware limited partnership, CIM URBAN REIT PROPERTIES IX, L.P., a Delaware limited partnership, CIM/J STREET HOTEL SACRAMENTO, L.P., a California limited partnership, CIM/J STREET GARAGE SACRAMENTO, L.P., a California limited partnership, and TWO KAISER PLAZA (OAKLAND) OWNER, LLC, a Delaware limited liability company (individually and collectively, “**Borrower**”), the lenders (each a “**Lender**,” and, collectively, the “**Lenders**”) from time to time party to the Credit Agreement (as defined below), and JPMORGAN CHASE BANK, N.A., a national banking association, as administrative agent for the Lenders (in such capacity, “**Administrative Agent**”).

Factual Background

A. Pursuant to that certain Amended and Restated Credit Agreement dated as of December 16, 2022, among Borrower, Lenders, and Administrative Agent (the “**Credit Agreement**”), Lenders agreed to provide revolving loans (the “**Revolving Facility**”) and term loans (the “**Term Facility**,” and, together with the Revolving Facility, the “**Facility**”) to Borrower. Capitalized terms used herein without definition have the meanings ascribed to them in the Credit Agreement.

B. The Facility is evidenced by Revolving Notes and Term Notes, as applicable.

C. The Notes are secured by, among other things, the Security Instruments.

D. CIM Urban Partners, L.P., a Delaware limited partnership, and Creative Media & Community Trust Corporation, a Maryland corporation (individually and collectively, (“**Guarantor**”), guaranteed Borrower’s obligations to Administrative Agent and Lenders in connection with the Facility pursuant to that certain Amended and Restated Guaranty, dated as of December 16, 2022, executed by Guarantor in favor of Administrative Agent, for the benefit of the Lenders (as amended, restated or otherwise modified, the “**Guaranty**”).

E. In connection with the Facility, Borrower and Guarantor executed an Amended and Restated Environmental Indemnity Agreement (as amended, restated or otherwise modified from time to time, the “**Environmental Indemnity**”) dated as of December 16, 2022, in favor of Administrative Agent and the Lenders.

F. As used herein, the term “**Loan Documents**” means the Credit Agreement, the Notes, the Security Instruments, the Guaranty, the Environmental Indemnity and any other documents and agreements executed in connection with the Facility, including those which evidence,

guarantee, secure or modify the Facility, as any or all of them may have been amended to date. This Agreement is a Loan Document.

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G. As of the date hereof, (a) the aggregate principal balance of Revolving Loans outstanding is One Hundred Sixteen Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Nine and No/100 Dollars (\$116,999,999.00), (b) the aggregate principal balance of Term Loans outstanding is Fifty-Six Million Two Hundred Thirty Thousand and No/100 Dollars (\$56,230,000.00), and (c) aggregate Commitments under the Facility are Two Hundred Six Million Two Hundred Thirty Thousand and No/100 Dollars (\$206,230,000.00).

H. Borrower has requested and Administrative Agent and Lenders have agreed to modify the Facility as provided herein, all on the terms and conditions set forth herein.

I. Borrower, Administrative Agent and the Lenders now wish to modify the Facility as set forth below.

#### Agreement

Therefore, Borrower, Administrative Agent and the Lenders agree as follows:

1. Recitals. The recitals set forth above in the Factual Background are true, accurate and correct.

2. Reaffirmation of Loan. Borrower reaffirms all of its obligations under the Loan Documents, and Borrower acknowledges that it has no claims, offsets or defenses with respect to the payment of sums due under any Note or any other Loan Document.

3. Modification of Loan Documents. The Loan Documents are hereby amended as follows:

(a) Definitions. Each of the following definitions set forth in Section 1.01 of the Credit Agreement are hereby amended and restated in its entirety as follows:

**"Hotel Mortgageability Amount"** means, on any date of determination, with respect to all Projects included in the Borrowing Base that are Hotel Assets, the maximum amount that provides (a) a debt yield equal to fourteen percent (14%), where the debt yield calculation is based on the combined Net Operating Income attributable to all such Hotel Assets for the most recent Determination Date, and (b) a Debt Service Coverage Ratio equal to at least 1.60:1.00, where the Debt Service Coverage Ratio calculation is based on the combined Net Operating Income attributable to all such Hotel Assets for the most recent Determination Date.

