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 June 30, 2026

OR

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

Commission file number: 001-40923

FRANKLIN BSP REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	**46-1406086**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1 Madison Ave, Suite 1600 **New York, New York**	**10010**
(Address of Principal Executive Office)	(Zip Code)

(212) 588-6770

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	FBRT	New York Stock Exchange
7.50% Series E Cumulative Redeemable Preferred Stock, par value $0.01 per share	FBRT PRE	New York Stock Exchange

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

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

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

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

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 ☒

The number of shares of the registrant's common stock, $0.01 par value, outstanding as of July 27, 2026 was 83,045,416.

FRANKLIN BSP REALTY TRUST, INC.

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FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Cash and cash equivalents	$ 136,347	$ 167,292
Restricted cash	18,664	17,889
Investment securities, held to maturity(1)	23,356	20,483
Commercial mortgage loans, held for investment, net of allowance for credit losses of $54,457 and $38,302 as of June 30, 2026 and December 31, 2025, respectively(2)	4,275,122	4,383,134
Commercial mortgage loans, held for sale, measured at fair value(3)	251,842	360,718
Real estate securities, available for sale, measured at fair value, amortized cost of $187,905 and $151,946 as of June 30, 2026 and December 31, 2025, respectively(4)	187,247	151,662
Mortgage servicing rights, net	205,549	212,216
Accrued interest receivable	33,665	41,468
Receivable for loan repayment(5)	80,337	50,619
Prepaid expenses and other assets	37,233	45,112
Real estate owned, net of depreciation	164,593	99,265
Real estate owned, held for sale	115,738	198,883
Equity method investments	89,186	71,682
Intangible assets, net of amortization	111,866	115,553
Goodwill	92,048	92,048
Derivative instruments, measured at fair value	12,155	11,315
Loans eligible for repurchase	4,881	17,911
Variable interest entity (“VIE”) assets, measured at fair value	544,017	—
Total assets	**$ 6,383,846**	**$ 6,057,250**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Collateralized loan obligations	$ 2,943,642	$ 2,735,582
Repurchase agreements and revolving credit facilities - commercial mortgage loans	802,380	1,087,087
Repurchase agreements - real estate securities	196,538	187,371
Other financings	12,865	12,865
Unsecured debt	185,923	185,466
Mortgage note payable	24,186	23,998
Allowance for loss sharing	19,409	19,484
Accrued compensation	32,878	43,662
Liability for loans eligible for repurchase	4,881	17,911
Interest payable	13,460	16,110
Distributions payable	22,945	38,935
Accounts payable and accrued expenses	15,266	18,892
Due to affiliates	11,322	12,054
Derivative instruments, measured at fair value	7,477	6,951
Other liabilities	25,022	29,657
VIE liabilities, measured at fair value	516,419	—
Total liabilities	**$ 4,834,613**	**$ 4,436,025**
Commitments and Contingencies		
Redeemable convertible preferred stock:		
Redeemable convertible preferred stock Series H, $0.01 par value, 20,000 authorized and 17,950 issued and outstanding as of June 30, 2026 and December 31, 2025	$ 89,748	$ 89,748
Total redeemable convertible preferred stock	**$ 89,748**	**$ 89,748**
Equity:		
Preferred stock, $0.01 par value; 100,000,000 shares authorized, 7.5% Cumulative Redeemable Preferred Stock, Series E, 10,329,039 shares issued and outstanding as of June 30, 2026 and December 31, 2025	$ 258,742	$ 258,742
Common stock, $0.01 par value, 900,000,000 shares authorized, 75,436,265 and 81,553,982 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	750	808
Additional paid-in capital	1,540,232	1,593,365
Accumulated other comprehensive income/(loss)	(658)	(284)
Accumulated deficit	(426,442)	(411,101)
Total stockholders' equity	**$ 1,372,624**	**$ 1,441,530**
Non-controlling interest	86,861	89,947
Total equity	**$ 1,459,485**	**$ 1,531,477**
Total liabilities, redeemable convertible preferred stock and equity	**$ 6,383,846**	**$ 6,057,250**

PART I. Item 1. Consolidated Financial Statements and Notes (unaudited)

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

(1) Includes pledged assets of $23.1 million and $20.2 million as of June 30, 2026 and December 31, 2025, respectively.

(2) Includes pledged assets of $818.5 million and $855.2 million as of June 30, 2026 and December 31, 2025, respectively.

(3) Includes pledged assets of $243.4 million and $329.2 million as of June 30, 2026 and December 31, 2025, respectively.

(4) Includes pledged assets of $187.2 million and $151.7 million as of June 30, 2026 and December 31, 2025, respectively.

(5) Includes $80.2 million and $50.5 million of cash held by servicer related to the CLOs as of June 30, 2026 and December 31, 2025, respectively.

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

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Income				
Interest income	$ 97,187	$ 111,171	$ 189,436	$ 225,079
Less: Interest expense	67,261	70,213	132,491	140,806
Net interest income	29,926	40,958	56,945	84,273
Gain/(loss) on sales, including fee-based services, net	15,775	264	37,105	5,303
Mortgage servicing rights	3,917	—	10,659	—
Servicing revenue, net	9,658	—	20,208	—
Gain/(loss) on derivatives	480	(217)	2,334	(335)
Revenue from real estate owned	5,538	8,336	12,420	15,133
Total income	**$ 65,294**	**$ 49,341**	**$ 139,671**	**$ 104,374**
Expenses				
Compensation and benefits	$ 20,969	$ —	$ 43,793	$ —
Asset management and subordinated performance fee	5,969	5,537	12,023	12,092
Acquisition expenses	415	175	586	474
Administrative services expenses	2,028	3,884	4,362	7,232
Professional fees	7,241	4,698	16,526	11,274
Other expenses	12,030	11,569	23,235	21,505
Depreciation and amortization	1,983	1,381	5,403	2,761
Share-based compensation	2,457	2,316	4,860	4,562
Total expenses	**$ 53,092**	**$ 29,560**	**$ 110,788**	**$ 59,900**
Other income/(loss)				
(Provision)/benefit for credit losses	$ (7,235)	$ 1,487	$ (18,626)	$ 3,385
Realized gain/(loss) on real estate securities, available for sale	—	113	—	113
Realized gain/(loss) on extinguishment of debt	(933)	—	(933)	—
Gain/(loss) on other real estate investments	7,705	2,684	3,229	452
Income/(loss) from equity method investments	1,345	181	13,752	181
Change in net assets of consolidated VIE, CMBS trust	296	—	296	—
Total other income/(loss)	**$ 1,178**	**$ 4,465**	**$ (2,282)**	**$ 4,131**
Income/(loss) before taxes	13,380	24,246	26,601	48,605
(Provision)/benefit for income tax	2,895	138	1,966	(516)
Net income/(loss)	**$ 16,275**	**$ 24,384**	**$ 28,567**	**$ 48,089**
Net (income)/loss attributable to non-controlling interest	(706)	(1,183)	(1,018)	(830)
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	**$ 15,569**	**$ 23,201**	**$ 27,549**	**$ 47,259**
Less: Preferred stock dividends	5,916	6,748	11,832	13,496
Net income/(loss) applicable to common stock	**$ 9,653**	**$ 16,453**	**$ 15,717**	**$ 33,763**
Basic earnings per share	$ 0.12	$ 0.19	$ 0.19	$ 0.40
Diluted earnings per share	$ 0.12	$ 0.19	$ 0.19	$ 0.40
Basic weighted average shares outstanding	76,367,888	82,181,403	78,137,174	82,117,897
Diluted weighted average shares outstanding	84,753,839	82,181,403	86,523,125	82,117,897

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

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income/(loss)	$ 16,275	$ 24,384	$ 28,567	$ 48,089
Amounts related to available for sale real estate securities:				
Change in net unrealized gain/(loss)	$ 398	$ (21)	$ (374)	$ (418)
Reclassification adjustment for amounts included in net income/(loss)	—	43	—	43
	$ 398	$ 22	$ (374)	$ (375)
Comprehensive (income)/loss attributed to non-controlling interest	(706)	(1,183)	(1,018)	(830)
Comprehensive income/(loss) attributable to Franklin BSP Realty Trust, Inc.	**$ 15,967**	**$ 23,223**	**$ 27,175**	**$ 46,884**

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

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Preferred E	Total Stockholders' Equity	Non-Controlling Interest	Total Equity
	Number of Shares	Par Value							
Balance, December 31, 2024	**83,066,789**	**$ 818**	**$ 1,600,997**	**$ 79**	**$ (348,074)**	**$ 258,742**	**$ 1,512,562**	**$ 7,495**	**$ 1,520,057**
Share-based compensation	—	4	2,242	—	—	—	2,246	—	2,246
Shares canceled for tax withholding on vested equity rewards	(196,020)	—	(2,393)	—	—	—	(2,393)	—	(2,393)
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	24,058	—	24,058	—	24,058
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	(353)	(353)
Distributions declared	—	—	—	—	(36,440)	—	(36,440)	—	(36,440)
Other comprehensive income/(loss)	—	—	—	(397)	—	—	(397)	—	(397)
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	(1,467)	(1,467)
Balance, March 31, 2025	**82,870,769**	**$ 822**	**$ 1,600,846**	**$ (318)**	**$ (360,456)**	**$ 258,742**	**$ 1,499,636**	**$ 5,675**	**$ 1,505,311**
Share-based compensation	57,775	—	2,316	—	—	—	2,316	—	2,316
Shares canceled for tax withholding on vested equity rewards	—	—	—	—	—	—	—	—	—
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	23,201	—	23,201	—	23,201
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	1,183	1,183
Distributions declared	—	—	—	—	(36,455)	—	(36,455)	—	(36,455)
Other comprehensive income/(loss)	—	—	—	22	—	—	22	—	22
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	60	60
Balance, June 30, 2025	**82,928,544**	**$ 822**	**$ 1,603,162**	**$ (296)**	**$ (373,710)**	**$ 258,742**	**$ 1,488,720**	**$ 6,918**	**$ 1,495,638**

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FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Preferred E	Total Stockholders' Equity	Non-Controlling Interest	Total Equity
	Number of Shares	Par Value							
Balance, December 31, 2025	**81,553,982**	**$ 808**	**$ 1,593,365**	**$ (284)**	**$ (411,101)**	**$ 258,742**	**$ 1,441,530**	**$ 89,947**	**$ 1,531,477**
Common stock repurchases	(4,361,596)	(44)	(39,779)	—	—	—	(39,823)	—	(39,823)
Share-based compensation	241,659	(9)	2,412	—	—	—	2,403	—	2,403
Shares canceled for tax withholding on vested equity rewards	(219,141)	—	(2,228)	—	—	—	(2,228)	—	(2,228)
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	11,980	—	11,980	—	11,980
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	312	312
Distributions declared	—	—	—	—	(21,622)	—	(21,622)	—	(21,622)
Other comprehensive income/(loss)	—	—	—	(772)	—	—	(772)	—	(772)
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	(1,681)	(1,681)
Balance, March 31, 2026	**77,214,904**	**$ 755**	**$ 1,553,770**	**$ (1,056)**	**$ (420,743)**	**$ 258,742**	**$ 1,391,468**	**$ 88,578**	**$ 1,480,046**
Common stock repurchases	(1,838,855)	(18)	(15,982)	—	—	—	(16,000)	—	(16,000)
Share-based compensation	60,216	13	2,444	—	—	—	2,457	—	2,457
Shares canceled for tax withholding on vested equity rewards	—	—	—	—	—	—	—	—	—
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	15,569	—	15,569	—	15,569
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	706	706
Distributions declared	—	—	—	—	(21,268)	—	(21,268)	—	(21,268)
Other comprehensive income/(loss)	—	—	—	398	—	—	398	—	398
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	(2,423)	(2,423)
Balance, June 30, 2026	**75,436,265**	**$ 750**	**$ 1,540,232**	**$ (658)**	**$ (426,442)**	**$ 258,742**	**$ 1,372,624**	**$ 86,861**	**$ 1,459,485**

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

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net income/(loss)	$ 28,567	$ 48,089
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Premium amortization and (discount accretion), net	$ (4,413)	$ (5,126)
Accretion of deferred commitment fees	1,089	(5,349)
Amortization of deferred financing costs	5,767	6,462
Share-based compensation	4,860	4,562
Realized (gain)/loss on extinguishment of debt	933	—
Realized (gain)/loss on sale of available for sale securities, measured at fair value	—	(113)
Realized (gain)/loss on sale of commercial mortgage loans, held for sale, measured at fair value	(6,517)	(5,303)
Change in net assets of consolidated variable interest entity, CMBS trust	(192)	—
(Income)/loss from equity method investments	(13,752)	(181)
(Gain)/loss on derivative instruments	(2,334)	1,209
(Gain)/loss from other real estate investments	(3,229)	(452)
Depreciation and amortization	5,403	2,761
Straight line rental income	(370)	522
Provision/(benefit) for credit losses	18,626	(3,385)
Origination of commercial mortgage loans, held for sale, measured at fair value	(1,376,844)	(49,300)
Proceeds from sale or repayment of commercial mortgage loans, held for sale, measured at fair value	1,334,824	124,723
Distributions from equity method investments	3,145	—
MSR impairment and amortization	17,261	—
Mortgage banking activities	(10,222)	—
Changes in assets and liabilities:		
Accrued interest receivable	6,714	11,270
Prepaid expenses and other assets	6,782	(2,060)
Accounts payable and accrued expenses	(3,252)	1,226
Due to affiliates	(732)	(1,032)
Interest payable	(2,650)	(466)
Accrued compensation	(10,784)	—
Other liabilities	(4,418)	—
Net cash (used in)/provided by operating activities	**$ (5,738)**	**$ 128,057**
Cash flows from investing activities:		
Origination and purchase of commercial mortgage loans, held for investment	$ (671,060)	$ (223,054)
Principal repayments received on commercial mortgage loans, held for investment	749,108	596,503
Purchase of and contributions to equity method investments	(20,760)	(9,800)
Return of capital from equity method investments	13,863	—
Proceeds from sale of real estate owned, held for sale	5,711	44,888
Purchase of real estate owned and capital expenditures	(431)	(1,123)
Purchase of real estate securities, available for sale	(40,554)	(61,298)
Proceeds from sale or paydown of real estate securities	4,556	181,270
Payment of software development costs	(120)	—
Purchases of investment securities, held to maturity	(12,300)	—
Sales of investment securities, held to maturity	9,400	—
Proceeds from sale/(purchase) of derivative instruments	1,648	(1,572)
Payment to acquire interest in CMBS trust	(27,406)	—
Net cash (used in)/provided by investing activities	**$ 11,655**	**$ 525,814**
Cash flows from financing activities:		
Payments for common stock repurchases	$ (55,823)	$ —

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

Shares cancelled for tax withholding on vested equity rewards	(2,228)	(2,393)
Borrowings on collateralized loan obligations	778,094	—
Repayments of collateralized loan obligations	(568,021)	(589,479)
Borrowings on repurchase agreements and revolving credit facilities - commercial mortgage loans	2,339,256	413,157
Repayments of repurchase agreements and revolving credit facilities - commercial mortgage loans	(2,623,963)	(169,875)
Net borrowings/(paydowns) on repurchase agreements - real estate securities, less than 90 days maturity	9,167	(107,718)
Secured borrowings from CMBS Trust	157,413	—
Borrowings on unsecured debt	—	107,000
Payments of deferred financing costs	(7,186)	(4,564)
Contributions from non-controlling interest	—	64
Distributions to non-controlling interest	(5,216)	(1,471)
Distributions paid	(57,580)	(72,676)
Net cash (used in)/provided by financing activities:	**$ (36,087)**	**$ (427,955)**
Net change in cash, cash equivalents and restricted cash	(30,170)	225,916
Cash, cash equivalents and restricted cash, beginning of period	185,181	196,864
Cash, cash equivalents and restricted cash, end of period	**$ 155,011**	**$ 422,780**
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents, beginning of period	167,292	184,443
Restricted cash, beginning of period	17,889	12,421
Cash, cash equivalents and restricted cash, beginning of period	**$ 185,181**	**$ 196,864**
Cash and cash equivalents, end of period	136,347	414,085
Restricted cash, end of period	18,664	8,695
Cash, cash equivalents and restricted cash, end of period	**$ 155,011**	**$ 422,780**
Supplemental disclosures of cash flow information:		
Cash payments for income taxes	$ 1,114	$ 766
Cash payments for interest	126,481	133,972
Supplemental disclosures of non - cash flow information:		
Distribution payable	$ 22,945	$ 36,456
Loans transferred from commercial mortgage loans, held for investment to real estate owned, held for sale	—	169,817
Loans transferred from commercial mortgage loans, held for investment to real estate owned, held for investment	56,534	—
Transfer of commercial mortgage loans, held for sale to consolidated VIE CMBS trust	157,413	—
Commercial mortgage loans acquired via consolidated VIE CMBS trust	387,743	—
CMBS bonds issued via consolidated VIE CMBS trust	360,338	—
Seller-based financing on sales of real estate owned, held for sale	72,000	128,129
Modification accounted for as repayment and new loan	—	60,000

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

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026
(Unaudited)

Note 1 - Organization and Business Operations

Franklin BSP Realty Trust, Inc., (the "Company") is a Maryland corporation that operates as a real estate finance company. The Company has elected to be taxed as a real estate investment trust (a “REIT”) for U.S. federal income tax purposes since 2013. The Company’s operations are organized into two business units: (i) Commercial Real Estate Financing, and (ii) Agency Business.

Commercial Real Estate Financing

The Commercial Real Estate Financing unit primarily focuses on originating, acquiring and asset managing commercial real estate debt investments, including first mortgage loans, subordinated mortgage loans, mezzanine loans and participations in such loans. Secondarily, this unit also invests in and asset manages real estate securities, with a historical focus on commercial mortgage-backed securities ("CMBS"), commercial real estate collateralized loan obligation bonds and single asset single borrower bonds (collectively "CMBS bonds"), collateralized debt obligations ("CDOs") and other securities. Through this unit the Company also originates conduit loans which the Company intends to sell through its taxable REIT subsidiary ("TRS") into CMBS securitization transactions, and owns real estate that was either acquired by the Company through foreclosure, deed-in-lieu of foreclosure or that was purchased for investment.

Agency Business

On July 1, 2025, through a wholly owned subsidiary, we acquired NewPoint Holdings JV LLC ("NewPoint"), which now comprises our Agency Business unit. Through this unit, we originate, sell and service a range of multifamily finance products under programs offered by government-sponsored enterprises (“GSEs”), such as the Federal National Mortgage Association (“Fannie Mae”) and Federal Home Loan Mortgage Corporation (“Freddie Mac”) and by government agencies (“Agencies”), such as the Government National Mortgage Association (“Ginnie Mae”) and the Federal Housing Administration, a division of the U.S. Department of Housing and Urban Development (together with Ginnie Mae, “HUD”). We retain the servicing rights and asset management responsibilities on substantially all loans we originate and sell under the GSE and HUD programs. We are an approved Fannie Mae Delegated Underwriting and Servicing (“DUS”) lender, a Freddie Mac Program Plus Seller/Servicer, a Multifamily Accelerated Processing (“MAP”) and Section 232 LEAN lender for HUD and a Ginnie Mae issuer. Additionally, the Company services external portfolios of commercial real estate financing products.

Structure

The Company believes that it has qualified as a REIT and intends to continue to meet the requirements for qualification and taxation as a REIT. As of June 30, 2026, substantially all of the Company's business is conducted through FBRT OP LLC (the “OP”), a Delaware limited liability company. As of June 30, 2026, the Company is the managing member of the OP and directly or indirectly holds 90% of the common units of membership interest in the OP. In addition, the Company, through subsidiaries which are treated as taxable REIT subsidiaries (“TRS”), is indirectly subject to U.S. federal, state and local income taxes.

The Company is externally-managed by Benefit Street Partners L.L.C. (the "Advisor") pursuant to an advisory agreement, as amended on August 18, 2021 (the "Advisory Agreement"). Established in 2008, the Advisor's credit platform manages funds for institutions and high-net-worth investors across various credit funds and complementary strategies including high yield, levered loans, private/opportunistic debt, liquid credit, structured credit and commercial real estate debt. These strategies complement each other as they all leverage the sourcing, analytical, compliance, and operational capabilities that encompass the platform. The Advisor manages the Company's affairs on a day-to-day basis. The Advisor receives compensation fees and reimbursements for services related to the investment and management of the Company's assets and the operations of the Company. The Advisor is a wholly-owned subsidiary of Franklin Resources, Inc., which together with its various subsidiaries operates as "Franklin Templeton.”