**"Industrial/Multi-Family Mortgageability Amount"** means, on any date of determination, with respect to all Projects included in the Borrowing Base that are Industrial/Multi-Family Assets, the maximum amount that provides (a) a debt yield equal to ten percent (10%), where the debt yield calculation is based on the combined Net Operating Income attributable to all such Projects for the most recent Determination Date, and (b) a Debt Service Coverage Ratio equal to at least 1.15:1.00, where the Debt Service Coverage Ratio calculation is based on the combined Net Operating Income attributable to all such Industrial/Multi-Family Projects for the most recent Determination Date.

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**"Office/Retail/Flex/Parking Mortgageability Amount"** means, on any date of determination, with respect to all Projects included in the Borrowing Base for (i) office, retail, and flex office/industrial assets (including associated parking lots and structures), and (ii) standalone parking assets, the maximum amount that provides (a) a debt yield equal to twelve percent (12%), where the debt yield calculation is based on the combined Net Operating Income attributable to all such Projects for the most recent Determination Date, and

(b) a Debt Service Coverage Ratio equal to at least 1.35:1.00, where the Debt Service Coverage Ratio calculation is based on the combined Net Operating Income attributable to all such Projects for the most recent Determination Date.

(b) Additional Funding Conditions for New Revolving Loans. Notwithstanding anything to the contrary set forth in Section 2.01 of the Credit Agreement or in any other Loan Document, Borrower shall not request, and Lenders shall have no obligation to advance, any new Revolving Loans after the date hereof unless and until each of the following additional funding conditions (each, an "**Additional Funding Condition**") is satisfied: (i) Borrower shall have delivered to Administrative Agent an updated business plan for the Consolidated Group, including updated financial projections for the twelve month period following the date of such business plan, all in form, substance and detail approved by Administrative Agent and the Required Lenders, which approval may be given or withheld in Administrative Agent's and each such Lender's sole and absolute discretion, (ii) Borrower shall have delivered to Administrative Agent a Financial Covenant Compliance Certificate evidencing the Consolidated Group's compliance with all of the financial covenants set forth in Section 6.20 of the Credit Agreement as of a Determination Date occurring after the date hereof, and (iii) Borrower shall have caused the satisfaction of the requirements set forth in Section 3(f) below. From and after the satisfaction of the Additional Funding Conditions, advances of new Revolving Loans shall be available to Borrower on the terms, and subject to the conditions, set forth in the Credit Agreement.

(c) Release of Borrowing Base Properties. Notwithstanding anything to the contrary set forth in the Loan Documents, including, without limitation, Sections 6.13 and 10.01 of the Credit Agreement, prior to the payment in full of the Obligations (other than contingent Obligations not yet due and payable and for which no demand has been made) and the termination of the Commitment of each Lender, no Borrowing Base Property shall be released from the lien of the applicable Security Instrument, and no Borrower shall be released from its obligations under the Loan Documents, unless such release is approved by Administrative Agent and the Required Lenders in each instance, which approval may be given or withheld by Administrative Agent and each such Lender in their sole and absolute discretion.

(d) Restricted Payments. Notwithstanding anything to the contrary set forth in the Loan Documents, including without limitation, Section 6.21(c) of the Credit Agreement, no Borrower shall make any cash Restricted Payment(s) unless and until each of the Additional Funding Conditions referenced in Section 3(b) above has been satisfied.

(e) Limited Waiver of Consolidated Fixed Charge Coverage Ratio for Specified Measurement Period. Borrower has informed Administrative Agent and Lenders that the Consolidated Group failed to satisfy the Consolidated Fixed Charge Coverage Ratio for the Measurement Period ending on the March 31, 2024 Determination Date (the "**Specified**

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**Measurement Period**") as required pursuant to Section 6.20(c) of the Credit Agreement. Borrower has requested and Administrative Agent and Lenders hereby agree to waive compliance with, and hereby waive any Default or Event of Default arising due to any failure to comply with, the Consolidated Fixed Charge Coverage Ratio requirement under Section 6.20(c) for the Specified Measurement Period only. The requirements of Section 6.20(c) of the Credit Agreement remain in full force and effect with respect to all Measurement Periods other than the Specified Measurement Period and shall be tested as of the end of each fiscal quarter ending after the date hereof. The foregoing waiver is limited to the matter described above and the Specified Measurement Period only and shall not be construed to be a waiver of any other financial covenant, Measurement Period, provisions or terms of the Credit Agreement or other Loan Documents. No further waiver has been requested or granted.

(f) Pledge of Equity Interests; Negative Pledge.

(i) Post-Closing Obligations re: Pledge of Equity Interests. Within sixty (60) days after the date hereof (with an extension of up to thirty (30) days as Administrative Agent may approve in its sole discretion), Borrower shall cause each of the following requirements to be satisfied:

(A) Each holder of any Equity Interest (each such holder being referred to herein as a "**Pledgor**") in such Borrower, including, without limitation, all membership interests and all general and limited partnership interests in such Borrower, as applicable, shall pledge to Administrative Agent, for the benefit of Lenders, all of their respective Equity Interests in each Borrower as security for the Obligations, which pledges shall be pursuant to one or more pledge agreements in form and substance reasonably satisfactory to Administrative Agent (each, a "**Pledge Agreement**" and collectively, the "**Pledge Agreements**");

(B) Administrative Agent shall have received all filings and recordations that are necessary to perfect the security interests of Administrative Agent, on behalf of itself and the Lenders, in the equity collateral pledged pursuant to the Pledge Agreements and Administrative Agent shall have received evidence reasonably satisfactory to Administrative Agent that upon such filings and recordations such security interests constitute valid and perfected first priority liens thereon;

(C) Borrower shall have amended its Organization Documents in a manner reasonably satisfactory to Administrative Agent to evidence that the Equity Interests in such Borrower are securities governed by Article 8 of the Uniform Commercial Code as in effect in each applicable jurisdiction, and Administrative Agent shall have received a copy of all of such amended Organization Documents;

(D) Administrative Agent shall have received original certificates evidencing the certificated Equity Interests pledged pursuant to the Pledge Agreements, together with an undated stock power for each such certificate duly executed in blank by the registered owner thereof;

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(E) Administrative Agent shall have received the results of a Lien search (including a search as to judgments, pending litigation, bankruptcy and tax), in form and substance reasonably satisfactory to Administrative Agent, made against the Pledgor under the Uniform Commercial Code (or applicable judicial docket) as in effect in each jurisdiction in which filings or recordations under the applicable Uniform Commercial Code should be made to evidence or perfect security interests in all applicable Equity Interests being pledged by such Pledgor; and

(F) Administrative Agent shall have received such opinions from counsel to each Pledgor as Administrative Agent may reasonably require with respect to the valid existence and good standing of such Pledgor, enforceability, non-contravention, no consents or approvals required other than those that have been obtained, and the attachment and perfection of the security interest in favor of Administrative Agent in the Equity Interests pledged by such Pledgor.

(ii) Negative Pledge. No Borrower shall suffer to exist, and Borrower shall cause each Pledgor not to grant, any Lien on all or any portion of the Equity Interests (including rights to distributions or other economic interests) in Borrower pledged by Pledgor pursuant to the Pledge Agreements, other than the Liens in favor of Administrative Agent pursuant to the Pledge Agreements and Permitted Encumbrances.