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Company's unaudited consolidated financial statements and related footnotes have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X, as appropriate.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of, and for the year ended December 31, 2025, which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 25, 2026, as certain disclosures that would substantially duplicate those contained in the audited consolidated financial statements have not been included in this report.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current period presentation.

For the six months ended June 30, 2025, $5.3 million was reclassified from *Realized gain/(loss) on sale of commercial mortgage loans, held for sale, measured at fair value* to *Gain/(loss) on sales, including fee-based services, net* on the consolidated statements of operations.

For the six months ended June 30, 2025, *Unrealized gain/(loss) on derivatives* and *Realized gain/(loss) on derivatives* were combined and reclassified to *Gain/(loss) on derivatives,* resulting in net $0.3 million, respectively, being reclassified on the consolidated statements of operations.

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially. In the opinion of management, the interim data includes all adjustments, of a normal and recurring nature, necessary for a fair statement of the results for the periods presented. The current period’s results of operations will not necessarily be indicative of results that ultimately may be achieved for the entire year or any subsequent interim periods.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, the OP and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. In determining whether the Company has a controlling financial interest in a joint venture and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions and contractual and substantive participating rights of the other partners or members, as well as whether the entity is a variable interest entity ("VIE") for which the Company is the primary beneficiary.

The Company has determined the OP is a VIE of which the Company is the primary beneficiary. Substantially all of the Company's assets and liabilities are held by the OP.

The Company consolidates all entities that it controls through either majority ownership or voting rights. In addition, the Company consolidates all VIEs of which the Company is considered the primary beneficiary. VIEs are entities in which equity investors (i) do not have the characteristics of a controlling financial interest and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly affect the VIE’s economic performance and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. Non-controlling interest represents the equity of consolidated joint ventures that are not owned by the Company.

Collateralized Loan Obligations - The accompanying consolidated financial statements include the accounts of collateralized loan obligations ("CLOs") issued and securitized by wholly owned subsidiaries of the Company. The Company has determined the CLOs are VIEs of which the Company's subsidiary is the primary beneficiary. The assets and liabilities of the CLOs are consolidated in the accompanying consolidated balance sheets in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, *Consolidation*.

Commercial Mortgage-Backed Securities - The Company invests in subordinate, non-investment grade and unrated securities issued by commercial mortgage-backed securities ("CMBS") trusts, certain of which securities represent the controlling class. Management believes that the performance of the underlying commercial real estate loans is the activity that most significantly affects the economic performance of the CMBS trusts. Under the applicable trust documents, the controlling-class holder generally has the unilateral right to appoint and remove the special servicer, which manages delinquent and defaulted loans and related loss-mitigation activities.

The Company consolidates a CMBS trust when the trust is a VIE and the Company is its primary beneficiary. The Company generally concludes that it is the primary beneficiary when its controlling-class rights provide it with the power to direct the activities that most significantly affect the trust's economic performance and its investment exposes it to losses or benefits that could potentially be significant to the trust.

Upon consolidation, the Company records the trust's assets and liabilities and eliminates its investment and related transactions with the trust, including interest, servicing fees and associated balances. The difference between the trust's assets and liabilities represents the Company's beneficial interest.

The Company has elected the fair value option for the initial and subsequent measurement of the eligible financial assets and financial liabilities of its consolidated CMBS trusts. The Company has also elected the measurement alternative under ASC 810, as amended by Accounting Standards Update 2014-13 ("ASU 2014-13"), for qualifying consolidated CMBS trusts.

Under the measurement alternative, the Company measures the financial assets and financial liabilities of a qualifying consolidated CMBS trust using the more observable of the fair value of the financial assets or the fair value of the financial liabilities. The fair value of the financial liabilities is more observable and as such, the Company measures the trust's financial assets based on the fair value of the financial liabilities, adjusted for the fair value of the Company's retained beneficial interests.

Changes in the net assets of the consolidated CMBS trusts, including changes attributable to fair value, interest income, interest expense, credit risk and other market factors, are presented on a net basis within *Income (loss) from VIE's* in the consolidated statements of operations. The assets of the consolidated trust, primarily commercial mortgage loans and related interest accruals, are presented within *VIE assets, measured at fair value*, and the liabilities of the consolidated trust, primarily obligations to the external CMBS holders and related interest accruals, are presented within *VIE liabilities, measured at fair value* on the consolidated balance sheets. As the trust assets are measured as a single pool under ASU 2014-13, individual asset categories are not separately presented when doing so would require an arbitrary allocation of fair value.

The Company reassesses its VIE consolidation conclusions on an ongoing basis as facts and circumstances change.

Cash and Cash Equivalents

Cash consists of amounts deposited with high quality financial institutions. These deposits are guaranteed by the Federal Deposit Insurance Company up to an insurance limit. Cash equivalents include short-term, liquid investments in money market funds with original maturities of 90 days or less when purchased. Cash and cash equivalent balances may, at a limited number of banks and financial institutions, exceed insurable amounts. The Company believes it mitigates risk by investing in or through major financial institutions and primarily in funds that are currently U.S. federal government insured up to applicable account limits.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). ASU 2024-03 requires disaggregated disclosures of certain categories of expenses that are included on the face of the income statement. The standard is to be adopted prospectively, with the option to apply retrospectively, and is effective for annual periods starting after December 15, 2026. The Company is currently assessing the impact that ASU 2024-03 will have on the consolidated financial statements.

In September 2025, the FASB issued ASU, 2025-06 "Intangibles - Goodwill and Other Internal-Use Software (Subtopic 350-40)," or ASU 2025-06. ASU 2025-06 modernizes the accounting for software costs. ASU 2025-06 is effective on a prospective basis, with options for modified transition and retrospective application, for annual periods beginning after December 15, 2027 and early adoption is permitted. The Company is currently assessing the impact that ASU 2025-06 will have on the consolidated financial statements.

Note 3 - Business Combinations

Acquisition of NewPoint

On July 1, 2025 (the “Acquisition Date”), the Company completed the acquisition ("the Transaction") of NewPoint, a commercial real estate finance company offering lending solutions nationwide to investors in multifamily, affordable housing, seniors housing, healthcare, and manufactured housing properties.

The Transaction has expanded the Company's presence in the multifamily lending sector, with the opportunity to enhance its diversified mortgage finance platform and capitalize on agency capabilities.

The Company purchased 100% of the outstanding equity interests of NewPoint for an aggregate purchase price of $427.8 million, comprised of $336.9 million in cash and $90.9 million of equity, in the form of 8,385,951 Class A units of the OP ("OP Units") issued as consideration. The OP Units were valued based on the closing market price of the Company's common shares on the acquisition date. The Company operates the acquired business through a taxable REIT subsidiary.

The Company accounted for the Transaction as a business combination under the acquisition method of accounting, which requires allocation of the total consideration transferred to the assets acquired and liabilities assumed based on their fair values as of the Acquisition Date, with the excess of the consideration transferred over those fair values recorded as goodwill. Determining the fair value of the assets acquired requires significant judgments, assumptions, and estimates about future events, which the Company believes are reasonable. Use of different estimates and judgments could produce materially different results. The Company may refine such estimates and adjust the assets acquired and liabilities assumed over the measurement period, which will not exceed one year from the Acquisition Date. The following is a preliminary purchase price allocation, which is subject to change as the Company finalizes its analysis over certain items such as intangible assets, MSRs, and other items.

The allocation of the purchase consideration, subject to future measurement period adjustments, is as follows (dollars in thousands):

		Amount
Total Purchase Price	$	427,774
ASSETS		
Cash and cash equivalents		25,357
Restricted cash		14,205
Investment securities, held to maturity		17,843
Commercial mortgage loans, held for sale, measured at fair value		422,011
Mortgage servicing rights, net		211,545
Derivative assets		4,268
Accrued Interest Receivable		4,475
Prepaid expenses and other assets		23,434
Equity method investments		47,614
Loan repurchase option asset		13,197
Intangible assets - agency licenses		72,500
Intangible assets - other		9,500
Goodwill		92,048
Total assets acquired	**$**	**957,997**
Repurchase agreements - commercial mortgage loans		413,797
Allowance for loss sharing		23,586
Accrued compensation		34,650
Interest Payable		1,154
Accounts payable and accrued expenses		15,929
Loan repurchase option liability		13,197
Other liabilities		27,910
Total liabilities assumed	**$**	**530,223**
Total purchase consideration	**$**	**427,774**

During the six months ended June 30, 2026, the Company did not make any measurement period adjustments.

The purchase price exceeded the estimated fair value of the assets acquired and liabilities assumed and, as a result of the purchase allocation, the Company recorded goodwill of $92.0 million, which has been allocated to the Agency Business segment. The goodwill recognized is attributable primarily to anticipated growth opportunities and synergies resulting from the Transaction, which provides the Company with an expanded presence in the multifamily sector and the ability to originate and service agency mortgage loans. The amount of goodwill expected to be deductible for tax purposes is approximately $61.7 million.

The fair value of the identifiable tangible assets and liabilities acquired in the Transaction approximated their carrying values at the Acquisition Date. The Company used independent third-party valuation specialists to assist in determining the fair value of certain intangible assets acquired and liabilities assumed, which are classified as Level III. Provisional estimates of fair value are established at the time of the acquisition. There are significant estimates used in determining the fair values of certain intangible assets acquired, which consist of mortgage servicing rights, licenses, developed technology, and non-compete agreements.

Mortgage servicing rights: When a mortgage loan is sold, the Company retains the right to service the loan and recognizes the MSR at fair value. The initial fair value represents expected net cash flows from servicing, borrower prepayment penalties, interest earnings on escrows, interim cash balances, delinquency rates, late charges and ancillary fees that are discounted at a rate that reflects the credit and liquidity risk of the MSR over the estimated life of the underlying loan. After initial recognition, the MSRs will be amortized using the amortization method.

Licenses: The fair value of the licenses were estimated using a discounted cash flow method, which involves projecting revenue and servicing fees associated with the license, while accounting for related expenses. The significant unobservable input used to discount the future cash flows to present value is the discount rate of 11.5%. These licenses are considered to have indefinite useful lives, reflecting their continuous economic value. Key assumptions are drawn from management's projections and legal guidance.

Developed technology: The fair value was estimated based on a replacement cost method of the cost approach, which estimates the cost the Company would incur in rebuilding the technology. Under this method, fair value is equal to the replacement cost of the technology plus developer's profit and entrepreneurial incentive, which are the key assumptions embedded into the valuation. The technology is amortized over five years based upon the estimated economic benefits received.

Non-compete agreements: The fair value of the non-compete agreements were estimated using a discounted cash flow method, which calculates the present value of projected revenue differences attributable to the agreement, adjusted for operating expenses. The significant unobservable input used to discount the future cash flows to present value is the discount rate of 11.5%. Key assumptions are based on management input and the terms of the non-compete agreement. The agreements are amortized over a period of nine to 12 months.

The estimates above directly impact the amount of identified intangible assets recognized and the related amortization expenses in future periods. Intangible assets acquired had a weighted average useful economic life of 2.7 years. As of June 30, 2026, aggregate intangible assets relating to the Transaction of $73.9 million were recorded in *Intangible assets, net* on the consolidated balance sheets. The Company may record certain measurement period adjustments, which will be made in the period in which the amounts are determined. The current period income effect of such adjustments will be calculated as if the adjustments had been completed as of the Acquisition Date.

The Company recognized acquisition-related expenses of $1.4 million and $1.5 million for the three and six months ended June 30, 2025, respectively, in *Other Expenses,* and $0.4 million and $3.3 million for the three and six months ended June 30, 2025, respectively, in *Professional Fees* on the consolidated statement of operations.

The Company's consolidated financial statements for the three months ended June 30, 2026 include the operations of NewPoint from the Acquisition Date. The following table presents NewPoint's revenue and earnings as reported in the Company's consolidated statement of operations (dollars in thousands):

	Three months ended June 30, 2026	Six months ended June 30, 2026
Revenue	$ 24,305	$ 57,606
Net income (loss) attributable to Franklin BSP Realty Trust, Inc.	(7,211)	(3,974)

Supplemental Pro Forma Combined Information (unaudited)

The following unaudited pro forma combined financial information presents the combined results of operations of the Company, as if the Transaction occurred on January 1, 2024. The unaudited proforma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the Transaction had taken place on the date indicated or of results that may occur in the future (dollars in thousands):

	Three months ended June 30,	Six months ended June 30,
	2025	2025
Revenue	$ 94,225	$ 169,210
Net income (loss) attributable to Franklin BSP Realty Trust, Inc.	23,466	52,886

The unaudited pro forma financial information is based on historical information of the Company and NewPoint, along with certain material, non-recurring pro forma adjustments. The material, non-recurring pro forma adjustments primarily consist of (i) incremental amortization expense based on the preliminary fair values of the intangible assets acquired; (ii) recognition of non-controlling interest to reflect the reclassification of the OP units; (iii) a change in the valuation methodology of mortgaging servicing rights from fair value to the amortization method; (iv) a change in provision for credit loss expense due to revised loss estimation methodology, (v) non-recurring transaction costs; and (vi) income tax impact of the aforementioned pro forma adjustments.

Note 4 - Commercial Mortgage Loans, Held for Investment

Commercial Mortgage Loans, Held for Investment

The following table presents a summary of the Company's commercial mortgage loans, held for investment, carrying values by class (dollars in thousands):

	June 30, 2026	December 31, 2025
Senior loans	$ 4,279,484	$ 4,376,873
Mezzanine loans	50,095	44,563
Total gross carrying value of loans	4,329,579	4,421,436
General allowance for credit losses	36,615	34,196
Specific allowance for credit losses	17,842	4,106
Less: Allowance for credit losses	54,457	38,302
Total commercial mortgage loans, held for investment, net	**$ 4,275,122**	**$ 4,383,134**

For the six months ended June 30, 2026 and year ended December 31, 2025, the activity in the Company's commercial mortgage loans, held for investment carrying values, was as follows (dollars in thousands):

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Amortized cost, beginning of period	$ 4,421,436	$ 4,986,750
Acquisitions and originations	744,668	1,156,575
Principal repayments	(777,210)	(1,420,373)
Dispositions	—	(35,116)
Principal charge-off	(2,617)	(32,860)
Deferred fees and other items[(1)]	(3,027)	(10,304)
Amortization/accretion of fees and other items[(1)]	4,479	9,557
Transfer to real estate owned[(2)]	(56,534)	(197,396)
Transfer to held for sale	—	(33,909)
Cost recovery	(1,616)	(1,488)
Amortized cost, end of period	**$ 4,329,579**	**$ 4,421,436**
Allowance for credit losses, beginning of period	$ (38,302)	$ (78,083)
General (provision)/benefit for credit losses	(2,419)	12,669
Specific (provision)/benefit for credit losses	(16,353)	(5,748)
Charge offs from specific allowance for credit losses	2,617	32,860
Allowance for credit losses, end of period	**$ (54,457)**	**$ (38,302)**
Total commercial mortgage loans, held for investment, net	**$ 4,275,122**	**$ 4,383,134**

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(1) Other items primarily consist of purchase discounts or premiums and deferred origination expenses.

(2) For additional details on properties obtained through foreclosure or deed-in-lieu of foreclosure, see Note 8 - Real Estate Owned.

As of June 30, 2026 and December 31, 2025, the Company's total commercial mortgage loan, held for investment, portfolio was comprised of 172 and 169 loans, respectively.

Loan Portfolio by Collateral Type and Geographic Region

The following tables present the composition by loan collateral type and region of the Company's commercial mortgage loans, held for investment portfolio (dollars in thousands):

	June 30, 2026		December 31, 2025	
Loan Collateral Type	**Par Value**	**Percentage**	**Par Value**	**Percentage**
Multifamily	$ 3,467,741	79.8 %	$ 3,434,672	77.5 %
Hospitality	432,631	10.0 %	515,144	11.6 %
Industrial	268,321	6.2 %	309,522	7.0 %
Office	56,426	1.3 %	58,259	1.3 %
Retail	—	— %	1,986	— %
Other	118,277	2.7 %	115,928	2.6 %
Total	**$ 4,343,396**	**100.0 %**	**$ 4,435,511**	**100.0 %**

	June 30, 2026		December 31, 2025	
Loan Region	**Par Value**	**Percentage**	**Par Value**	**Percentage**
Southeast	$ 1,733,685	39.9 %	$ 1,832,831	41.4 %
Southwest	1,332,898	30.7 %	1,431,471	32.3 %
Mideast	394,883	9.1 %	348,750	7.9 %
Far West	160,134	3.7 %	239,874	5.4 %
New England	137,211	3.2 %	125,982	2.8 %
Great Lakes	126,749	2.9 %	108,095	2.4 %
Rocky Mountain	113,030	2.6 %	76,180	1.7 %
Various(1)	344,806	7.9 %	272,328	6.1 %
Total	**$ 4,343,396**	**100.0 %**	**$ 4,435,511**	**100.0 %**

(1) Represents loans secured by a portfolio of properties located in various parts of the United States.

Allowance for Credit Losses

The following table presents the quarterly changes in the Company's allowance for credit losses for the six months ended June 30, 2026 (dollars in thousands):

	Specific Allowance for Credit Losses	General Allowance for Credit Losses			Total Allowance for Credit Losses
		Funded	Unfunded	Total	
December 31, 2025	**$ 4,106**	**$ 34,196**	**$ 296**	**$ 34,492**	**$ 38,598**
Changes:					
Provision/(Benefit)	14,846	(1,358)	38	(1,320)	13,526
Charge offs	(2,617)	—	—	—	(2,617)
March 31, 2026	**$ 16,335**	**$ 32,838**	**$ 334**	**$ 33,172**	**$ 49,507**
Changes:					
Provision/(Benefit)	1,507	3,777	(109)	3,668	5,175
Write offs	—	—	—	—	—
June 30, 2026	**$ 17,842**	**$ 36,615**	**$ 225**	**$ 36,840**	**$ 54,682**

Specific Allowance for Credit Losses

The Company has elected to apply a practical expedient for collateral dependent assets in which the allowance for credit losses is calculated as the difference between the estimated fair value of the underlying collateral, less estimated cost to sell, and the amortized cost basis of the loan. As such, these loans receivable are measured at fair value on a nonrecurring basis using significant unobservable inputs and are classified as Level 3 assets in the fair value hierarchy. The fair value of the underlying collateral is determined using the market approach, the income approach, or a combination thereof. The significant unobservable input used for the income approach is the exit capitalization rate assumptions, which ranged from 5.00% to 9.25%. The significant unobservable input used for the market approach is the estimated fair value less cost to sell based on a negotiated price from an anticipated buyer.

In December 2021, the Company originated a first mortgage loan with a commitment of $23.0 million secured by a multifamily property in Pennsylvania. The loan was identified by management as non-performing and placed on non-accrual status, with an amortized cost of $21.7 million as of December 31, 2025. The Company recorded a specific allowance for credit losses of $2.0 million on this loan as of December 31, 2025, and an additional specific allowance for credit losses of $0.6 million in the first quarter of 2026. The loan was paid off in March 2026 at a discount, and the Company charged off the specific allowance for credit losses at the time of the payoff.

In November 2021, the Company originated a first mortgage loan with a commitment of $39.0 million secured by a multifamily property in Arizona. The loan was identified by management as non-performing and placed on non-accrual status, with an amortized cost of $36.8 million, as of June 30, 2026. The Company recorded a specific allowance for credit losses of $3.1 million on this loan as of June 30, 2026.

In June 2022, the Company originated a first mortgage loan with a commitment of $46.0 million secured by a multifamily property in North Carolina. The loan was identified by management as non-performing and placed on cost recovery status, with an amortized cost of $44.0 million, as of June 30, 2026. The Company recorded a specific allowance for credit losses of $1.1 million on this loan as of June 30, 2026.

In December 2021, the Company originated a first mortgage loan with a commitment of $82.9 million secured by two multifamily properties in North Carolina. The loan was identified by management as non-performing and placed on cost recovery status, with an amortized cost of $79.8 million, as of June 30, 2026. The Company recorded a specific allowance for credit losses of $13.2 million on this loan as of June 30, 2026.

In October 2022, the Company originated a first mortgage loan with a commitment of $34.3 million secured by a multifamily property in Texas. The loan was identified by management as non-performing and placed on cost recovery status, with an amortized cost of $30.4 million, as of June 30, 2026. The Company recorded a specific allowance for credit losses of $0.4 million on this loan as of June 30, 2026.

General Allowance for Credit Losses

The Company recorded a total increase in its general allowance for credit losses during the three and six months ended June 30, 2026 of $3.7 million and $2.3 million, respectively. The primary driver for the higher reserve balance for both periods is attributable to worsening economic scenario projections used in our CECL model compared to preceding periods. Changes in the provision for credit losses for the Company's financial instruments are recorded in *(Provision)/benefit for credit losses* in the consolidated statements of operations with a corresponding offset to the financial instrument's amortized cost recorded in the consolidated balance sheet, or as a component of *Accounts payable and accrued expenses* for unfunded loan commitments.

Past Due Status

The following table presents a summary of the loans amortized cost basis as of June 30, 2026 (dollars in thousands):

	Current	Less than 90 days past due	90 or more days past due[1]	Total
As of June 30, 2026	**$ 3,961,365**	**$ 129,948**	**$ 238,266**	**$ 4,329,579**

[1] Comprised of seven mortgage loans, one of which was collateralized by an office property and the other six by multifamily properties. The mortgage loan collateralized by an office property and four mortgage loans collateralized by multifamily properties have been designated as non-performing.

Non-performing Status

The following table presents the amortized cost basis of our non-performing loans as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	June 30, 2026	December 31, 2025
Non-performing loan amortized cost at beginning of year, January 1	$ 213,980	$ 133,230
Addition of non-performing loan amortized cost	280,608	346,323
Less: Removal of non-performing loan amortized cost	150,364	265,573
Non-performing loan amortized cost end of period[1]	**$ 344,224**	**$ 213,980**

[1] As of June 30, 2026 and December 31, 2025, the Company had nine and seven loans, respectively, designated as non-performing. As of June 30, 2026, four non-performing loans were placed on cost recovery status, one of which was collateralized by an office property and the other three of which were collateralized by multifamily properties, with a combined specific allowance for credit losses of $14.8 million. The other five were collateralized by multifamily properties and placed on non-accrual status, one of which had a specific allowance for credit losses of $3.1 million. As of December 31, 2025, four non-performing loans were placed on cost recovery status, one of which was collateralized by an office property and the other three by multifamily properties with a combined specific allowance for credit losses of $4.1 million. The other three were collateralized by multifamily properties and placed on non-accrual status with no specific allowance for credit losses.

Loan Credit Characteristics, Quality and Vintage

As part of the Company's process for monitoring the credit quality of its commercial mortgage loans, excluding those held for sale, measured at fair value, it performs a quarterly loan portfolio assessment and assigns risk ratings to each of its loans. The loans are scored on a scale of 1 to 5 as follows:

Investment Rating	Summary Description
1	*Very Low Risk* - Investment exceeding fundamental performance expectations and/or capital gain expected. Trends and risk factors since time of investment are favorable.
2	*Low Risk* - Performing consistent with expectations and a full return of principal and interest expected. Trends and risk factors are neutral to favorable.
3	*Average Risk* - Performing investments requiring closer monitoring. Trends and risk factors show some deterioration.
4	*High Risk/Delinquent/Defaulted/Potential For Loss* - Underperforming investment with the potential of some interest loss but still expecting a positive return on investment. Trends and risk factors are negative.
5	*Impaired/Defaulted/Loss Likely* - Underperforming investment with expected loss of interest and some principal.

All commercial mortgage loans, excluding loans classified as *Commercial mortgage loans, held for sale, measured at fair value* within the consolidated balance sheets, are assigned an initial risk rating of 2. As of June 30, 2026 and December 31, 2025, the weighted average risk rating of loans was 2.4 and 2.4, respectively.

The following tables present the par value and amortized cost of our commercial mortgage loans, held for investment as of June 30, 2026 and December 31, 2025, by the Company's internal risk rating and year of origination (dollars in thousands):

June 30, 2026

			Amortized Cost by Year of Origination							
Risk Rating	**Number of Loans**	**Total Par Value**	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Total Amortized Cost**	**% of Portfolio**
1	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	— %
2	136	3,052,832	503,622	1,015,912	945,601	272,009	186,056	119,453	3,042,653	70.3 %
3	24	857,649	—	87,476	406,324	42,069	199,479	121,892	857,240	19.8 %
4	7	219,798	—	18,582	35,880	—	51,570	113,826	219,858	5.1 %
5	5	213,117	—	—	—	—	74,411	135,417	209,828	4.8 %
Total	**172**	**$4,343,396**	**$ 503,622**	**$1,121,970**	**$1,387,805**	**$ 314,078**	**$ 511,516**	**$ 490,588**	**$ 4,329,579**	**100.0 %**
								Allowance for credit losses	(54,457)	
								Total carrying value, net	**$ 4,275,122**	

December 31, 2025

			Amortized Cost by Year of Origination							
Risk Rating	**Number of Loans**	**Total Par Value**	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Total Amortized Cost**	**% of Portfolio**
1	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	— %
2	137	3,213,933	982,678	1,175,376	322,490	387,548	313,728	20,559	3,202,379	72.4 %
3	22	848,719	—	305,158	129,792	220,090	178,500	14,756	848,296	19.2 %
4	6	246,682	—	—	—	138,889	107,790	—	246,679	5.6 %
5	4	126,177	—	—	—	44,483	58,504	21,095	124,082	2.8 %
Total	**169**	**$4,435,511**	**$ 982,678**	**$1,480,534**	**$ 452,282**	**$ 791,010**	**$ 658,522**	**$ 56,410**	**$ 4,421,436**	**100.0 %**
								Allowance for credit losses	(38,302)	
								Total carrying value, net	**$ 4,383,134**	

Note 5 - Commercial Mortgage Loans, Held for Sale

Commercial Mortgage Loans, Held for sale, Measured at Fair Value

Our commercial mortgage loans, held for sale, measured at fair value ("CML, HFS at fair value") are comprised of both Agency loans and non-Agency loans. Our Agency loans held for sale are typically sold within 60 days of loan origination, while non-Agency loans are generally expected to be sold to third parties or securitized within 180 days of loan origination. The following table shows the aggregate unpaid principal balance and fair value of our mortgage loans, held for sale, measured at fair value (dollars in thousands):

	June 30, 2026		December 31, 2025	
	Aggregate UPB	Fair Value	Aggregate UPB	Fair Value
Agency loans	$ 244,068	$ 247,392	$ 324,162	$ 331,218
Non-Agency loans	4,500	4,450	29,500	29,500
Total commercial mortgage loans, held for sale, measured at fair value	**$ 248,568**	**$ 251,842**	**$ 353,662**	**$ 360,718**

As of June 30, 2026 and December 31, 2025, respectively, there were no loans that were 90 days or more past due or on a non-accrual status.

Note 6 - Mortgage Servicing Rights

Mortgage Servicing Rights ("MSRs") represent servicing rights retained by the Company for loans it originates and sells. The servicing fees are collected from the monthly payments made by the borrowers. The Company generally receives other remuneration including rights to various loan fees such as late charges, collateral re-conveyance charges, loan prepayment penalties, and other ancillary fees. In addition, the Company earns placement fees on funds held pending remittance related to its collection of loan principal and escrow balances. As of June 30, 2026, the Company had a servicing portfolio consisting of 1,051 loans with an unpaid principal balance of $22.3 billion for which it owns MSRs. As of December 31, 2025, the Company had a servicing portfolio consisting of 1,042 loans with an unpaid principal balance of $21.6 billion for which it owns MSRs.

Activity related to MSRs for the six months ended June 30, 2026 and the year ended December 31, 2025 was as follows (in thousands):

	Six Months Ended June 30, 2026	
Beginning balance, as of January 1, 2026	$	212,216
Additions		13,602
Amortization		(19,863)
Impairment reversal		2,601
Prepayments and write-offs		(3,007)
Ending balance, as of June 30, 2026	**$**	**205,549**

	Year Ended December 31, 2025	
Beginning balance, as of January 1, 2025	$	—
Acquired MSRs at July 1, 2025		211,545
Additions		26,295
Amortization		(19,434)
Impairment		(2,590)
Prepayments and write-offs		(3,600)
Ending balance, as of December 31, 2025	**$**	**212,216**

The discount rates used to determine the present value of the MSRs, at recognition, were between 8%-14% (representing a weighted average discount rate of 10.0%) as of June 30, 2026. The weighted average estimated life remaining of the MSRs was 6.1 years as of June 30, 2026. The weighted average estimated life remaining of the MSRs was 6.4 years as of December 31, 2025.

Contractual servicing fees, including late fees, and ancillary fees were $24.5 million for the six months ended June 30, 2026, and are included in servicing fees, net in the consolidated statement of operations. At June 30, 2026, $0 of MSRs were considered impaired. At December 31, 2025, $2.6 million of MSRs were considered impaired.

The expected amortization of capitalized MSRs recorded at June 30, 2026 is as follows (in thousands):

Year	Amortization	
2026 (July-December)	$	17,857
2027		32,611
2028		26,945
2029		22,263
2030		18,395
Thereafter		87,478
Total	**$**	**205,549**

Based on scheduled maturities, actual amortization may vary from these estimates.

Note 7 - Real Estate Securities

Real Estate Securities Classified As Available For Sale

The following is a summary of the Company's real estate securities, available for sale, measured at fair value, as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	CMBS Bonds					
	Number of Bonds	Benchmark Interest Rate	Weighted Average Interest Rate	Weighted Average Contractual Maturity (years)	Par Value	Fair Value
June 30, 2026	13	1 Month SOFR	6.60%	9.8	$ 187,159	$ 187,247
December 31, 2025	10	1 Month SOFR	6.61%	8.4	$ 151,362	$ 151,662

The Company classified its CMBS bonds as available for sale and reports them at fair value in the consolidated balance sheets with changes in fair value recorded in *Accumulated other comprehensive income/(loss)* in the consolidated balance sheets.

The following table shows the amortized cost, unrealized gain/(loss) and fair value of the Company's CMBS bonds as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	Amortized Cost	Unrealized Gain	Unrealized (Loss)	Fair Value
June 30, 2026	$ 187,905	$ 43	$ (701)	$ 187,247
December 31, 2025	$ 151,946	$ 76	$ (360)	$ 151,662

As of June 30, 2026, the Company held 13 CMBS bonds with an amortized cost basis of $187.9 million and a net unrealized loss of $0.7 million, ten of which were held in a gross unrealized loss position of $0.7 million. As of December 31, 2025, the Company held 10 CMBS bonds with an amortized cost basis of $151.9 million and a net unrealized loss of $0.3 million, seven of which were held in a gross unrealized loss position of $0.4 million. As of June 30, 2026 and December 31, 2025, zero positions had an unrealized loss for a period greater than twelve months. As of June 30, 2026 and December 31, 2025, the fair value of the Company's CMBS bonds that were in an unrealized loss position for less than twelve months was $148.3 million and $105.9 million, respectively.

Note 8 - Real Estate Owned

Real Estate Owned, Held for Investment

The following table summarizes the Company's real estate owned, held for investment assets as of June 30, 2026 and December 31, 2025 (dollars in thousands):

			As of June 30, 2026				
Acquisition Date	**Property Type**	**Primary Location(s)**	**Land**	**Building and Improvements**	**Furniture, Fixtures and Equipment**	**Accumulated Depreciation**	**Real Estate Owned, net**
September 2021[1]	Industrial	Jeffersonville, GA	$ 3,436	$ 84,259	$ 2,929	$ (10,934)	$ 79,690
August 2023	Office	Portland, OR	16,479	2,065	—	(146)	18,398
June 2026[2]	Multifamily	Huntersville, NC	8,000	58,505	—	—	66,505
Total			**$ 27,915**	**$ 144,829**	**$ 2,929**	**$ (11,080)**	**$ 164,593**

See notes below.

			As of December 31, 2025				
Acquisition Date	**Property Type**	**Primary Location(s)**	**Land**	**Building and Improvements**	**Furniture, Fixtures and Equipment**	**Accumulated Depreciation**	**Real Estate Owned, net**
September 2021[1]	Industrial	Jeffersonville, GA	$ 3,436	$ 84,259	$ 2,929	$ (9,783)	$ 80,841
August 2023	Office	Portland, OR	16,479	2,065	—	(120)	18,424
Total			**$ 19,915**	**$ 86,324**	**$ 2,929**	**$ (9,903)**	**$ 99,265**

(1) The Company and an affiliate of the Company entered into a joint venture agreement and formed a joint venture entity, Jeffersonville Member, LLC (the "Jeffersonville JV") to acquire a triple net lease property in Jeffersonville, GA. Refer to Note 18 - Related Party Transactions and Arrangements for details.

(2) During the quarter, the Company obtained the property through foreclosure and classified it as construction-in-progress. The Company recognized a $9.7 million gain within *Gain/(loss) on other real estate investments* in the consolidated financial statements of operations, primarily related to a fair value adjustment as of the acquisition date.

Depreciation expense for the three and six months ended June 30, 2026 totaled $0.6 million and $1.2 million, respectively. Depreciation expense for the three and six months ended June 30, 2025 totaled $0.6 million and $1.3 million, respectively.

Real Estate Owned, Held for Sale

The following table summarizes the Company's real estate owned, held for sale assets and liabilities as of June 30, 2026 and December 31, 2025 (dollars in thousands):

		As of June 30, 2026	
Property Type	**Primary Location(s)**	**Assets, Net**	**Liabilities, Net**
Office[1]	Denver, CO	$ 16,488	$ 913
Multifamily[2]	Various	100,967	2,727
Total		**$ 117,455**	**$ 3,640**

See notes below.

		As of December 31, 2025	
Property Type	**Primary Location(s)**	**Assets, Net**	**Liabilities, Net**
Office[1]	Denver, CO	$ 17,267	$ 1,321
Multifamily[2]	Various	180,942	3,911
Retail[3]	Various	2,980	217
Total		**$ 201,189**	**$ 5,449**

(1) During the three and six months ended June 30, 2026, the Company recognized a net loss of $1.2 million and $1.5 million, respectively, included within *Gain/(loss) on other real estate investments* in the Company's consolidated financial statements of operations primarily related to the fair value write-down of this property.

(2) As of June 30, 2026, the Company's real estate owned, held for sale assets included three multifamily properties that previously collateralized three commercial mortgage loans. During the three and six months ended June 30, 2026, the Company recognized a net loss of $0.8 million and $4.5 million, respectively, included within *Gain/(loss) on other real estate investments* in the Company's consolidated financial statements of operations, primarily related to the fair value write-down and sale of one property.

(3) In November 2022, the Company and an affiliate of the Company entered into a joint venture agreement and formed a joint venture entity, BSPRT Walgreens Portfolio, LLC (the "Walgreens JV") to assume a group of 24 retail properties with various locations throughout the United States (the "Walgreens Portfolio"). Refer to Note 18 - Related Party Transactions and Arrangements. The Company sold the final property within the Walgreens Portfolio during the first quarter of 2026. As a result, the Company did not record a loss for the three months ended June 30, 2026 but recorded a $0.5 million loss for the six months ended June 30, 2026 included within *Gain/(loss) on other real estate investments* in the Company's consolidated financial statements of operations.

As of June 30, 2026, the Company has designated certain properties included within the real estate owned business segment as held for sale in accordance with ASC 360. The properties are currently being marketed and sales are probable to occur within one year.

Note 9 - Equity Method Investments

55 Riverwalk Aker/BSP Venture LLC - The Company holds a 21.01% interest in 55 Riverwalk Aker/BSP Venture LLC (the "55 Riverwalk JV"), a joint venture that is a mixed-use development property consisting of a multifamily apartment complex and retail shopping stores. The 55 Riverwalk JV was formed on December 20, 2024, where the Company made an initial investment of $13.3 million. The Company has received total distributions of $0.8 million as of June 30, 2026. The equity investment in 55 Riverwalk JV has a carrying value of $19.2 million and $13.5 million on the consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

Garfield PG JV HoldCo LLC - The Company holds a 28.87% interest in Garfield PG JV HoldCo LLC (the "Garfield JV"), a joint venture that is an industrial property for warehousing and distribution. The Garfield JV was formed on May 22, 2025, where the Company made an initial investment of $9.8 million. The Company has received total distributions of $1.0 million as of June 30, 2026. The equity investment in Garfield JV has a carrying value of $12.9 million and $8.6 million on the consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

NewPoint JV LLC - The Company holds a 8.73% ownership interest in NewPoint JV LLC (the "Bridge JV"), a joint venture with the purpose of investing in multifamily bridge loans. The Company has received total distributions of $2.0 million as of June 30, 2026. The Company has a total commitment of $25.0 million which was completely funded as of June 30, 2026. The equity investment in Bridge JV has a carrying value of $23.8 million and $24.2 million on the consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

NewPoint + MORE Capital Affordable Fund LLC - The Company holds a 30.06% ownership interest in NewPoint + MORE Capital Affordable Fund LLC (the "Affordable JV"), a joint venture with the purpose of investing in multifamily affordable debt instruments through its subsidiary, NewPoint Impact Fund I LP. The Company has a total capital commitment of $30.0 million to Affordable JV, of which $7.4 million was unfunded as of June 30, 2026. The Company has received total distributions of $2.0 million as of June 30, 2026. The equity investment in Affordable JV has a carrying value of $29.3 million and $25.3 million on the consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

Zelda PG JV HoldCo LLC - The Company holds a 27.95% interest in Zelda PG JV HoldCo LLC (the "Gardena JV"), a joint venture that is an industrial property for warehousing and distribution. The Gardena JV was formed on March 18, 2026, where the Company made an initial investment of $13.7 million. The Company has received total distributions of $9.6 million as of June 30, 2026. The equity investment in Gardena JV has a carrying value of $4.0 million on the consolidated balance sheets as of June 30, 2026.

The following table provides a summary of the combined financial position of the Company's equity method investments as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	June 30, 2026	December 31, 2025
Total Assets	$ 970,458	$ 1,450,001
Total Liabilities	474,665	918,504
Net Assets/Member's Equity	495,793	531,497

The following provides a summary of the combined results of operations of the Company's equity method of investments for the three and six months ended June 30, 2026 and 2025, respectively (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total Revenue/Investment Income	$ 21,743	$ —	$ 48,075	$ —
Unrealized Gain/(Loss) from Investments	(5,562)	—	54,713	—
Total Expenses	15,336	—	35,389	—
Net Income/(Loss)	845	—	67,399	—
Net Income/(Loss) attributable to the Company	1,345	—	13,752	—

Note 10 - Leases

The Company leases office space, classified as operating leases, in the normal course of business at varying lengths through 2033. Leases are negotiated with third parties and, in some instances, contain renewal, expansion and termination options. As of June 30, 2026 and December 31, 2025, the Company recorded ROU assets of $7.5 million and $8.4 million within *Prepaid expenses and other assets*, and operating lease liabilities of $9.5 million and $10.5 million within *other liabilities,* on the consolidated balance sheets, respectively. All lease commencement dates are recorded as of July 1, 2025 in conjunction with the acquisition of NewPoint.

	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
Lease Cost:		
Operating lease cost	$ 620	$ 1,208
Variable lease cost	205	419
Net lease cost	**$ 825**	**$ 1,627**
Other Information		
Operating cash outflows from operating leases	$ 663	$ 1,322
Weighted-average remaining lease term	5.1	
Weighted-average discount rate	6.7 %	

Operating lease cost is included in *Other expenses* in the consolidated statement of operations. The discount rate was determined by using the Company's incremental borrowing rate.