(g) Post-Closing Obligations. Within thirty (30) days after the date hereof (with an extension of up to thirty (30) days as Administrative Agent may approve in its sole discretion), Borrower shall cause each of the following requirements to be satisfied:

(i) the applicable Borrower shall have executed an amendment to each Security Instrument in form and substance reasonably acceptable to such Borrower and Administrative Agent confirming that such Security Instrument remains in full force and effect notwithstanding this Agreement, which amendment shall have been recorded in the official records of the county in which the affected Borrowing Base Property is located; and

(ii) Administrative Agent shall have received such assurance as Administrative Agent may reasonably require that the validity and priority of each Security Instrument has not been and will not be impaired by this Agreement or the transactions contemplated by it, including an ALTA 11-06 Endorsement (or TLTA T-38 Endorsement with respect to any Borrowing Base Property located in the State of Texas) and any other endorsements reasonably required by Administrative Agent to be attached to the policies of title insurance delivered to Administrative Agent in connection with the Security Instruments.

(h) Secured Obligations. Each Security Instrument is modified to secure payment and performance of the Facility, as amended to date, in addition to all other "**Obligations**" as therein defined. Notwithstanding the foregoing, certain obligations continue to be excluded from the Obligations, as provided in each such Security Instrument.

(i) **Events of Default.** Any failure by Borrower to perform or observe any term, covenant or agreement contained herein shall constitute an immediate Event of Default under Section 8.01(b) of the Credit Agreement.

4. **Conditions Precedent.** Before this Agreement becomes effective and any party becomes obligated under it, all of the following conditions shall have been satisfied at Borrower's sole cost and expense in a manner acceptable to Administrative Agent and the Lenders, in the exercise of their sole judgment:

(a) Administrative Agent and the Lenders shall have received fully executed counterparts of this Agreement and of the Consent and Reaffirmation attached hereto executed by Guarantor with respect to the Guaranty;

(b) (i) At least five (5) days prior to the date hereof, all documentation and other information regarding Borrower requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing of Borrower at least ten (10) days prior to the date hereof, and (ii) to the extent Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least five (5) days prior to the date hereof, any Lender that has requested, in a written notice to Borrower at least ten (10) days prior to the date hereof, a Beneficial Ownership Certification in relation to Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied);

(c) Borrower shall have paid to Administrative Agent, for the ratable benefit of each Lender, a modification fee in an amount equal to \$103,115.00; and

(d) Administrative Agent shall have received reimbursement, in immediately available funds, of all reasonable and documented costs and expenses incurred by Administrative Agent in connection with this Agreement, including charges for title insurance (including endorsements), recording, filing and escrow charges, and reasonable and documented legal fees and expenses of Administrative Agent's and the Lenders' counsel, in each case, to the extent invoiced at least one (1) Business Day prior to the date hereof.

5. **Borrower's Representations and Warranties.** Borrower represents and warrants to Administrative Agent and the Lenders as follows:

(a) **Loan Documents.** All representations and warranties made and given by Borrower in the Loan Documents are true, accurate and correct, subject to such matters, if any, as have been previously disclosed to Administrative Agent in writing, in all material respects on and as of the date hereof except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date.

(b) **No Default.** After giving effect to the waiver provided in Section 3(e) above, no Default or Event of Default has occurred and is continuing.

(c) **Borrowing Entity.** There have been no changes in the organization, composition, ownership structure or formation documents of any Borrower since the date of the Credit Agreement that would violate any restrictions set forth in the Loan Documents.

(d) **Beneficial Ownership Certification.** As of the date hereof, to the best knowledge of Borrower, the information included in the Beneficial Ownership Certification provided by such Borrower on or prior to the date hereof to any Lender in connection with this Agreement is true and correct in all material respects.

6. **Incorporation.** This Agreement shall form a part of each Loan Document, and all references to a given Loan Document shall mean that document as hereby modified.

7. **No Prejudice; Reservation of Rights.** This Agreement shall not prejudice any rights or remedies of Administrative Agent nor any Lender under the Loan Documents. Administrative Agent and the Lenders reserve, without limitation, all rights which it has against any indemnitor, guarantor, or endorser of the Notes.

8. **No Impairment.** Except as specifically hereby amended, the Loan Documents shall each remain unaffected by this Agreement and all such documents shall remain in full force and effect. Nothing in this Agreement shall impair the lien of any Security Instrument, which as hereby amended shall remain one deed of trust with a power of sale, creating a first lien encumbering the Borrowing Base Property described therein.