The following table shows future minimum payments under the Company's operating leases as of June 30, 2026 (dollars in thousands):

Future Minimum Payments	**June 30, 2026**
2026 (Six Months Ended December 31, 2026)	$ 1,320
2027	2,520
2028	2,381
2029	2,004
2030	804
2031 and beyond	2,246
Total Lease Payments	**11,275**
Less: imputed interest	(1,777)
Total	**$ 9,498**

Rental Income

Rental income for the three and six months ended June 30, 2026 totaled $5.5 million and $12.4 million, respectively. Rental income for the three and six months ended June 30, 2025 totaled $8.3 million and $15.1 million, respectively. Rental income is included in *Revenue from real estate owned* in the consolidated statements of operations.

The following table summarizes the Company's schedule of future minimum rents on its real estate owned, held for investment properties, to be received under the leases (dollars in thousands):

Future Minimum Rents	**June 30, 2026**
2026 (Six Months Ended December 31, 2026)	$ 4,416
2027	8,710
2028	8,884
2029	9,062
2030	9,243
2031 and beyond	79,083
Total future minimum rent	**$ 119,398**

Note 11 - Goodwill & Other Intangible Assets

Goodwill

The carrying amount of goodwill was as follows (dollars in thousands). The goodwill is attributable entirely to the Agency Business.

	Agency Business	Total
Balance at December 31, 2025	$ 92,048	$ 92,048
Goodwill acquired during the period	—	—
Balance at June 30, 2026	$ 92,048	$ 92,048

Intangible Assets

The following table summarizes the carrying value of the Company’s intangible assets, as described in Note 2 as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	June 30, 2026			December 31, 2025		
	Carrying Value	Accumulated Amortization	Total	Carrying Value	Accumulated Amortization	Total
Indefinite lived intangibles:						
Agency License Intangibles	$ 72,500	$ —	$ 72,500	$ 72,500	$ —	$ 72,500
Finite lived intangibles:						
Non-compete Agreements	$ 5,200	$ (5,200)	$ —	$ 5,200	$ (3,317)	$ 1,883
Software development	4,780	(928)	3,852	4,660	(444)	4,216
Intangible lease assets	49,192	(13,678)	35,514	49,192	(12,238)	36,954
Total	**$ 131,672**	**$ (19,806)**	**$ 111,866**	**$ 131,552**	**$ (15,999)**	**$ 115,553**

Amortization expense for the three and six months ended June 30, 2026 was $1.2 million and $3.8 million, respectively. Amortization expense for the three and six months ended June 30, 2025 was $0.7 million and $1.4 million, respectively.

The following table summarizes the Company's expected other identified intangible assets, net amortization over the next five years (dollars in thousands):

	Weighted Avg. Life (in Years)	2026 (July - December)	2027	2028	2029	2030
Software development	4.3	478	956	956	956	506
Intangible lease assets	12.3	1,440	2,880	2,880	2,880	2,880
Total		**$ 1,918**	**$ 3,836**	**$ 3,836**	**$ 3,836**	**$ 3,386**

Note 12 - Debt

Below is a summary of the Company's Repurchase facilities and revolving credit facilities - commercial mortgage loans ("Repo and Revolving Credit Facilities"), Mortgage note payable, Other financings and Unsecured debt as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	June 30, 2026				
Repo and revolving credit facilities - commercial mortgage loans[2]:	**Capacity**	**Amount Outstanding**	**Interest Expense[1]**	**Ending Weighted Average Interest Rate**	**Term Maturity**
JPM Repo Facility[3]	$ 750,000	$ 481,069	$ 18,280	5.84 %	07/2027
Atlas Repo Facility	350,000	77,878	5,918	6.26 %	01/2027
WF Repo Facility[4]	250,000	—	2,214	N/A	10/2027
Barclays Revolver Facility[5]	100,000	—	62	N/A	09/2026
Barclays Repo Facility[5]	500,000	—	1,856	N/A	03/2028
MS Repo Facility[6]	150,000	—	—	N/A	05/2029
BAML WH Line of Credit[8]	450,000	13,442	1,044	4.92 %	06/2027
Fifth Third WH Line of Credit[8]	400,000	56,427	521	4.92 %	07/2027
Fifth Third Line of Credit[9]	125,000	—	946	N/A	03/2027
JPM WH Line of Credit[10]	700,000	127,720	1,546	5.00 %	01/2027
PNC WH Line of Credit[11]	500,000	45,844	827	4.95 %	12/2026
ASAP WH Line of Credit[12]	100,000	—	—	N/A	N/A
Total/Weighted average	**$ 4,375,000**	**$ 802,380**	**$ 33,214**	**5.62 %**	
Mortgage note payable:					
Debt related to our REO[13]	**N/A**	**$ 24,186**	**$ 767**	**5.88 %**	04/2029
Other financings:					
Other financings[14]	**N/A**	**$ 12,865**	**$ 388**	**6.00 %**	07/2028
Unsecured Debt					
Senior Notes[15][16]	N/A	$ 107,000	$ 4,761	Various[15][16]	Various[15][16]
Junior Note I[17]	N/A	17,500	675	7.43 %	10/2035
Junior Note II[17]	N/A	40,000	1,478	7.23 %	12/2035
Junior Note III[17]	N/A	25,000	924	7.23 %	09/2036
Total/Weighted average	**N/A**	**$ 189,500**	**$ 7,838**	**7.74 %**	

See notes below.

	December 31, 2025				
Repo and revolving credit facilities - commercial mortgage loans[2]:	**Capacity**	**Amount Outstanding**	**Interest Expense[1]**	**Ending Weighted Average Interest Rate**	**Term Maturity**
JPM Repo Facility[3]	$ 500,000	$ 439,408	$ 18,107	6.04 %	07/2026
Atlas Repo Facility	350,000	150,744	10,598	6.35 %	01/2027
WF Repo Facility[4]	250,000	75,172	1,749	5.22 %	10/2027
Barclays Revolver Facility[5]	100,000	—	438	N/A	09/2026
Barclays Repo Facility[5]	500,000	82,602	8,889	5.59%	03/2028
Churchill Repo Facility[7]	—	—	555	N/A	N/A
BAML WH Line of Credit[8]	500,000	9,399	1,210	5.17%	06/2026
Fifth Third WH Line of Credit[8]	400,000	44,007	3,169	5.02%	07/2026
Fifth Third Line of Credit[9]	100,000	15,000	1,265	6.53 %	08/2026
JPM WH Line of Credit[10]	700,000	222,831	5,892	5.04 %	01/2026
PNC WH Line of Credit[11]	500,000	47,924	1,628	4.99 %	12/2026
ASAP WH Line of Credit[12]	100,000	—	—	N/A	N/A
Total/Weighted average	**$ 4,000,000**	**$ 1,087,087**	**$ 53,500**	**5.70 %**	
Mortgage note payable:					
Debt related to our REO[13]	**N/A**	**$ 23,998**	**$ 1,783**	**6.87 %**	10/2026
Other financings:					
Other financings[14]	**N/A**	**$ 12,865**	**$ 783**	**6.00 %**	07/2028
Unsecured Debt					
Senior Notes[15][16]	N/A	$ 107,000	$ 6,158	Various[15][16]	Various[15][16]
Junior Note I[17]	N/A	17,500	1,458	7.60 %	10/2035
Junior Note II[17]	N/A	40,000	3,195	7.28 %	12/2035
Junior Note III[17]	N/A	25,000	1,997	7.28 %	09/2036
Total/Weighted average	**N/A**	**$ 189,500**	**$ 12,808**	**7.81 %**	

(1) Represents year to date expense and includes amortization of deferred financing costs.

(2) The Company may pledge one or more mortgage loans to the financing entity in exchange for funds typically at an advance rate of between 60% to 75% of the principal amount of the mortgage loan being pledged. These loans are all floating rate at the Secured Overnight Financing Rate ("SOFR") plus an applicable spread. Additionally, the Repo and Revolving Credit Facilities generally provide that in the event of a decrease in the value of the Company's collateral, the lenders can demand additional collateral. As of both June 30, 2026 and December 31, 2025, the Company was in compliance with all debt covenants.

(3) On May 7, 2026, the Company extended the maturity date to July 27, 2027. There is one one-year extension option remaining.

(4) There are three one-year extension options.

(5) There is one one-year extension option.

(6) On May 27, 2026, the Company entered into a master repurchase agreement ("MRA") with Morgan Stanley Mortgage Capital Holdings LLC, with a maximum facility amount of $150.0 million and an initial three year term with two one-year extension options.

(7) On October 21, 2025, the Company terminated the Churchill MRA.

(8) Collateralized by a first lien on the Company's interest in the mortgage loans that it originates. Advances cannot exceed 100% of the principal amounts of the mortgage loans originated by the Company and must be repaid at the earlier of the sale or other disposition of the mortgage loans or at the expiration date of the Line of Credit.

(9) Operating line that is secured by an equity interest in NewPoint Real Estate Capital LLC ("NPREC").

(10) On January 31, 2026, the Company extended the maturity date to January 29, 2027.

(11) Collateralized by a first lien on the Company's interest in the mortgage loans that it originates.

(12) The Company has a $100.0 million ASAP agreement with Fannie Mae providing us with a warehousing credit facility for mortgage loans that are to be sold to Fannie Mae and serviced under the Fannie Mae DUS program. The ASAP agreement is not a committed line, has no expiration date and bears interest at SOFR + 1.50%, with a 0.25% SOFR floor.

(13) Relates to a mortgage note payable in Jeffersonville JV, a consolidated joint venture. The loan has a principal amount of $113.6 million of which $89.4 million of the loan is owned by the Company and was eliminated in our consolidated financial statements (see Note 8 - Real Estate Owned). On April 9, 2026, the Company refinanced the mortgage note, upsized the capacity and extended the maturity date to April 9, 2029 for the Company and the affiliated fund (see Note 18 - Related Party Transactions and Arrangements).

(14) Comprised of one note-on-note financing via a participation agreement. From inception of the loan, the Company's outstanding loan could increase as a result of future fundings, leading to an increase in amount outstanding via the participation agreement. The contractual maturity date of this loan is July 2028.

(15) During the second quarter of 2025, the Company issued $82.0 million of 8.25% fixed-rate senior unsecured notes. These notes mature on April 25, 2030.

(16) During the second quarter of 2025, the Company issued $25.0 million of floating-rate senior unsecured notes. As of June 30, 2026, the interest rate on these notes was SOFR + 4.00%. These notes mature on April 25, 2028.

(17) The notes are currently redeemable, in whole or in part, without penalty, at the Company’s option. Interest paid on unsecured junior debt totaled $1.5 million and $3.1 million for the three and six months ended June 30, 2026, respectively.

Repurchase Agreements - Real Estate Securities

The Company has entered into various Master Repurchase Agreements (the "MRAs") that allow the Company to sell real estate securities while providing a fixed repurchase price for the same real estate securities in the future. The repurchase contracts on each security under an MRA generally mature in 30-90 days and terms are adjusted for current market rates as necessary.

Below is a summary of the Company's MRAs which were included in *Repurchase agreements - real estate securities* in the Company's consolidated balance sheets as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	June 30, 2026				
Counterparty	**Amount Outstanding**	**Interest Expense**	**Collateral Pledged[(1)]**	**Weighted Average Interest Rate**	**Weighted Average Days to Maturity**
JP Morgan Securities LLC	$ 31,714	$ 590	$ 38,041	4.52 %	10
Wells Fargo Securities, LLC	—	—	—	— %	0
Barclays Capital Inc.	30,688	623	38,448	4.75 %	8
Lucid Prime Fund	36,314	1,270	42,779	4.44 %	16
Santander Securities	97,822	2,116	116,950	4.43 %	12
Total/Weighted Average	**$ 196,538**	**$ 4,599**	**$ 236,218**	**4.50 %**	**12**

See note below

	December 31, 2025				
Counterparty	**Amount Outstanding**	**Interest Expense**	**Collateral Pledged[(1)]**	**Weighted Average Interest Rate**	**Weighted Average Days to Maturity**
JP Morgan Securities LLC	$ 7,856	$ 1,278	$ 9,254	4.63 %	29
Wells Fargo Securities, LLC	—	2,288	—	— %	0
Barclays Capital Inc.	25,044	1,510	31,386	4.83 %	25
Lucid Prime Fund	54,718	1,644	65,324	4.67 %	15
Santander Securities	99,753	1,294	119,880	4.60 %	14
Total/Weighted Average	**$ 187,371**	**$ 8,014**	**$ 225,844**	**4.65 %**	**16**

(1) Includes $49.0 million and $74.2 million of CMBS bonds, held by the Company, which is eliminated through consolidation of the related CLO's on the Company's consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

Collateralized Loan Obligation

The following table represents the terms of the notes issued by 2023-FL10 Issuer, 2024-FL11 Issuer, 2025-FL12 Issuer and 2026-FL13 Issuer (collectively the "CLOs"), as of June 30, 2026 and December 31, 2025:

	June 30, 2026						
CLO Facility	**Number of Loans in pool[1]**	**Benchmark interest rate**	**Weighted Average Spread**	**Par Value**	**Par Value Outstanding[2]**	**Principal Balance of Collateralized Mortgage Assets**	**Maturity Dates**
2023-FL10 Issuer	27	AVG SOFR	2.92 %	717,243	355,541	534,854	9/15/2035
2024-FL11 Issuer	35	Term SOFR	1.99 %	886,176	886,176	1,021,614	7/15/2039
2025-FL12 Issuer	61	Term SOFR	1.61 %	947,189	947,189	1,002,235	4/17/2043
2026-FL13 Issuer	45	Term SOFR	1.76 %	778,094	778,094	879,966	10/18/2043
				$ 3,328,702	**$ 2,967,000**	**$ 3,438,669**	

	December 31, 2025						
CLO Facility	**Number of Loans in pool[1]**	**Benchmark interest rate**	**Weighted Average Spread**	**Par Value**	**Par Value Outstanding[2]**	**Principal Balance of Collateralized Mortgage Assets**	**Maturity Dates**
2022-FL8 Issuer	21	AVG SOFR	2.07 %	960,000	370,348	609,074	2/15/2037
2023-FL10 Issuer	32	Term SOFR	2.68 %	717,243	553,214	715,694	9/15/2035
2024-FL11 Issuer	38	Term SOFR	1.99 %	886,176	886,176	1,024,380	7/15/2039
2025-FL12 Issuer	50	Term SOFR	1.67 %	947,189	947,189	1,046,909	4/17/2043
				$ 3,510,608	**$ 2,756,927**	**$ 3,396,057**	

(1) Loan assets may be pledged towards one or multiple CLO pool.

(2) Excludes $277.0 million and $366.1 million of CLO notes held by the Company, which are eliminated in *Collateralized loan obligations* in the consolidated balance sheet as of June 30, 2026 and December 31, 2025, respectively.

On April 15, 2026, the Company called the outstanding notes issued by BSPRT 2022-FL8 Issuer, Ltd., a wholly owned indirect subsidiary of the Company. The outstanding principal of the notes on the date of the call was $289.2 million. The Company recognized all the remaining unamortized deferred financing costs of $0.9 million recorded within the *Realized gain/(loss) on extinguishment of debt* in the consolidated statements of operations, which was a non-cash charge.

On April 15, 2026, BSPRT 2026-FL13 Issuer, LLC, a wholly-owned indirect subsidiary of the Company, entered into an indenture with a subsidiary of the OP, as advancing agent, Wilmington Trust, National Association, as trustee, Computershare Trust Company, National Association, as note administrator, and Computershare Trust Company, National Association, as custodian and in other capacities, which governs the issuance of approximately $880.4 million principal balance secured floating rate notes, of which $778.1 million were purchased by third party investors and $102.3 million were purchased by a wholly-owned subsidiary of the OP. In addition, concurrently with the issuance of the notes, BSPRT 2026-FL13 Issuer, LLC also issued 59,431 preferred shares, par value of $0.001 per share and with an aggregate liquidation preference and notional amount equal to $1,000 per share, which were not offered as part of closing the indenture. For U.S. federal income tax purposes, BSPRT 2026-FL13 Issuer, LLC is a disregarded entity.

The below table reflects the total assets and liabilities of the Company's outstanding CLOs. The CLOs are considered VIEs and are consolidated into the Company's consolidated financial statements as of June 30, 2026 and December 31, 2025 as the Company is the primary beneficiary of the VIE. The Company is the primary beneficiary of the CLOs because (i) the Company has the power to direct the activities that most significantly affect the VIE's economic performance and (ii) the right to receive benefits from the VIEs or the obligation to absorb losses of the VIEs that could be significant to the VIE. The VIEs are non-recourse to the Company.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026
(Unaudited)

	June 30, 2026	December 31, 2025
Assets (dollars in thousands)		
Cash and cash equivalents[1]	$ 80,890	$ 51,153
Commercial mortgage loans, held for investment, net[2]	3,245,578	3,317,040
Accrued interest receivable	14,654	18,302
Total Assets	**$ 3,341,122**	**$ 3,386,495**
Liabilities (dollars in thousands)		
Notes payable[3][4]	$ 3,244,040	$ 3,123,046
Accrued interest payable	7,829	8,857
Total Liabilities	**$ 3,251,869**	**$ 3,131,903**

(1) Includes $80.2 million and $50.5 million of cash held by the servicer related to CLO loan payoffs as of June 30, 2026 and December 31, 2025, respectively.

(2) The balance is presented net of allowance for credit losses of $15.2 million and $15.4 million as of June 30, 2026 and December 31, 2025, respectively.

(3) Includes $277.0 million and $366.1 million of CLO notes, held by the Company, which are eliminated in *Collateralized loan obligations* of the consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

(4) The balance is presented net of deferred financing cost and discount of $23.4 million and $21.3 million as of June 30, 2026 and December 31, 2025, respectively. The deferred financing costs are amortized over the expected lifetime of each CLO.

Note 13 - Allowance for Loss Sharing

The Company has risk-sharing obligations on substantially all loans originated under the Fannie Mae DUS program. Servicing fees for risk-sharing loans include compensation for the risk-sharing obligations and are larger than the servicing fees received for loans with no risk-sharing obligations.

When a loan is sold under the Fannie Mae DUS program, the Company undertakes an obligation to partially guarantee the performance of the loan. A liability is recognized for the fair value of the guarantee obligation undertaken for the non-contingent aspect of the guarantee and is removed only upon either the expiration or settlement of the guarantee. At June 30, 2026 and December 31, 2025, we had $1.8 million and $1.7 million, respectively, of guarantee obligations included in the allowance for loss-sharing obligations.

In addition to and separately from the fair value of the guarantee, the Company estimates an allowance for loss-sharing under CECL over the contractual period in which we are exposed to credit risk. The general reserve related to loss-sharing was based on a collective pooling basis with similar risk characteristics, a reasonable and supportable forecast and a reversion period based on our average historical losses through the remaining contractual term of the portfolio. In instances where payment under the loss-sharing obligations of a loan is determined to be probable and estimable (as the loan is probable of, or is, in foreclosure), we record a liability for the estimated loss-sharing specific reserve. At June 30, 2026 and December 31, 2025, our allowance for loss-sharing obligations related to the specific reserve was $8.3 million and $9.3 million, respectively.

At June 30, 2026 and December 31, 2025, our allowance for loss-sharing obligations associated with expected losses under CECL was $9.4 million and $8.4 million, respectively, and represented 0.12% and 0.11%, respectively, of our Fannie Mae servicing portfolio. During the three months ended June 30, 2026, we recorded an increase in CECL reserves of $2.2 million.

At June 30, 2026 and December 31, 2025, the unpaid principal balance outstanding of loans sold with loss sharing under the DUS program was approximately $7.9 billion, respectively. The Company's internal credit risk rating process is used to classify loans and commitments according to the degree of credit risk associated with the ability of the borrower to repay. If payment is required under this program, the Company would not have a contractual interest in the collateral underlying the commercial mortgage loan on which the loss occurred, although the value of the collateral is taken into account in determining the Company's share of such losses.

A summary of the Company's allowance for loss sharing for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows (dollars in thousands):

	General Reserve	Specific Reserve	Total
Balance at January 1, 2026	$ 10,151	$ 9,333	$ 19,484
Provision/(benefit) for loss sharing	982	(1,057)	(75)
Balance at June 30, 2026	**$ 11,133**	**$ 8,276**	**$ 19,409**

	General Reserve	Specific Reserve	Total
Balance at January 1, 2025	$ —	$ —	$ —
Allowance acquired in acquisition	11,919	11,667	23,586
Provision/(benefit) for loss sharing	(1,768)	(2,334)	(4,102)
Balance at December 31, 2025	**$ 10,151**	**$ 9,333**	**$ 19,484**

As of June 30, 2026, the maximum quantifiable allowance for loss sharing associated with the Company's guarantees under the Fannie Mae DUS agreement and the Loss Sharing Agreement was $1.2 billion from a total recourse at risk pool of $7.9 billion. The maximum quantifiable allowance for loss sharing is not representative of the actual loss the Company would incur. The Company would be liable for this amount only if all of the loans it services for Fannie Mae, for which the Company retains some risk of loss, were to default and all of the collateral underlying these loans was determined to be without value at the time of settlement.