9. **Purpose and Effect of Administrative Agent's and/or Lenders Approval.** Administrative Agent's and/or any Lender's approval of any matter in connection with the Facility shall be for the sole purpose of protecting Administrative Agent's and such Lender's security and rights. Except as provided under Section 3(e) above, no such approval shall result in a waiver of any default of Borrower. In no event shall Administrative Agent's and/or any Lender's approval be a representation of any kind with regard to the matter being approved.

10. **Reversal of Payments.** If Administrative Agent receives any payments which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be paid to a trustee, debtor-in-possession, receiver or any other party under any bankruptcy law, common law, equitable cause or otherwise, then, to such extent, the obligations or part thereof intended to be satisfied by such payments or proceeds shall be reversed and continue as if such payments or proceeds had not been received by Administrative Agent.

11. **Course of Dealing.** Administrative Agent, each Lender and Borrower hereby acknowledge and agree that at no time shall any prior or subsequent course of conduct by Borrower, Administrative Agent or any Lender directly or indirectly limit, impair or otherwise adversely affect any of Administrative Agent's or any Lender's rights, interests or remedies in connection with the Facility and the Loan Documents or obligate Administrative Agent or any Lender to agree to, or to negotiate or consider an agreement to, any waiver of any obligation or default by Borrower under any Loan Document or any amendment to any term or condition of any Loan Document.

12. **Integration.** The Loan Documents, including this Agreement: (a) integrate all the terms and conditions mentioned in or incidental to the Loan Documents; (b) supersede all oral

negotiations and prior and other writings with respect to their subject matter; and (c) are intended by the parties as the final expression of the agreement with respect to the terms and conditions set forth in those documents and as the complete and exclusive statement of the terms agreed to by the parties. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any of the other Loan Documents, the terms, conditions and provisions of this Agreement shall prevail.

13. **Release.** As further inducement to the Administrative Agent and Lenders to enter into this Agreement, each Borrower hereby releases the Agent and the Lenders as follows:

(a) Borrowers and, by its execution of the attached Consent and Reaffirmation, each Guarantor and their respective heirs, successors and assigns (collectively, the "**Releasing Parties**") do hereby release, acquit and forever discharge Administrative Agent and the Lenders (in their capacities as such) of and from any and all claims, demands, obligations, liabilities, indebtedness, breaches of contract, breaches of duty or any relationship, acts, omissions, misfeasance, malfeasance, cause or causes of action, debts, sums of money, accounts, compensation, contracts, controversies, promises, damages, costs, losses and expenses of every type, kind, nature, description, or character, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, each as though fully set forth herein at length, which exist as of the Effective Date and which in any way arise out of, are connected with or related to the Loan Documents or this Agreement (collectively, the "**Released Claims**").

(b) The agreement of the Releasing Parties, as set forth in the preceding subparagraph (a) shall inure to the benefit of the respective successors, assigns, insurers, administrators, agents, employees, and representatives of Administrative Agent and the Lenders.

(c) The Releasing Parties have read the foregoing release, fully understand the legal consequences thereof and have obtained the advice of counsel with respect thereto. The Releasing Parties further warrant and represent that they are authorized to make the foregoing release.

(d) To the extent that, notwithstanding the New York Choice of law provisions of this Agreement and the other Loan Documents, California law is deemed to apply to the release provisions set forth herein, the Releasing Parties acknowledge and agree that they understand the meaning and effect of Section 1542 of the California Civil Code which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