For U.S. Treasury securities classified as HTM, the Company does not record an allowance for credit losses as the expectation of nonpayment of the amortized cost basis, based on historical losses, adjusted for current conditions and reasonable and supportable forecasts, is zero.

Note 14 - Earnings Per Share

The Company uses the two-class method in calculating basic and diluted earnings per share. Net income/(loss) is allocated between our common stock and other participating securities based on their participation rights. Diluted net income per share has been computed using the weighted average number of shares of common stock outstanding and other dilutive securities. The following table presents a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations and the calculation of basic and diluted earnings per share for the three and six months ended June 30, 2026 and 2025, respectively (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
Basic Numerator	2026	2025	2026	2025
Net income/(loss)	$ 16,275	$ 24,384	$ 28,567	$ 48,089
Net (income)/loss from non-controlling interest	(706)	(1,183)	(1,018)	(830)
Less: Preferred stock dividends	(5,916)	(6,748)	(11,832)	(13,496)
Net income/(loss) applicable to common stock	$ 9,653	$ 16,453	$ 15,717	$ 33,763
Less: Participating securities' share in earnings	(327)	(522)	(653)	(1,046)
Basic net income/(loss) applicable to common stockholders	$ 9,326	$ 15,931	$ 15,064	$ 32,717
Diluted Numerator				
Basic net income/(loss) applicable to common stockholders	$ 9,326	$ 15,931	$ 15,064	$ 32,717
Add: Net income/(loss) from non-controlling interest - OP Units	898	—	1,518	—
Diluted net income/(loss) applicable to common stockholders	$ 10,224	$ 15,931	$ 16,582	$ 32,717
Denominator				
Weighted-average common shares outstanding for basic earnings per share	76,367,888	82,181,403	78,137,174	82,117,897
Weighted-average common shares outstanding for diluted earnings per share(1)(2)	84,753,839	82,181,403	86,523,125	82,117,897
Basic earnings per share	$ 0.12	$ 0.19	$ 0.19	$ 0.40
Diluted earnings per share	$ 0.12	$ 0.19	$ 0.19	$ 0.40

(1) The effect of the weighted average dilutive shares excluded restricted shares and stock units for the three months ended June 30, 2026 and 2025 of 38,381 and 45,576, respectively, as the effect was anti-dilutive. Weighted average dilutive shares excluded restricted shares and stock units as of the six months ended June 30, 2026 and 2025 of 57,679 and 133,619 respectively, as the effect was anti-dilutive. Additionally, the effect of dilutive shares excluded 5,370,498 weighted average common share equivalents of convertible preferred stock for the three and six months ended June 30, 2026 and 2025, respectively, as the effect was anti-dilutive.

(2) The effect of the weighted average dilutive shares included Class A units of FBRT OP LLC for the three and six months ended June 30, 2026 of 8,385,951 as the effect was dilutive.

Note 15 - Redeemable Convertible Preferred Stock and Equity Transactions

The following table presents the summary of the Company's outstanding shares of redeemable convertible preferred stock, perpetual preferred stock, and common stock as of June 30, 2026 and December 31, 2025 (in thousands, except share and per share amounts):

	Balance as of		Shares Outstanding as of		Second Quarter 2026 Dividend Per Share[(1)]
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	
Redeemable Convertible Preferred Stock:					
Series H Preferred Stock[(2)]	$ 89,748	$ 89,748	17,950	17,950	$ 59.84
Perpetual Preferred Stock:					
Series E Preferred Stock	$ 258,742	$ 258,742	10,329,039	10,329,039	$ 0.46875
Common Stock:					
Common Stock - at par value[(3)(4)]	$ 750	$ 808	75,436,265	81,553,982	$ 0.20

(1) As declared by the Company's board of directors.

(2) On January 14, 2026, the Series H Preferred Stock was amended such that the mandatory conversion date was extended by two years, to January 21, 2028. Unless earlier converted, the Series H Preferred Stock will automatically convert into common stock at a rate of 299.2 shares of common stock per share of Series H Preferred Stock (subject to adjustments as described in the Articles Supplementary for the Series H Preferred Stock) on January 21, 2028. The holder of the Series H Preferred Stock has the right to convert up to 4,487 shares of Series H Preferred Stock one time in each calendar month through and including the month prior to the mandatory conversion date, upon 10 business days' advance notice to the Company.

(3) Common stock includes shares issued pursuant to the Company's DRIP and unvested restricted shares.

(4) During three months ended June 30, 2026, the Company repurchased 1,838,855 shares of common stock at a net average price of $8.70 per share, for a total of $16.0 million. During the six months ended June 30, 2026, the Company repurchased 6,200,451 shares of common stock at a net average price of $9.00 per share, for a total of $55.8 million. All of these shares were retired upon settlement, reducing the total outstanding shares as of June 30, 2026. See discussion in the "Stock Repurchases" section below.

During the six months ended June 30, 2026 and 2025, the Company paid an aggregate of $44.9 million and $59.2 million, respectively, of common stock distributions comprised of quarterly common dividends of $0.20 per share and $0.355 per share, respectively.

Stock Repurchases

In February 2026, and again in April 2026, the Company's board of directors reauthorized the Company's share repurchase program to provide $50.0 million available for share repurchases through December 31, 2026. The Company's share repurchase program authorizes share repurchases at prices below the most recently reported book value per share as determined in accordance with GAAP. Repurchases made under the program may be made through open market, block, and privately negotiated transactions, including Rule 10b5-1 plans, as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any purchases by the Company will be determined by the Company in its reasonable business judgment and consistent with the exercise of its legal duties and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The share repurchase program does not obligate the Company to acquire any particular amount of common stock. The Company share repurchase program will remain open until it expires or until the capital committed to the applicable repurchase program has been exhausted, whichever is sooner. Repurchases under the Company's share repurchase program may be suspended from time to time at the Company's discretion without prior notice. As of June 30, 2026, the Company had $34.0 million remaining under the share repurchase program.

The following table is a summary of the Company's repurchase activity of its common stock during the six months ended June 30, 2026.

	Six Months Ended June 30, 2026	
	Shares	Amount [1][2]
Beginning of period, authorized repurchase amount[3]		$ 89,822
Repurchases paid	6,200,451	$ (55,823)
Remaining as of June 30, 2026		**$ 33,999**

[1] For the six months ended, June 30, 2026 the net average purchase price was $9.00 per share.

[2] Amount includes commissions paid associated with share repurchases.

[3] In February 2026 and again in April 2026, the Company’s Board of Directors reauthorized the Company's share repurchase program, authorizing the repurchase of up to $50.0 million of the Company's common stock through December 31, 2026. At the time of the April 2026 reauthorization, $10.2 million remained available under the prior authorization.

Dividend Reinvestment and Direct Stock Purchase Plan

The Company has adopted a dividend reinvestment and direct stock purchase plan ("DRIP") under which we registered and reserved for issuance, in the aggregate, up to 63,000,000 shares of common stock. Under the dividend reinvestment component of this plan, the Company's common stockholders can designate all or a portion of their cash dividends to be reinvested in additional shares of common stock (which shares, at the Company's option, are either issued directly from the Company or purchased by the administrator on the open market). The direct stock purchase component allows stockholders, subject to the Company's approval, to purchase shares of common stock directly from us. During the three months ended June 30, 2026 and 2025, no shares of common stock were issued by the Company, and 27,050 and 42,486 shares of common stock, respectively, were purchased in the open market by the DRIP administrator and allocated to DRIP participants under the dividend reinvestment component of the DRIP. During the six months ended June 30, 2026 and 2025, no shares of common stock were issued by the Company, and 69,509 and 80,497 shares of common stock, respectively, were purchased in the open market by the DRIP administrator and allocated to DRIP participants under the dividend reinvestment component of the DRIP.

At-the-Market Sales Agreement

Pursuant to the sales agreement dated April 14, 2023 (as amended the "Sales Agreement"), the Company maintains a $200 million at-the-market offering program (the "ATM program") with a financial syndicate as sales agents (the "Agents"). Pursuant to the Sales Agreement, the Company may offer and sell shares of the Company's common stock, from time to time, and at various prices, through the Agents. Sales of the common stock, if any, made through the Agents may be made in "at the market" offerings (as defined in Rule 415 under the Securities Act of 1933, as amended), by means of ordinary brokers' transactions on the New York Stock Exchange or otherwise, at market prices prevailing at the time of sale, in block transactions, in negotiated transactions, in any manner permitted by applicable law or as otherwise as may be agreed by the Company and any Agent.

As of June 30, 2026, the Company had not sold any shares of common stock under the ATM program, and common stock with an aggregate sales price of $200 million remains available for issuance pursuant to the ATM program.

Non-Controlling Interest

In connection with the Company's acquisition of NewPoint on July 1, 2025, the Company issued 8,385,951 OP Units, providing those unit holders interest in the operating partnership. The OP Unit holders have the right to redeem their OP Units, for either shares of common stock or cash, at the Company's option and subject to certain restrictions. In the event OP Units are redeemed, one OP Unit is equal to one share of the Company’s common stock, or cash equal to the fair value of a share of the Company’s common stock at the time of redemption. When an OP Unit holder redeems an OP Unit, non-controlling interests in the operating partnership is reduced and the Company’s equity is increased. As of June 30, 2026, the non-controlling interest OP Unit holders owned 8,385,951 OP Units.

Accumulated Other Comprehensive Income/(Loss)

The following table sets forth the changes in accumulated other comprehensive income/(loss) related to the Company's real estate securities, available for sale, measured at fair value for the three and six months ended June 30, 2026 and 2025 (dollars in thousands):

	For The Three Months Ended	
	June 30, 2026	June 30, 2025
Balance, Beginning of Period	$ (1,056)	$ (318)
Other comprehensive income/(loss)	398	(21)
Reclassification adjustment for amounts included in net income/(loss)	—	43
Balance, End of Period	**$ (658)**	**$ (296)**

	For the Six Months Ended	
	June 30, 2026	June 30, 2025
Balance, Beginning of Period	$ (284)	$ 79
Other comprehensive income/(loss)	(374)	(418)
Reclassification adjustment for amounts included in net income/(loss)	—	43
Balance, End of Period	**$ (658)**	**$ (296)**

Note 16 - Commitments and Contingencies

Unfunded Commitments Under Commercial Mortgage Loans, Held for Investment

As of June 30, 2026, the Company had the below unfunded commitments to the Company's borrowers (dollars in thousands):

Funding Expiration	June 30, 2026	December 31, 2025
2026	$ 21,407	$ 77,167
2027	97,452	132,465
2028	155,460	195,100
2029	10,927	9,147
2030 and beyond	—	—
Total	**$ 285,246**	**$ 413,879**

The borrowers are generally required to meet or maintain certain metrics in order to qualify for the unfunded commitment amounts.

Unfunded Commitments Under Commercial Mortgage Loans, Held for Sale

Commitments to extend credit by the Company are generally agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Occasionally, the commitments may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. As of June 30, 2026, the Company had $29.1 million and $484.7 million of unfunded commitments to fund loans and sell loans, net, respectively.

Mortgage Impairment Insurance

As of June 30, 2026, the Company carried mortgage impairment and mortgagees' errors and omissions insurance each with a limit of $50 million. Mortgage impairment insurance provides the Company with hazard insurance coverage for mortgage loan collateral in the event of a catastrophe for which the borrowers insurance does not provide sufficient coverage to protect the Company from loss on loans originated under the Fannie Mae DUS program.

Mortgage Bankers Bond

As of June 30, 2026, the Company carried a mortgage bankers bond, combining the fidelity bond and mortgagees errors and omissions insurance, with a limit of $65 million.

Office Leases

The Company executes lease arrangements for all of its office space in the normal course of business. All such lease arrangements are accounted for as operating leases. The Company initially recognizes a lease liability for the obligation to make lease payments and a right-of-use ("ROU") asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments over the lease term. The ROU asset is measured at the lease liability amount, adjusted for lease prepayments, accrued rent, lease incentives received, and the lessee's initial direct costs.

These operating leases do not provide an implicit discount rate; therefore, the Company uses its incremental borrowing rate to calculate lease liabilities. The Company's lease agreements often include options to extend or terminate the lease. Lease costs are recognized on a straight-line basis over the term of the lease, which includes options to extend when it is reasonably certain that such options will be exercised and the Company knows what the lease payments will be during the optional periods.

Litigation and Regulatory Proceedings

Except as set forth below, the Company is not presently named as a defendant in any material litigation arising outside the ordinary course of business. However, the Company is involved in routine litigation arising in the ordinary course of business, none of which the Company believes, individually or in the aggregate, will have a material impact on the Company's financial condition, operating results or cash flows.

On February 26, 2026, the Company and certain of its officers were named as defendants in a putative securities class action complaint (the “securities class action”) filed in the United States District Court for the Eastern District of New York (the “Court”). The complaint, captioned Robert Moses v. Franklin BSP Realty Trust, Inc., et al., asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The Company believes the securities class action is without merit and intends to vigorously defend itself. The Company believes the securities class action will not have a material impact on its financial condition, operating results or cash flows.

On May 8, 2026, the Company and its officers and directors were named as defendants in a related derivative shareholder complaint filed in the Court. The complaint, captioned John E. Traina, derivatively on behalf of Franklin BSP Realty Trust, Inc. vs. the Company and its Officers and Directors, alleges that the board of directors breached its fiduciary duties by allowing management to make the allegedly false statements at issue in the securities class action. The Company similarly believes this derivative action is without merit. At present it has been stayed, and if FBRT is successful in dismissing the securities class action this derivative action will be dismissed, as well.

Note 17 - Servicing Revenue

The components of servicing revenue are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Servicing and ancillary fees	$ 12,963	$ —	$ 25,656	$ —
Interest on escrows	7,963	—	14,821	—
MSR payoffs	(1,490)	—	(3,007)	—
MSR amortization	(9,778)	—	(19,863)	—
MSR impairment reversal	—	—	2,601	—
Total servicing revenue, net	**$ 9,658**	**$ —**	**$ 20,208**	**$ —**

As of June 30, 2026 and December 31, 2025, the weighted average servicing fee was 8.9 basis points and 9.2 basis points, respectively. At June 30, 2026 and December 31, 2025, total escrow and reserve balances were approximately $1.2 billion and $921 million, respectively, none of which are included in our consolidated balance sheets. These escrows are maintained in separate accounts at several federally insured depository institutions, which may exceed FDIC insured limits. We earn placement fees on the total escrow deposits, which is generally based on a market rate of interest negotiated with the financial institutions that hold the escrow deposits. Placement fees earned on total escrows, net of interest paid to the borrower, is included as a component of servicing revenue, net in the consolidated statements of income as noted in the table above.

Product type concentrations that impact our servicing revenue are as follows ($ in millions):

Product Type Considerations

	June 30, 2026			December 31, 2025		
	UPB	% of Total	Annualized Effective Service Fee Rate	UPB	% of Total	Annualized Effective Service Fee Rate
Fannie Mae	$ 7,935	13 %	0.41 %	$ 7,860	16 %	0.42 %
Ginnie Mae	5,268	9 %	0.31 %	5,125	11 %	0.35 %
Freddie Mac	9,074	15 %	0.13 %	8,649	18 %	0.15 %
Bridge	401	1 %	0.09 %	836	2 %	0.16 %
Affordable	481	1 %	0.13 %	425	1 %	0.26 %
Benefit Street Partners[1]	10,909	18 %	0.17 %	130	— %	0.06 %
Private Label	25,770	43 %	0.04 %	24,821	52 %	0.04 %
Total/Weighted Average	**$ 59,838**	**100 %**	**0.15 %**	**$ 47,846**	**100 %**	**0.14 %**

[1] Represents the bridge book serviced for the Company's affiliates, including $4.6 billion of the $10.9 billion serviced for a wholly owned subsidiary; related revenue is eliminated in consolidation.

Geographic concentrations that impact our servicing revenue are as follows:

Geographic Considerations

	June 30, 2026	December 31, 2025
	% of Total	% of Total
New York	14.2 %	15.2 %
Texas	11.2 %	11.0 %
California	7.4 %	7.2 %
Maryland	6.9 %	8.5 %
Florida	6.2 %	5.7 %
Virginia	6.0 %	5.8 %
New Jersey	4.8 %	5.4 %
Other[3]	43.3 %	41.2 %
Total	**100.0 %**	**100.0 %**

[3] No other individual state represented 5% or more of the total.

Note 18 - Related Party Transactions and Arrangements

Advisory Agreement Fees and Reimbursements

Pursuant to the Advisory Agreement, the Company is required to make the following payments and reimbursements to the Advisor:

- The Company reimburses the Advisor's costs of providing services pursuant to the Advisory Agreement, except the salaries and benefits paid by the Advisor to the Company's executive officers.
- The Company pays the Advisor, or its affiliates, a monthly asset management fee equal to one-twelfth of 1.5% of stockholders' equity as calculated pursuant to the Advisory Agreement.
- The Company will pay the Advisor an annual subordinated performance fee calculated on the basis of total return to stockholders, payable monthly in arrears, such that for any year in which total return on stockholders' capital (as defined in the Advisory Agreement) exceeds 6.0% per annum, our Advisor will be entitled to 15.0% of the excess total return; provided that in no event will the annual subordinated performance fee payable to our Advisor exceed 10.0% of the aggregate total return for such year.
- The Company reimburses the Advisor for insourced expenses incurred by the Advisor on the Company's behalf related to selecting, evaluating, originating and acquiring investments in an amount up to 0.5% of the principal amount funded by the Company to originate or acquire commercial mortgage loans and up to 0.5% of the anticipated net equity funded by the Company to acquire real estate securities investments.
- NewPoint Holdings JV LLC, a subsidiary of the Company, has entered into a loan referral agreement with the Advisor that provides for the sharing of certain fees. Under the terms of this agreement, the Advisor pays NewPoint a referral fee for directing floating-rate bridge loan opportunities to the Advisor's commercial real estate platform.

The table below shows the costs incurred due to arrangements with our Advisor and its affiliates during the three and six months ended June 30, 2026 and 2025 and the associated payable as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		(Payable)/Receivable as of	
	2026	**2025**	**2026**	**2025**	**June 30, 2026**	**December 31, 2025**
Acquisition expenses[1]	$ 415	$ 175	$ 586	$ 474	$ —	$ —
Administrative services expenses	2,028	3,884	4,362	7,232	(2,111)	(3,556)
Asset management and subordinated performance fee	5,969	5,537	12,023	12,092	(5,969)	(6,594)
Other related party expenses[2][3]	364	332	1,258	848	(2,719)	(2,275)
Referral Fee Income	278	—	478	—	278	371

(1) Total acquisition expenses paid during the three months ended June 30, 2026 and 2025 were $1.3 million and $0.8 million, respectively, of which $0.9 million and $0.6 million, were capitalized within the *Commercial mortgage loans, held for investment* and *Real estate securities, available for sale, measured at fair value* lines of the consolidated balance sheets. Total acquisition expenses paid during the six months ended June 30, 2026 and 2025 were $3.2 million and $2.4 million, respectively, of which $2.6 million and $1.9 million were capitalized within the *Commercial mortgage loans, held for investment* and *Real estate securities, available for sale, measured at fair value* lines of the consolidated balance sheets.

(2) These are related to reimbursable costs incurred related to the increase in loan origination activities and are included in *Other expenses* in the Company's consolidated statements of operations.

(3) As of June 30, 2026 and December 31, 2025, the related party payables included (i) $1.7 million and $1.8 million, respectively, of payments made by the Advisor to third party vendors on behalf of the Company (ii) $1.0 million and $0.2 million of fees per the fee arrangement agreement between the Advisor and the Company.

The payables as of June 30, 2026 and December 31, 2025, in the table above are included in *Due to affiliates* on the Company's consolidated balance sheets.

Other Transactions

In the third quarter of 2021, the Company and an affiliate of the Company entered into the Jeffersonville JV to acquire a $139.5 million triple net lease property in Jeffersonville, GA. The Company has a 79% interest in the Jeffersonville JV, while the affiliate has a 21% interest. The Company invested a total of $109.8 million, made up of $88.7 million in debt and $21.1 million in equity, representing 79% of the ownership interest in the Jeffersonville JV. The affiliated fund made up the remaining $29.8 million composed of a $24.0 million mortgage note payable and $5.8 million in non-controlling interest. The Company refinanced the mortgage note in April 2026, where the notes were upsized for the Company and the affiliated fund to $89.4 million and $24.2 million, respectively. The Company has majority control of Jeffersonville JV and, therefore, consolidates the accounts of Jeffersonville JV into its consolidated financial statements. The Company's $89.4 million mortgage note payable to Jeffersonville JV is eliminated in consolidation (see Note 12 - Debt).

Pursuant to the Company's 2021 Incentive Plan, in the first quarter of 2026 the Company issued awards of restricted stock units to its officers and certain other personnel of the Advisor who provide services to the Company under the Advisory Agreement.

As of June 30, 2026 and December 31, 2025, our commercial mortgage loans, held for investment, included an aggregate of $37.1 million and $37.1 million, respectively, carrying value of loans to affiliates of our Advisor. For the three and six months ended June 30, 2026, the Company recognized $0.7 million and $1.3 million, respectively, of interest income from these loans in the Company's consolidated statement of operations. For the three and six months ended June 30, 2025, the Company recognized $0.7 million and $1.4 million, respectively, of interest income from these loans in the Company's consolidated statement of operations.

In the second quarter of 2022, the Company fully funded a $149.7 million first mortgage consisting of the Walgreens Portfolio: 24 retail properties with various locations throughout the United States. The Company entered into a joint venture agreement and formed the Walgreens JV to acquire 75.618% ownership interest in the Walgreens Portfolio, while the affiliated fund has 24.242% interest. The Company sold the final property within the Walgreens Portfolio during the first quarter of 2026. Refer to Note 8 - Real Estate Owned for further details.

On March 18, 2026, the Company, an affiliate of the Company and an unrelated third party entered into the Zelda PG JV Holdco LLC (the "Gardena JV") to acquire $44.0 million industrial property for warehousing and distribution located in Gardena, California. The Company has a 27.95% interest in the Gardena JV while the affiliated fund and the unrelated third party have 62.05% and 10.00% interest, respectively.

For the three and six months ended June 30, 2026, the Company, through its Agency Business segment, earned $1.2 million and $2.0 million, respectively, of servicing fee income from loans owned by its affiliates.

In the first quarter of 2026, the Company purchased 11 loans from an affiliate entity managed by the Advisor, with an aggregate principal balance of $124.7 million and accrued interest of $0.4 million. The Company assumed $99.6 million of debt on repurchase agreements as part of this transaction. As part of these transactions, the exit fees were transferred from the seller to the Company.

Note 19 - Fair Value of Financial Instruments

GAAP establishes a hierarchy of valuation techniques based on the observability of inputs used in measuring financial instruments at fair values. GAAP establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy are described below:

- Level I - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level II - Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level III - Unobservable inputs that reflect the entity's own assumptions about the assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

The determination of where an asset or liability falls in the above hierarchy requires significant judgment and factors specific to the asset or liability. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company evaluates its hierarchy disclosures each quarter and depending on various factors, it is possible that an asset or liability may be classified differently from quarter to quarter.

The Company has implemented valuation control processes to validate the fair value of the Company's financial instruments measured at fair value including those derived from pricing models. These control processes are designed to assure that the values used for financial reporting are based on observable inputs wherever possible. In the event that observable inputs are not available, the control processes are designed to assure that the valuation approach utilized is appropriate and consistently applied and the assumptions are reasonable.

Financial Instruments Measured at Fair Value on a Recurring Basis

CMBS bonds, recorded in *Real estate securities, available for sale, measured at fair value* in the consolidated balance sheets are valued utilizing both observable and unobservable market inputs. These factors include projected future cash flows, ratings, subordination levels, vintage, remaining lives, credit issues, and recent trades of similar real estate securities. Depending upon the significance of the fair value inputs used in determining these fair values, these real estate securities are classified in either Level II or Level III of the fair value hierarchy. The Company obtains third party pricing for determining the fair value of each CMBS investment, resulting in a Level II classification.

Commercial mortgage loans, held for sale, measured at fair value in the Company's TRS are initially recorded at transaction price, which are considered to be the best initial estimate of fair value. The Company engages the services of a third party independent valuation firm to determine fair value of certain investments held by the Company. Fair value is determined using a discounted cash flow model that primarily considers changes in interest rates and credit spreads, weighted average life and current performance of the underlying collateral. Commercial mortgage loans, held for sale, measured at fair value that are originated in the last month of the reporting period are held and marked to the transaction price. The Company classified the commercial mortgage loans, held for sale, measured at fair value as Level III.

Derivative instruments, measured at fair value

Treasury note futures trade on the Chicago Board of Trade ("CBOT") and are made up of contracts of a variety of recently issued 5-year and 10-year U.S. Treasury notes. The future contracts are liquid and are centrally cleared through the CBOT and are valued using market prices. Treasury note futures are categorized as Level I.

Credit default swaps, interest rate swaps and options can be traded over the counter ("OTC") or on an exchange. Exchange-traded derivatives are generally valued using market prices while OTC derivative transaction valuations are derived using pricing models that are widely accepted by marketplace participants. The pricing models take into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates, and/or current credit spreads obtained from counterparties and other market participants. Most inputs into the models are not subjective as they are observable in the marketplace or set per the contract. The valuation is primarily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. If the underlying indices are liquid and the OTC market for the current spread is active, the derivatives are categorized in Level II of the fair value hierarchy. If the underlying indices are illiquid and the OTC market for the current spread is not active, the derivatives are categorized in Level III of the fair value hierarchy. The Company's option contracts are exchange-traded, and therefore categorized as Level I. The Company classified its credit default swaps as Level II.

Loan commitments and forward sale commitments in the Company's TRS are initially recorded at transaction price, which are considered to be the best initial estimate of fair value. The Company engages the services of a third party independent valuation firm to determine fair value of certain investments held by the Company. Fair value is determined using a discounted cash flow model that primarily considers changes in interest rates and credit spreads, weighted average life and current performance of the underlying commitment collateral. Loan commitments and forward sale commitments that are entered in the last month of the reporting period are held and marked to the transactions price. The Company classified the loan commitments and forward sale commitments as Level III.

A review of the fair value hierarchy classification is conducted on a quarterly basis. Changes in the type of inputs may result in a reclassification for certain assets or liabilities. The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the beginning of the reporting period. There were no material transfers between levels within the fair value hierarchy during the periods ended June 30, 2026 and December 31, 2025.

Consolidated VIE assets, at fair value are valued through the use of observable inputs over unobservable inputs. The individual assets of a VIE are inherently incapable of precise measurement given their illiquid nature and the limitations on available information related to these assets. Because our methodology for valuing these assets does not value the individual assets of the VIE, but rather uses the value of the VIE liabilities as an indicator of the fair value of VIE assets as a whole, we have determined that our valuation of VIE assets in their entirety should be classified in Level III of the fair value hierarchy.

Consolidated VIE liabilities, at fair value represent bonds that are not owned by the Company. The majority of these are either traded in the marketplace or can be analogized to similar securities that are traded in the marketplace. The Company utilizes third party pricing service providers for valuing these liabilities. In order to determine whether to utilize the valuations provided by third parties, we conduct an ongoing evaluation of their valuation methodologies and processes, as well as a review of the individual valuations themselves. In evaluating third party pricing for reasonableness, we consider a variety of factors, including market transaction information for the particular bond, market transaction information for bonds within the same trust, market transaction information for similar bonds, the bond's ratings and the bond's subordination levels.

If the minority portion of the bonds consist of unrated or non-investment grade bonds that are not owned by us, pricing may be either Level II or Level III. If independent third party pricing similar to that noted above is available, we consider the valuation to be Level II. If such third party pricing is not available, the valuation is generated from model-based techniques that use significant unobservable assumptions, and we consider the valuation to be Level III. For VIE liabilities classified as Level III, valuation is determined based on discounted expected future cash flows which take into consideration expected yields based on market transaction information, ratings, subordination levels, vintage and current market spread. VIE liabilities may shift between Level II and Level III of the fair value hierarchy if the significant fair value inputs used to price the VIE liabilities become or cease to be observable.

The following table presents the Company's financial instruments carried at fair value on a recurring basis in the consolidated balance sheets by its level in the fair value hierarchy as of June 30, 2026 and December 31, 2025 (dollars in thousands).

	June 30, 2026			
	Total	Level I	Level II	Level III
Assets, at fair value				
Real estate securities, available for sale, measured at fair value	$ 187,247	$ —	$ 187,247	$ —
Commercial mortgage loans, held for sale, measured at fair value - non-Agency	4,450	—	—	4,450
Treasury Notes	10	10	—	—
Commercial mortgage loans, held for sale, measured at fair value - Agency	247,392	—	—	247,392
Loan commitments	10,349	—	—	10,349
Forward sale commitments	1,805	—	—	1,805
VIE assets, measured at fair value[(1)]	541,121	—	—	541,121
Total assets, at fair value	**$ 992,374**	**$ 10**	**$ 187,247**	**$ 805,117**
Liabilities, at fair value				
Credit default swaps	$ 66	$ —	$ 66	$ —
Forward sale commitments	7,422	—	—	7,422
VIE liabilities, measured at fair value[(2)]	513,716	—	513,716	—
Total liabilities, at fair value	**$ 521,204**	**$ —**	**$ 513,782**	**$ 7,422**

	December 31, 2025			
	Total	Level I	Level II	Level III
Assets, at fair value				
Real estate securities, available for sale, measured at fair value	$ 151,662	$ —	$ 151,662	$ —
Commercial mortgage loans, held for sale, measured at fair value - non-Agency	29,500	—	—	29,500
Commercial mortgage loans, held for sale, measured at fair value - Agency	331,218	—	—	331,218
Loan commitments	10,518	—	—	10,518
Forward sale commitments	797	—	—	797
Total assets, at fair value	**$ 523,695**	**$ —**	**$ 151,662**	**$ 372,033**
Liabilities, at fair value				
Treasury notes	$ 28	$ 28	$ —	$ —
Credit default swaps	714	—	714	—
Forward sale commitments	6,209	—	—	6,209
Total liabilities, at fair value	**$ 6,951**	**$ 28**	**$ 714**	**$ 6,209**

(1) Excludes accrued interest receivable of $2.9 million as of June 30, 2026.

(2) Excludes accrued interest payable of $2.7 million as of June 30, 2026.

Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level III category. The following table summarizes the valuation method and significant unobservable inputs used for the Company's financial instruments that are categorized within Level III of the fair value hierarchy as of June 30, 2026 and December 31, 2025 (dollars in thousands).

	June 30, 2026				
Asset Category	Fair Value	Valuation Methodologies	Unobservable Inputs[1]	Weighted Average	Range
Commercial mortgage loans, held for sale, measured at fair value - Non-Agency	$4,450	Discounted Cash Flow	Yield	6.24%	6.24%
Commercial mortgage loans, held for sale, measured at fair value - Agency	$247,392	Discounted Cash Flow	Discount rate	4.88%	3.55% - 6.61%
Loan commitments and forward sale commitments, net	$4,732	Discounted Cash Flow	Discount rate	4.88%	3.55% - 6.61%
Commercial mortgage loans, at fair value	$541,121	Discounted Cash Flow	Yield	5.86%	3.16% - 21.88%

	December 31, 2025				
Asset Category	Fair Value	Valuation Methodologies	Unobservable Inputs[1]	Weighted Average	Range
Commercial mortgage loans, held for sale, measured at fair value - Non-Agency	$29,500	Discounted Cash Flow	Yield	6.56%	6.42% - 7.25%
Commercial mortgage loans, held for sale, measured at fair value - Agency	$331,218	Discounted Cash Flow	Discount rate	4.81%	4.07% - 6.28%
Loan commitments and forward sale commitments	$5,106	Discounted Cash Flow	Discount rate	4.81%	4.07% - 6.28%

[1] In determining certain inputs, the Company evaluates a variety of factors including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. The Company has determined that market participants would take these inputs into account when valuing the investments.

Increases or decreases in any of the above unobservable inputs in isolation would result in a lower or higher fair value measurement for such assets. The following table presents additional information about the Company's financial instruments which are measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025 for which the Company has used Level III inputs to determine fair value (dollars in thousands):

	June 30, 2026				
	CML, HFS, measured at fair value - Non-Agency	CML, HFS, measured at fair value - Agency	Loan Commitments	Forward Sale Commitments	CML, at fair value
Beginning balance, January 1, 2026	$ 29,500	$ 331,218	$ 10,518	$ (5,413)	$ —
Transfers into Level III	—	—	—	—	157,413
Originations	329,500	1,047,344	15,157	(204)	—
Sales/paydowns	(203,654)	(1,131,170)	(15,326)	—	—
Consolidation of CMBS trust	—	—	—	—	387,743
Realized and unrealized gain/(loss) included in earnings	6,517	—	—	—	(4,035)
Transfers out of Level III	(157,413)	—	—	—	—
Ending Balance, June 30, 2026	**$ 4,450**	**$ 247,392**	**$ 10,349**	**$ (5,617)**	**$ 541,121**

	December 31, 2025			
	CML, HFS, measured at fair value - Non-Agency	CML, HFS, measured at fair value - Agency	Loan Commitments	Forward Sale Commitments
Beginning balance, January 1, 2025	$ 87,270	$ —	$ —	$ —
Transfers into Level III	—	422,011	4,268	—
Originations	411,650	3,225,586	32,961	(5,413)
Sales/paydowns	(487,529)	(3,316,379)	(26,711)	—
Realized and unrealized gain/(loss) included in earnings	18,109	—	—	—
Transfers out of Level III[(1)]	—	—	—	—
Ending Balance, December 31, 2025	**$ 29,500**	**$ 331,218**	**$ 10,518**	**$ (5,413)**

(1) There were no transfers out of Level III as of December 31, 2025.

The fair value of cash and cash equivalents and restricted cash are measured using observable quoted market prices, or Level I inputs and their carrying value approximate their fair value. The fair value of borrowings under repurchase agreements approximate their carrying value on the consolidated balance sheets due to their short-term nature and are measured using Level III inputs.

Financial Instruments Measured at Fair Value on a Nonrecurring Basis

Real Estate Owned, held for sale, on the consolidated balance sheets are valued at fair value on a non-recurring basis in accordance with ASC 820 and are classified as Level III investments. At the time of acquisition, we determined the fair value of the net real estate assets, using either the market approach, the income approach, or a combination thereof.

The Company determined the fair value of its three multifamily properties and one office property, obtained through foreclosure or deed-in-lieu of foreclosure, based on a combination of the market approach and the income approach.

The significant unobservable input used for the income approach is the exit capitalization rate assumptions, which ranged from 5.00% - 9.50%. The significant unobservable input used for the market approach is the estimated fair value less cost to sell based on a negotiated price from an anticipated buyer.

As of June 30, 2026, the Company's *Real estate owned, held for sale* assets and liabilities, had a fair value of $115.7 million, net, that represented three multifamily properties and one office property. As of December 31, 2025, the Company's real estate owned, held for sale assets and liabilities had a fair value of $198.9 million, net, representing the one remaining retail property in the Walgreens Portfolio, four multifamily properties and one office property.

Mortgage servicing rights, net on the consolidated balance sheets are valued at fair value at inception, and thereafter on a non-recurring basis and are carried at the lower of amortized costs or fair value. That is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value measurement when there is evidence of impairment and for disclosure purposes. The Company's MSRs do not trade in an active, open market with readily observable prices and are classified as Level III. While sales of multifamily MSRs do occur on occasion, precise terms and conditions vary with each transaction and are not readily available. Accordingly, the Company engages the services of a third party independent valuation firm to determine the estimated fair value who use discounted cash flow models that calculate the present value of estimated future net servicing income. The model considers contractually specified servicing fees, prepayment assumptions, estimated placement fee revenue from escrow deposits, and other economic factors. The Company periodically reassesses and adjusts, when necessary, the underlying inputs and assumptions that a market participant would consider in valuing MSR assets.

Financial Instruments Not Measured at Fair Value

The Company's financial assets and liabilities that are not reported at fair value in the consolidated balance sheets are reported below as of June 30, 2026 and December 31, 2025 (dollars in thousands):

		June 30, 2026			December 31, 2025		
		Level	Carrying Amount	Fair Value	Level	Carrying Amount	Fair Value
Commercial mortgage loans, held for investment[1]	Asset	III	$ 4,329,579	$ 4,317,310	III	$ 4,421,436	$ 4,411,871
Pledged investment securities	Asset	I	23,356	24,426	I	20,483	21,175
Collateralized loan obligations[2]	Liability	II	2,943,642	2,969,467	II	2,735,582	2,757,931
Mortgage note payable	Liability	III	24,186	24,186	III	23,998	23,998
Other financings	Liability	III	12,865	12,865	III	12,865	12,865
Unsecured debt	Liability	III	185,923	174,900	III	185,466	178,900
Mortgage servicing rights, net	Asset	III	205,549	231,708	III	212,216	213,572

(1) The carrying value is gross of $54.5 million and $38.3 million of allowance for credit losses as of June 30, 2026 and December 31, 2025, respectively.

(2) Depending upon the significance of the fair value inputs utilized in determining these fair values, our collateralized loan obligations are classified as either Level II or Level III of the fair value hierarchy.

Repurchase agreements - commercial mortgage loans of $802.4 million and $1.1 billion as of June 30, 2026 and December 31, 2025, respectively, and repurchase agreements - real estate securities of $196.5 million and $187.4 million as of June 30, 2026 and December 31, 2025, respectively, are not carried at fair value and do not include accrued interest expense, which are presented in Note 12 – Debt. For these instruments, carrying value generally approximates fair value and are classified as Level III.

The fair value of the commercial mortgage loans, held for investment is estimated using a discounted cash flow analysis, based on the Advisor's experience with similar types of investments. Pledged investment securities are comprised of treasury securities for which fair value is generally estimated using discounted cash flow analysis. The Company estimates the fair value of the collateralized loan obligations using external broker quotes. The mortgage note payable was recorded at transaction proceeds, which are considered to be the best initial estimate of fair value. The fair value of the other financings is generally estimated using a discounted cash flow analysis. The fair value of the unsecured debt is based on discounted cash flows using Company estimates for market yields on similarly structured debt instruments.