(e) Each Releasing Party acknowledges that the foregoing release shall extend to Released Claims which the Releasing Party does not know or suspect to exist in Releasing Party's favor at the time of executing this Agreement, regardless of whether such Released Claims, if known by such Releasing Party, would have materially affected such Releasing Party's decision to enter into this Agreement. Each Releasing Party waives and relinquishes any right or benefit which it has or may have under any provision of the statutory or nonstatutory law of any jurisdiction which provides to the contrary, to the full extent that it may lawfully waive all such

rights and benefits. In connection with such waiver and relinquishment, each Releasing Party acknowledges that it is aware that it or its attorneys or agents may hereafter discover facts in addition to or different from those which it now knows or believes to exist with respect to the subject matter of this Section 13 or the other parties hereto, but that each Releasing Party intends hereby fully, finally and forever to settle, waive and release all of the Released Claims, known or unknown, suspected or unsuspected, which now exist or may exist hereafter between Releasing Parties, on the one hand, and Administrative Agent and the Lenders, on the other hand, in connection with the Loan Documents, except as otherwise expressly provided in this Section 13. This release shall be and remain in effect notwithstanding the discovery or existence of any such additional or different facts.

(f) Each Releasing Party warrants and represents that it is the sole and lawful owner of all right, title and interest in and to all of the respective Released Claims released hereby and that it has not heretofore voluntarily, by operation of law or otherwise, assigned or transferred or purported to assign or transfer to any person or entity any such claim or any portion thereof. If any Releasing Party shall have assigned or transferred, or purported to assign or transfer, any Released Claim released hereunder, then such Releasing Party shall indemnify Administrative Agent and the Lenders and hold Administrative Agent and the Lenders harmless from and against any loss, cost, claim or expense including but not limited to all costs related to the defense of any action, including reasonable attorneys' fees, based upon, arising out of, or incurred as a result of any such assigned or transferred Released Claim.

(g) This release is not to be construed and does not constitute an admission of liability on the part of Administrative Agent or any Lender. This release shall constitute an absolute bar to any Released Claim of any kind, whether such claim is based on contract, tort, warranty, mistake or any other theory, whether legal, statutory or equitable. The Releasing Parties specifically agree that any attempt to assert a claim barred hereby shall subject each of them to the provisions of applicable law setting forth the remedies for the bringing of groundless, frivolous or baseless claims or causes of action.

**14. Miscellaneous.** This Agreement and any attached consents or exhibits requiring signatures may be executed in counterparts, and all counterparts shall constitute but one and the same document. If any court of competent jurisdiction determines any provision of this Agreement or any of the other Loan Documents to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of the Loan Documents. This Agreement shall be governed by the laws of the State of New York, without regard to the choice of law rules of that State. As used here, the word "**include(s)**" means "includes(s), without limitation," and the word "**including**" means "including, but not limited to."

**THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

**[Signatures begin on following page.]**

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

**9460 WILSHIRE BLVD (BH) OWNER, L.P.,**  
a Delaware limited partnership

By: 9460 Wilshire Blvd GP, LLC,  
a Delaware limited liability company, its general partner

/s/ David Thompson

Name: David Thompson  
Title: Vice President and Chief Financial Officer

**CIM/11600 WILSHIRE (LOS ANGELES), LP,**  
a Delaware limited partnership

By: CIM/11600 Wilshire (Los Angeles) GP, LLC, a Delaware limited liability company,  
its general partner

/s/ David Thompson

Name: David Thompson  
Title: Vice President and Chief Financial Officer

**[Signatures Continue on the Following Page]**

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**CIM/11620 WILSHIRE (LOS ANGELES), LP,**  
a Delaware limited partnership

By: CIM/11620 Wilshire (Los Angeles) GP, LLC, a Delaware limited liability company,  
its general partner

/s/ David Thompson

Name: David Thompson  
Title: Vice President and Chief Financial Officer

**1130 HOWARD (SF) OWNER, L.P.,**  
a Delaware limited partnership

By: 1130 Howard (SF) GP, LLC,  
a Delaware limited liability company,

its general partner

/s/ David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

*[Signatures Continue on the Following Page]*

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**CIM URBAN REIT PROPERTIES IX, L.P.,**  
a Delaware limited partnership

By: CIM Urban REIT GP II, LLC,  
a Delaware limited liability company,  
its general partner

/s/ David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

**CIM/J STREET HOTEL SACRAMENTO, L.P.,**  
a California limited partnership

By: CIM/J Street Hotel Sacramento GP, LLC, a California limited liability company,  
its general partner