Note 20 - Derivative Instruments

The Company uses derivative instruments primarily to manage the fair value variability of fixed rate assets caused by interest rate fluctuations and overall portfolio market risk. The following derivative instruments were outstanding as of June 30, 2026 and December 31, 2025 (dollars in thousands):

	June 30, 2026			December 31, 2025		
		Fair Value			Fair Value	
Contract type	**Notional**	**Assets**	**Liabilities**	**Notional**	**Assets**	**Liabilities**
Credit default swaps	$ 3,000	$ —	$ 66	$ 31,500	$ —	$ 714
Options	—	—	—	—	—	—
Treasury note futures	4,400	10	—	19,600	—	28
Total	**$ 7,400**	**$ 10**	**$ 66**	**$ 51,100**	**$ —**	**$ 742**

The following tables indicate the net realized and unrealized gains and losses on derivatives, by primary underlying risk exposure, as included in the consolidated statements of operations for the three and six months ended June 30, 2026 and 2025 (dollars in thousands):

	Three Months Ended June 30, 2026		Three Months Ended June 30, 2025	
Contract type	**Unrealized Gain/ (Loss)**	**Realized Gain/(Loss)**	**Unrealized Gain/ (Loss)**	**Realized Gain/(Loss)**
Credit default swaps	$ (376)	$ (39)	$ (30)	$ (9)
Options	91	(313)	—	—
Treasury note futures	(948)	2,065	(123)	(55)
Total	**$ (1,233)**	**$ 1,713**	**$ (153)**	**$ (64)**

	Six Months Ended June 30, 2026		Six Months Ended June 30, 2025	
Contract type	**Unrealized Gain/ (Loss)**	**Realized Gain/(Loss)**	**Unrealized Gain/ (Loss)**	**Realized Gain/(Loss)**
Credit default swaps	$ 2	$ 270	$ (92)	$ 6
Options	—	80	(83)	(100)
Treasury note futures	51	1,931	(1,034)	968
Total	**$ 53**	**$ 2,281**	**$ (1,209)**	**$ 874**

Interest rate swap agreements are measured at fair value on a recurring basis primarily using Level II Inputs in accordance with ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820). In determining fair value estimates for swaps, the Company utilizes the standard methodology of netting the discounted future fixed cash payments and the discounted future variable cash receipts which are based on expected future interest rates derived from observable market interest rate curves. The Company also incorporates both its own nonperformance risk and its counterparties' nonperformance risk in determining fair value. In considering the effect of nonperformance risk, the Company considered the impact of netting and credit enhancements, such as collateral postings and guarantees, and has concluded that counterparty risk is not significant to the overall valuation.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026
(Unaudited)

Note 21 - Offsetting Assets and Liabilities

The Company's consolidated balance sheets used a gross presentation of repurchase agreements and collateral pledged. The table below provides a gross presentation, the effects of offsetting, and a net presentation of the Company's derivative instruments and repurchase agreements as of June 30, 2026 and December 31, 2025 (dollars in thousands):

				Gross Amounts Not Offset on the Balance Sheet		
Assets[1]	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset on the Balance Sheet**	**Net Amount of Assets Presented on the Balance Sheet**	**Financial Instruments**	**Cash Collateral[2]**	**Net Amount**
June 30, 2026						
Derivative instruments, at fair value	$ 10	$ 10	$ —	$ —	$ —	$ —
December 31, 2025						
Derivative instruments, at fair value	$ —	$ —	$ —	$ —	$ —	$ —

				Gross Amounts Not Offset on the Balance Sheet		
Liabilities	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset on the Balance Sheet**	**Net Amount of Liabilities Presented on the Balance Sheet**	**Financial Instruments**	**Cash Collateral[2]**	**Net Amount**
June 30, 2026						
Repurchase agreements - commercial mortgage loans	$ 802,380	$ —	$ 802,380	$ 802,380	$ —	$ —
Repurchase agreements - real estate securities	196,538	—	196,538	196,538	—	—
Derivative instruments, at fair value	66	10	56	—	56	—
December 31, 2025						
Repurchase agreements - commercial mortgage loans	$ 1,087,087	$ —	$ 1,087,087	$ 1,087,087	$ —	$ —
Repurchase agreements - real estate securities	187,371	—	187,371	187,371	—	—
Derivative instruments, at fair value	742	—	742	—	742	—

[1] As of June 30, 2026, there were no assets which were presented gross within the scope of ASC 210-20, *Balance Sheet — Offsetting*.

[2] Included in *Restricted cash* in the Company's consolidated balance sheets.

Note 22 - Segment Reporting

Effective July 1, 2025, in order to better align with the manner in which the CODM reviews financial performance and allocates resources, the Company combined the real estate debt business and the real estate securities business into one reportable segment, Real Estate Debt and Other Real Estate Investments. Additionally, following the acquisition of the NewPoint business, the Company added Agency as a new reportable segment to reflect the distinct nature of its agency-related origination and servicing activities. Prior period segment results have been recast to conform to this new presentation. These changes affect only the presentation of the Company's reportable segments and have no impact on its consolidated financial position, results of operations, or cash flows.

The Company conducts its business through the following segments:

- The real estate debt business focuses on originating, acquiring and asset managing commercial real estate debt investments, including first mortgages, subordinate mortgages, mezzanine loans and participations in such loans. The business also focuses on investing in and asset managing real estate securities, historically focusing on CMBS, CMBS bonds, CDO notes, and other securities.
- The Agency Business focuses on originating, selling, and servicing loans under programs offered by GSE's and Agencies, such as Fannie Mae, Freddie Mac, Ginnie Mae, and HUD. Additionally, the business services external portfolios of commercial real estate financing products.
- The commercial real estate conduit business, operated through the Company's TRS, is focused on generating risk-adjusted returns by originating and subsequently selling fixed-rate commercial real estate loans into the CMBS securitization market at a profit. The TRS may also hold certain mezzanine loans that don't qualify as good REIT assets due to any potential loss from foreclosure.
- The real estate owned business represents real estate acquired by the Company through foreclosure, deed-in-lieu of foreclosure, or purchase.

The segments are based on financial information presented to the Chief Executive Officer, President of Commercial Real Estate, and the Chief Financial Officer / Chief Operating Officer of the Company, who are determined to jointly be the Chief Operating Decision Maker ("CODM"). The CODM oversees activities and operations of the business, which includes assessing performance, liquidity, and profit or loss on each operating segment. Profit or loss on segment operations is measured by net income/(loss) included in the consolidated statements of operations. The CODM uses net income/(loss) to measure return on equity to assess the liquidity associated with equity that is allocated to each business based on the Company's investment objectives and strategies.

The following table represents the Company's operations by segment for the three and six months ended June 30, 2026 and 2025 (dollars in thousands):

Three Months Ended June 30, 2026	**Total**	**Real Estate Debt and Other Real Estate Investments**	**Agency Business**	**Conduit**	**Real Estate Owned**
Interest income	$97,187	$90,507	$2,567	$3,122	$991
Mortgage servicing rights	3,917	—	3,917	—	—
Servicing revenue	9,658	504	9,154	—	—
Revenue from real estate owned	5,538	—	30	—	5,508
Income/(loss) from VIE's	296	296	—	—	—
Interest expense	(67,261)	(61,528)	(1,972)	(3,401)	(360)
Compensation and benefits	(20,969)	—	(20,969)	—	—
Administrative services expenses	(2,028)	(1,555)	218	(691)	—
Depreciation and amortization	(1,983)	—	(675)	—	(1,308)
Operating expenses	(25,655)	(9,831)	(7,291)	(2,577)	(5,956)
Other segment items(1)(2)	17,575	(7,932)	11,880	5,824	7,803
Net income/(loss)	16,275	10,461	(3,141)	2,277	6,678
Total assets as of June 30, 2026	6,383,846	5,238,399	755,138	25,246	365,063
Three Months Ended June 30, 2025					
Interest income	$111,171	$108,809	$—	$909	$1,453
Mortgage servicing rights	—	—	—	—	—
Servicing revenue	—	—	—	—	—
Revenue from real estate owned	8,336	—	—	—	8,336
Interest expense	(70,213)	(69,633)	—	(129)	(451)
Compensation and benefits	—	—	—	—	—
Administrative services expenses	(3,884)	(2,935)	—	(949)	—
Depreciation and amortization	(1,381)	—	—	—	(1,381)
Operating expenses	(21,979)	(11,345)	—	(734)	(9,900)
Other segment items(1)(2)	2,334	(242)	—	150	2,426
Net income/(loss)	24,384	24,654	—	(753)	483
Total assets as of December 31, 2025	6,057,250	4,797,877	857,562	33,015	368,796

Six Months Ended June 30, 2026	Total	Real Estate Debt and Other Real Estate Investments	Agency Business	Conduit	Real Estate Owned
Interest income	$189,436	$175,845	$4,841	$6,944	$1,806
Mortgage servicing rights	10,659	—	10,659	—	—
Servicing revenue	20,208	877	19,331	—	—
Revenue from real estate owned	12,420	—	60	—	12,360
Income/(loss) from VIE's	296	296	—	—	—
Interest expense	(132,491)	(121,715)	(4,871)	(5,138)	(767)
Compensation and benefits	(43,793)	—	(43,793)	—	—
Administrative services expenses	(4,362)	(2,927)	161	(1,596)	—
Depreciation and amortization	(5,403)	—	(2,786)	—	(2,617)
Operating expenses	(52,370)	(19,450)	(16,716)	(4,520)	(11,684)
Other segment items(1)(2)	33,967	(22,655)	32,774	10,794	13,054
Net income/(loss)	28,567	10,271	(340)	6,484	12,152
Total assets as of June 30, 2026	6,383,846	5,238,399	755,138	25,246	365,063
Six Months Ended June 30, 2025					
Interest income	$225,079	$220,574	$—	$2,451	$2,054
Mortgage servicing rights	—	—	—	—	—
Servicing revenue	—	—	—	—	—
Revenue from real estate owned	15,133	—	—	—	15,133
Interest expense	(140,806)	(139,567)	—	(342)	(897)
Compensation and benefits	—	—	—	—	—
Administrative services expenses	(7,232)	(5,054)	—	(2,178)	—
Depreciation and amortization	(2,761)	—	—	—	(2,761)
Operating expenses	(45,345)	(24,243)	—	(2,201)	(18,901)
Other segment items(1)(2)	4,021	(218)	—	4,357	(118)
Net income/(loss)	48,089	51,492	—	2,087	(5,490)
Total assets as of December 31, 2025	6,057,250	4,797,877	857,562	33,015	368,796

(1) For each reportable segment, the other segment items category includes:

- Real Estate Debt - specific and general allowance for credit losses, gains/(losses) associated with debt extinguishment, and gains/(losses) associated with sales of CMBS bonds and divestment of trading securities
- Agency Business - allowance for loss sharing provision, gains/(losses) associated with sales of agency loans, gains/(losses) related to movements in the fair value of forward sale commitments, and (provisions)/benefits on taxable income.
- Conduit - gains/(losses) associated with fair value measurements and securitizations or sales of held for sale loans, fair value measurements and terminations of derivative instruments, and (provisions)/benefits on taxable income.
- Real Estate Owned - gains/(losses) associated with other real estate investments resulting from foreclosure or sale.

(2) Stock compensation expense is allocated to each segment based on total income per segment and included within other segment items.

For the purposes of the tables above, management fees have been allocated to the business segments using an agreed upon percentage of each respective segment's prior period equity. Administrative fees are derived from an agreed upon reimbursable amount based on employee time charged and allocated to the business segments.

Note 23 - Consolidated Variable Interest Entities Assets and Liabilities, at Fair Value

On May 21, 2026, the Company purchased the non-investment grade and unrated subordinate tranche, including the controlling class, of a commercial mortgage-backed securities ("CMBS") trust at a purchase price of $27.4 million. The Company determined that the CMBS trust is a variable interest entity ("VIE") and that the Company is the primary beneficiary of the VIE, as it has the power to direct the activities that most significantly affect the VIE's economic performance, including the unilateral right to appoint and remove the special servicer, which manages delinquent and defaulted loans and related loss-mitigation activities. Additionally, the Company has the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant. Accordingly, the Company has consolidated the CMBS trust beginning on May 21, 2026, the acquisition date.

The Company irrevocably elected the fair value option for the consolidated CMBS trust. As a result, the Company: (i) reports the assets and liabilities of the trust at fair value in the Consolidated Balance Sheets; (ii) recognizes changes in the trust's net assets, including fair value adjustments, in the Consolidated Statements of Operations; and (iii) presents cash interest received by the trust, net of cash interest paid on CMBS not held by the Company, as operating cash flows in the Consolidated Statements of Cash Flows.

The Company contributed $157.4 million of commercial mortgage loans, held for sale, measured at fair value to the trust at the settlement date. As of June 30, 2026, the outstanding principal balance of the Company owned B-Piece of the CMBS trust was $49.4 million with an estimated fair value of $27.4 million.

The following table presents the assets and liabilities of the consolidated CMBS trust (dollars in thousands):

Assets:	June 30, 2026
Commercial mortgage loans, at fair value	$ 541,121
Accrued interest receivable	2,896
Consolidated variable interest entities assets, at fair value	**$ 544,017**
Liabilities:	
Commercial mortgage-backed securities, at fair value	$ 513,716
Accrued interest payable	2,703
Consolidated variable interest entities liabilities, at fair value	**$ 516,419**

In the prior year, the Company did not consolidate any CMBS trust entities.

The following table presents the change in net assets of the consolidated variable interest entity (dollars in thousands):

	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
Interest income	$ 3,957	$ 3,957
Interest expense	(3,661)	(3,661)
Unrealized gain/(loss)	—	—
Change in net assets of consolidated variable interest entity	**$ 296**	**$ 296**

In the prior year, the Company did not consolidate any CMBS trust entities.

Note 24 - Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q. The following activity took place subsequent to the quarter ended June 30, 2026:

Subsequent to quarter end, 7,918,314 OP Units were redeemed, where each OP Unit was equal to one share of the Company’s common stock. These OP Units were previously issued in connection with the Company’s acquisition of NewPoint on July 1, 2025.

On July 28, 2026, the Company's board of directors approved and authorized an increase under the Company's share repurchase program an aggregate amount of up to $50.0 million in shares of common stock through December 31, 2026.

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

The following discussion and analysis should be read in conjunction with the accompanying financial statements of Franklin BSP Realty Trust, Inc. the notes thereto and other financial information included elsewhere in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 25, 2026.

As used herein, the terms "the Company," "we," "our" and "us" refer to Franklin BSP Realty Trust, Inc., a Maryland corporation and, as required by context, to FBRT OP LLC, a Delaware limited liability company, which we refer to as the "OP," and to its subsidiaries. We are externally managed by Benefit Street Partners L.L.C. (the "Advisor").

Certain statements included in this Quarterly Report on Form 10-Q are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of the Company and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

Our forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements, and thus our investors should not place undue reliance on these statements. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website at http://www.sec.gov. These factors include:

- changes in our business and investment strategy;
- our ability to make investments in a timely manner or on acceptable terms;
- changes in credit market conditions and our ability to obtain long-term financing for our investments in a timely manner and on terms that are consistent with what we project when we invest;
- the effect of general market, real estate market, economic and political conditions, including changing interest rate environments (and sustained high interest rates) and inflation;
- our ability to make scheduled payments on our debt obligations;
- our ability to generate sufficient cash flows to make distributions to our stockholders;
- our ability to generate sufficient debt and equity capital to fund additional investments;
- our ability to refinance our existing financing arrangements;
- our ability to recover unpaid principal on defaulted loans and reinvest it in income producing assets;
- the degree and nature of our competition;
- changes in Company management and our board of directors and the ability of us and our external advisor to hire and retain qualified personnel;
- impairment in the value of real estate property securing our loans or that we own;
- our ability to recover or mitigate estimated losses on non-performing assets;
- the impact of national health crises or international military conflicts;
- our ability to maintain our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes; and
- other factors set forth under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025.

Overview

The Company is a Maryland corporation and has made tax elections to be treated as a real estate investment trust ("REIT") for U.S. federal income tax purposes since 2013. Substantially all of our business is conducted through the OP, a Delaware limited liability company. We are the managing member of the OP and directly or indirectly held 90% of the common units of membership interests in the OP ("OP Units") as of June 30, 2026.

The Company's operations are organized into two business units: (i) Commercial Real Estate Financing, and (ii) Agency Business. The Commercial Real Estate Financing unit primarily focuses on originating, acquiring and asset managing commercial real estate debt investments, including first mortgage loans, subordinated mortgage loans, mezzanine loans and participations in such loans. Secondarily, this unit also invests in and asset manages real estate securities, with a historical focus on commercial mortgage-backed securities ("CMBS"), commercial real estate collateralized loan obligation bonds and single asset single borrower bonds (collectively "CMBS bonds"), collateralized debt obligations ("CDOs") and other securities. Through this unit the Company also originates conduit loans which the Company intends to sell through its TRS into CMBS securitization transactions, and owns real estate that was either acquired by the Company through foreclosure, deed-in-lieu of foreclosure or that was purchased for investment.

On July 1, 2025, through a wholly owned subsidiary, we acquired NewPoint Holdings JV LLC ("NewPoint"), which now comprises our Agency Business unit. Through this unit, we originate, sell and service a range of multifamily finance products under programs offered by government-sponsored enterprises ("GSEs"), such as the Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac") and by government agencies ("Agencies"), such as the Government National Mortgage Association ("Ginnie Mae") and the Federal Housing Administration, a division of the U.S. Department of Housing and Urban Development (together with Ginnie Mae, "HUD"). We retain the servicing rights and asset management responsibilities on substantially all loans we originate and sell under the GSE and HUD programs. We are an approved Fannie Mae Delegated Underwriting and Servicing ("DUS") lender, a Freddie Mac Program Plus Seller/Servicer, a Multifamily Accelerated Processing ("MAP") and Section 232 LEAN lender for HUD and a Ginnie Mae issuer. Additionally, the Company services external portfolios of commercial real estate financing products.

We are managed by the Advisor pursuant to an advisory agreement, as amended on August 18, 2021 (the "Advisory Agreement"). The Advisor manages our affairs on a day-to-day basis. The Advisor receives compensation and fees for services related to the investment and management of our assets and our operations.

The Advisor, an SEC-registered investment adviser, is a credit-focused alternative asset management firm. The Advisor manages funds for institutions and high-net-worth investors across various credit funds and complementary strategies including high yield, levered loans, private / opportunistic debt, liquid credit, structured credit and commercial real estate debt. These strategies complement each other as they all leverage the sourcing, analytical, compliance, and operational capabilities that encompass the Advisor's robust platform. The Advisor is a wholly-owned subsidiary of Franklin Resources, Inc., which together with its various subsidiaries operates as "Franklin Templeton".

As of June 30, 2026, we have 252 employees, all of which are employees of NewPoint.

Book Value Per Share

The following table calculates our book value per share as of June 30, 2026 and December 31, 2025 (in thousands, except share and per share amounts):

	June 30, 2026	December 31, 2025
Stockholders' equity applicable to common stock	$ 1,113,882	$ 1,182,788
Shares:		
Common stock	75,124,154	80,843,557
Restricted stock and restricted stock units	1,634,880	1,435,383
Total outstanding shares	**76,759,034**	**82,278,940**
Book value per share[1]	**$ 14.51**	**$ 14.38**

The following table calculates our fully-converted book value per share as of June 30, 2026 and December 31, 2025 (in thousands, except share and per share amounts):

	June 30, 2026	December 31, 2025
Stockholders' equity applicable to convertible common stock	$ 1,288,620	$ 1,359,363
Shares:		
Common stock	75,124,154	80,843,557
Restricted stock and restricted stock units	1,634,880	1,435,383
Series H convertible preferred stock	5,370,498	5,370,498
Class A OP Units	8,385,951	8,385,951
Total outstanding shares	**90,515,483**	**96,035,389**
Fully-converted book value per share[2][3]	**$ 14.24**	**$ 14.15**

(1) Book value per share includes unvested shares for restricted stock and restricted stock units.

(2) Fully-converted book value per share assumes conversion of the Company's Series H preferred stock, the redemption for Company common stock of the Class A OP Units of the OP held by third parties, and the vesting of the Company's unvested equity compensation awards.

(3) Excluding the impact of accumulated depreciation and amortization of real property of $19.5 million and $17.5 million as of June 30, 2026 and December 31, 2025, respectively, as well as including the impact of the fair value of our MSRs over their carrying value of $26.2 million as of June 30, 2026, would result in a fully converted book value per share of $14.74 and $14.34, respectively.

Critical Accounting Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Critical accounting estimates are those that require the application of management’s most difficult, subjective or complex judgments on matters that are inherently uncertain and that may change in subsequent periods. In preparing the financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In preparing the financial statements, management has utilized available information, including our past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments, giving due consideration to materiality. Actual results may differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to those of companies in similar businesses.