/s/ David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

*[Signatures Continue on the Following Page]*

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**TWO KAISER PLAZA (OAKLAND) OWNER, LLC,**  
a Delaware limited liability company

By: /s/ David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

**CIM/J STREET GARAGE SACRAMENTO, L.P.,**  
a California limited partnership

By: CIM/J Street Garage Sacramento GP, LLC, a California limited liability company,  
Its general partner

/s/ David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

*[Signatures Continue on the Following Page]*

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**JPMORGAN CHASE BANK, N.A.,**  
a national banking association, as Administrative Agent

By: /s/ Neil Laird Traeger  
Name: Neil Laird Traeger  
Title: Authorized Officer

*[Signatures Continue on the Following Page]*

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**JPMORGAN CHASE BANK, N.A.,**  
a national banking association,  
as Lender

By: /s/ Neil Laird Traeger  
Name: Neil Laird Traeger

Title: Authorized Officer

*[Signatures Continue on the Following Page]*

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**BANK OF AMERICA, N.A.,**  
a national banking association, as Lender

By: /s/ Henry Yang  
Name: Henry Yang  
Title: Senior Vice President

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**FIFTH THIRD BANK, NATIONAL ASSOCIATION,**  
as Lender

By: /s/ David Robinson  
Name: David Robinson  
Title: Vice President

**PNC BANK, NATIONAL ASSOCIATION,**  
as Lender

By: /s/ Patrick Carter  
Name: Patrick Carter  
Title: Senior Vice President

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**TRUIST BANK,**  
as Lender

By: */s/* Aaron J. Hammond  
Name: Aaron J. Hammond  
Title: Director

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**COMERICA BANK,**  
as Lender

By: */s/* Stephen Leskovsky  
Name: Stephen Leskovsky  
Title: Vice President

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Consent and Reaffirmation

Each of the undersigned (each, a **"Guarantor"**) hereby consents to the foregoing Modification Agreement and the transactions contemplated thereby and reaffirms its obligations under (a) that certain Amended and Restated Guaranty, dated as of December 16, 2022, and (b) that certain Amended and Restated Environmental Indemnity Agreement dated as of December 16, 2022, each as more particularly described in the foregoing Modification Agreement, and agrees that the obligations of Borrower guaranteed under such Guaranty include, without limitation, the obligation of Borrower to repay the principal amount of the Facility, as such Facility has been modified pursuant to the terms of the Modification Agreement, on the terms and conditions set forth in such Guaranty. In addition, Guarantor acknowledges that its obligations under the Amended and Restated Guaranty and the Amended and Restated Environmental Indemnity Agreement are separate and distinct from those of Borrower on the Facility.

Dated as of: May 14, 2024

**GUARANTOR:**

CIM URBAN PARTNERS, L.P.,  
a Delaware limited partnership

By: Urban Partners GP, LLC,  
a Delaware limited liability company,  
its general partner

*/s/* David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

CREATIVE MEDIA & COMMUNITY TRUST  
CORPORATION, a Maryland corporation

By: /s/ David Thompson  
Name: David Thompson  
Title: Vice President and Chief Financial Officer

Guarantor Consent

Exhibit 31.1

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Creative Media & Community Trust Corporation;
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 14, 2023 May 15, 2024

/s/ DAVID THOMPSON  
David Thompson  
Chief Executive Officer

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Quicklinks

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Barry N. Berlin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Creative Media & Community Trust Corporation;
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 14, 2023 May 15, 2024

/s/ BARRY N. BERLIN

Barry N. Berlin  
Chief Financial Officer

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QuickLinks

EXHIBIT 31.2

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

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**CERTIFICATION PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Creative Media & Community Trust Corporation (the "Company") on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Thompson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID THOMPSON

David Thompson  
Chief Executive Officer

**November 14, 2023** **May 15, 2024**

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QuickLinks

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

**CERTIFICATION PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Creative Media & Community Trust Corporation (the "Company") on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry N. Berlin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BARRY N. BERLIN  
Barry N. Berlin  
Chief Financial Officer  
November 14, 2023 May 15, 2024

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EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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