During the six months ended June 30, 2026, there were no material changes to our critical accounting estimates as compared to the critical accounting estimates disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Portfolio

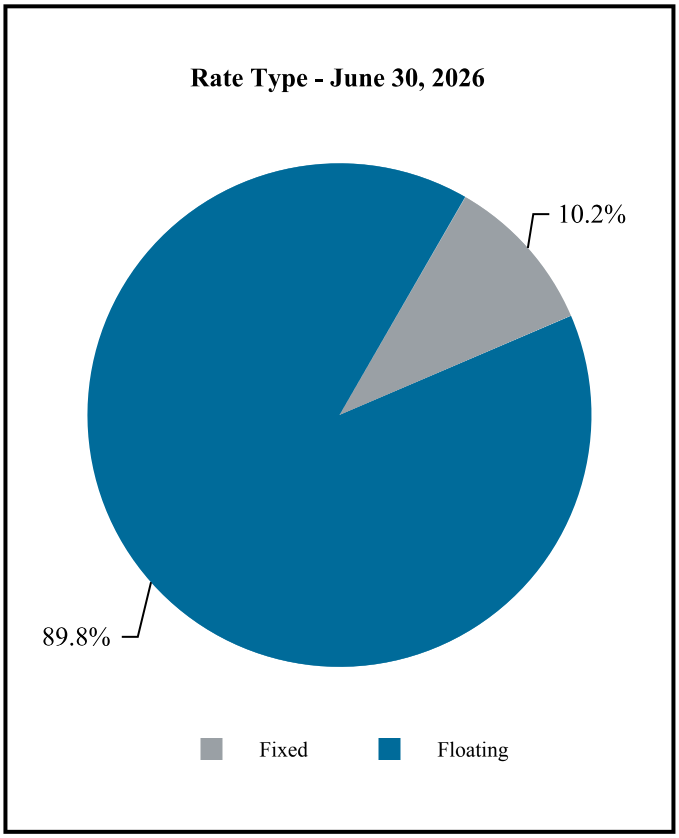
As of June 30, 2026 and December 31, 2025, our portfolio consisted of 172 and 169 commercial mortgage loans, held for investment, respectively. The commercial mortgage loans, held for investment, net of allowance for credit losses, as of June 30, 2026 and December 31, 2025 had a total carrying value of $4,275.1 million and $4,383.1 million, respectively. As of June 30, 2026, our commercial mortgage loans, held for sale, measured at fair value, were comprised of one conduit loan and 11 Agency loans, with a total fair value of $251.8 million. As of December 31, 2025, our commercial mortgage loans, held for sale, measured at fair value, were comprised of two conduit loans and 15 Agency loans, with a total fair value of $360.7 million. As of June 30, 2026 and December 31, 2025, we had $187.2 million and $151.7 million, respectively, of real estate securities, available for sale, measured at fair value. As of June 30, 2026 and December 31, 2025, our real estate owned, held for investment portfolio was composed of three and two properties with carrying values of $164.6 million and $99.3 million, respectively. As of June 30, 2026 and December 31, 2025, we had four and six positions classified as real estate owned, held for sale with combined carrying values of $115.7 million and $198.9 million, respectively. As of June 30, 2026 and December 31, 2025 our equity method investments consisted of five and four investments with carrying values of $89.2 million and $71.7 million, respectively.

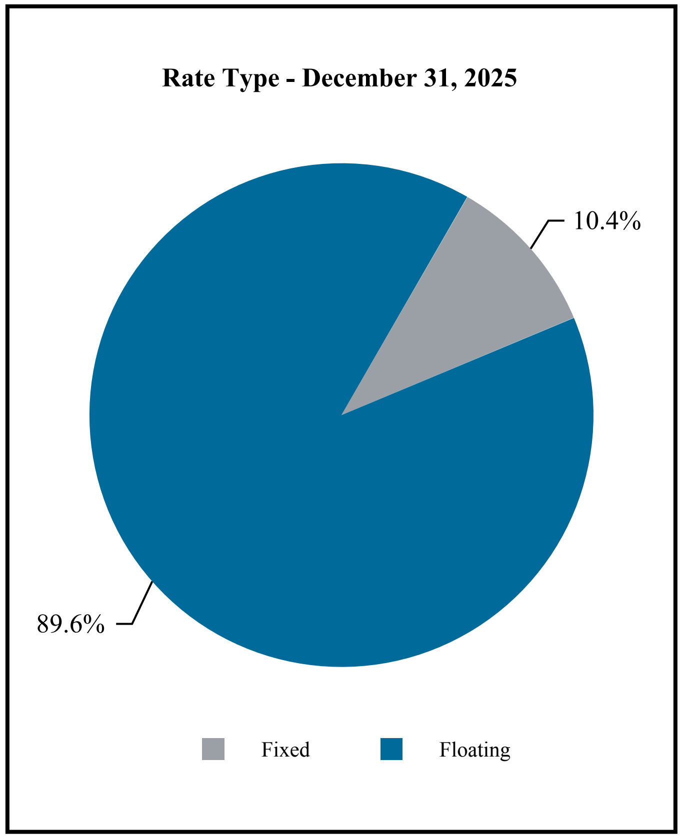
As of June 30, 2026, we had nine loans (one secured by an office property and eight secured by multifamily properties), designated as non-performing status with a total amortized cost of $344.2 million. As of December 31, 2025, we had seven loans (six secured by a multifamily properties and one secured by an office property), designated as non-performing status with a total amortized cost of $214.0 million. As of June 30, 2026, four loans designated as non-performing and put on cost recovery status were determined to have a combined $17.8 million specific allowance for credit losses. As of December 31, 2025, three loans designated as non-performing and put on cost recovery status were determined to have a combined $4.1 million specific allowance for credit losses.

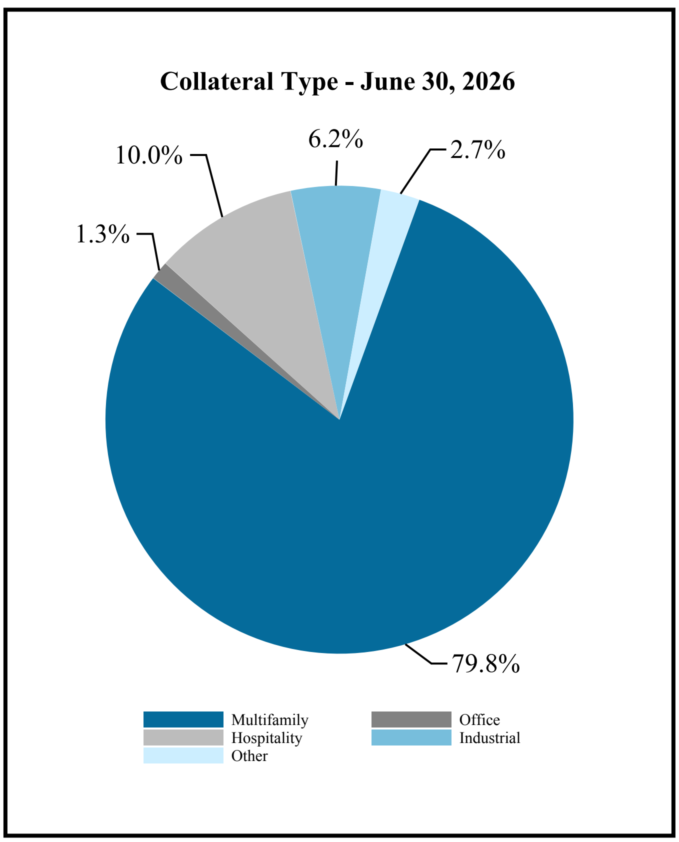
As of June 30, 2026 and December 31, 2025 our commercial mortgage loans, held for investment, excluding commercial mortgage loans on non-performing status, had a weighted average coupon of 7.1% and 7.1%, respectively, and a weighted average remaining contractual maturity life of 1.1 years and 1.1 years, respectively.

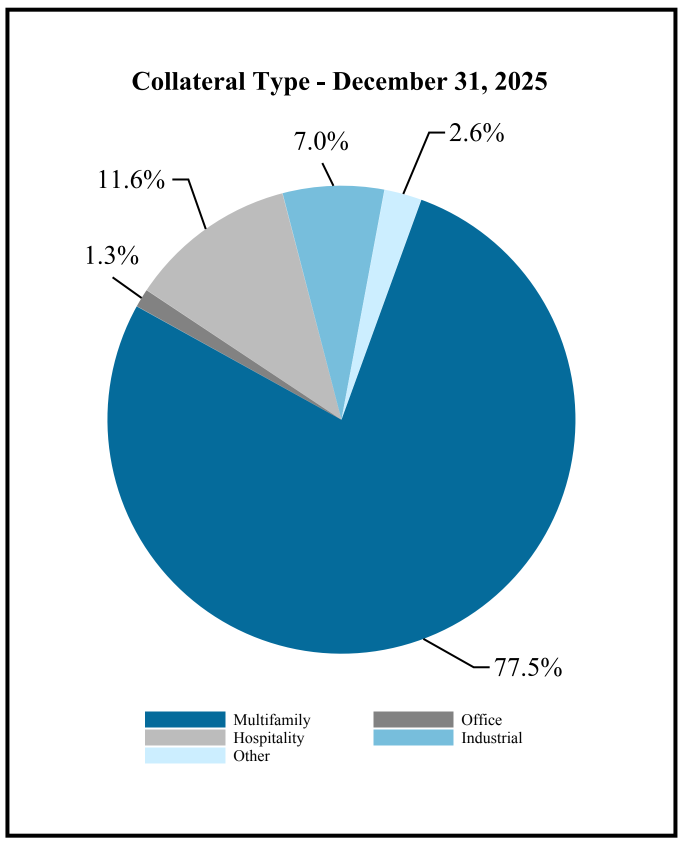
As of June 30, 2026 and December 31, 2025, the Company had a total servicing portfolio consisting of 1,948 and 1,596 loans with an unpaid principal balance of $59.8 billion and $47.8 billion, respectively. As of June 30, 2026 and December 31, 2025, the Company owned Mortgage Servicing Rights (“MSRs”) of $205.5 million and $212.2 million, respectively. As of June 30, 2026 and December 31, 2025, the MSRs consisted of 1,051 and 1,042 loans with an unpaid principal balance of $22.3 billion and $21.6 billion, respectively.

The following charts summarize our commercial mortgage loans, held for investment, by coupon rate type, collateral type, geographical region and state as of June 30, 2026 and December 31, 2025:

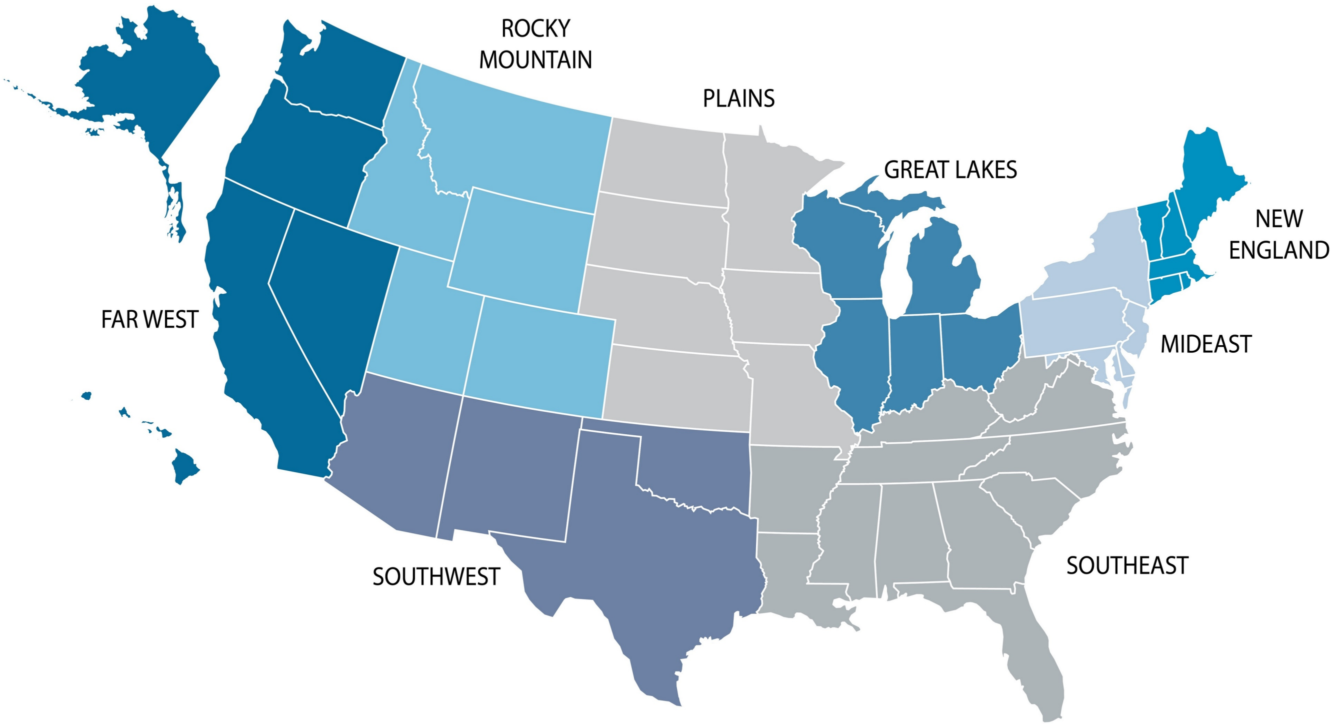


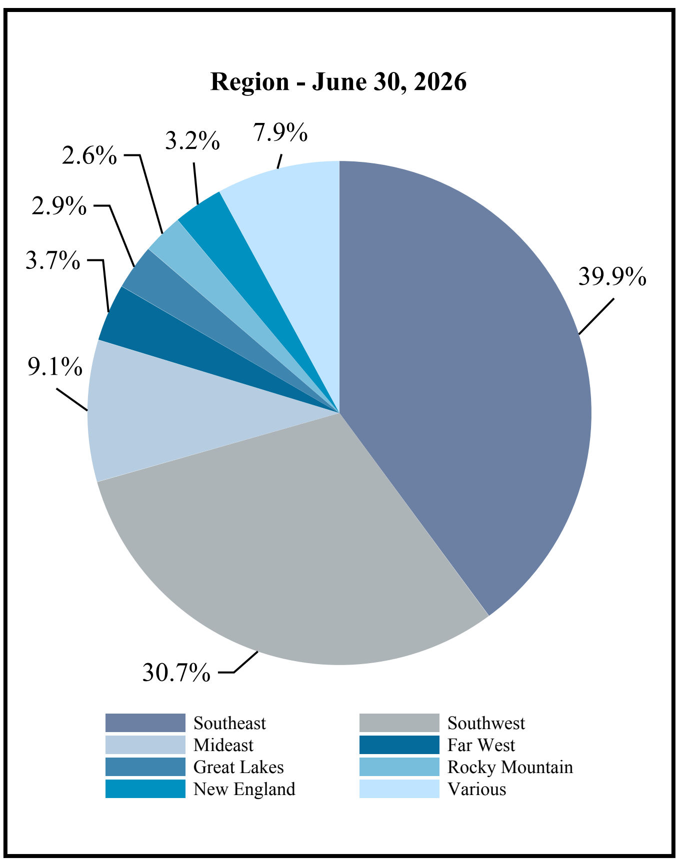


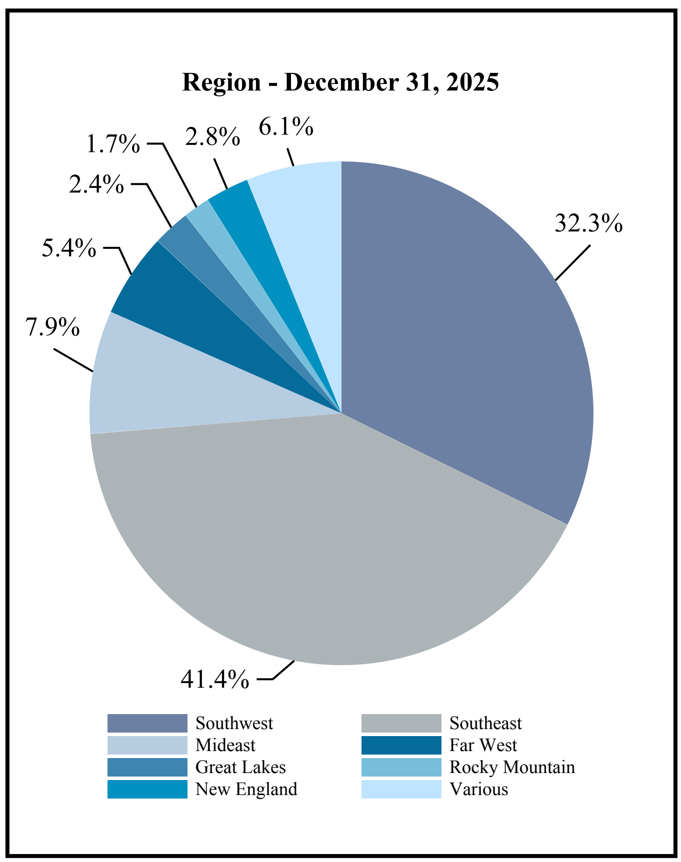


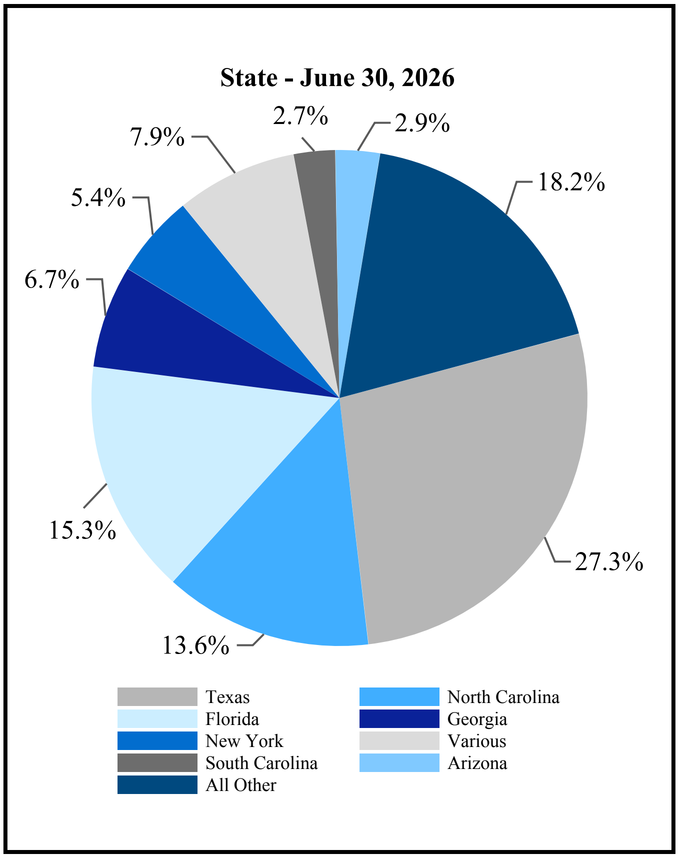


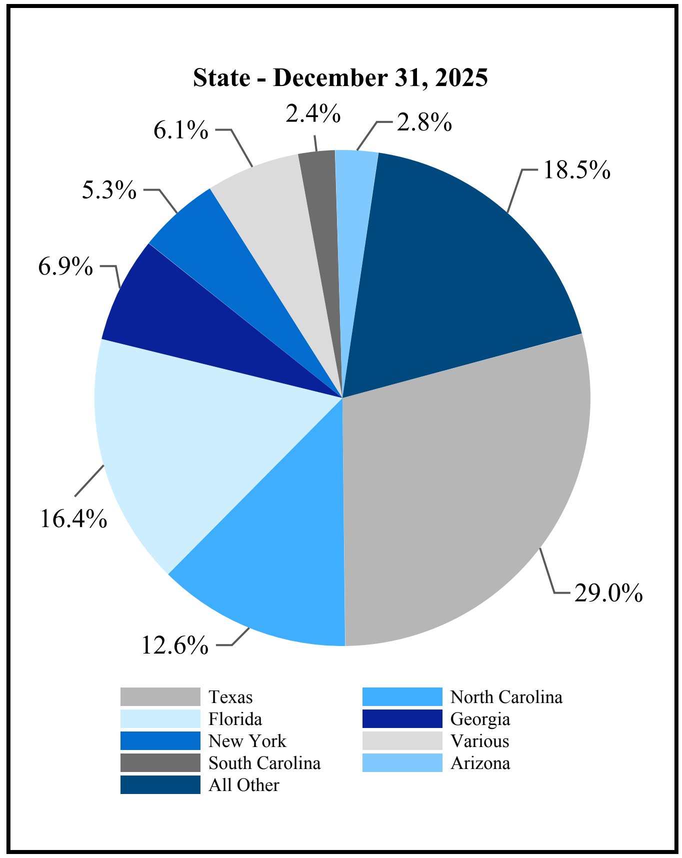
An investments region classification is defined according to the below map based on the location of investments secured property.



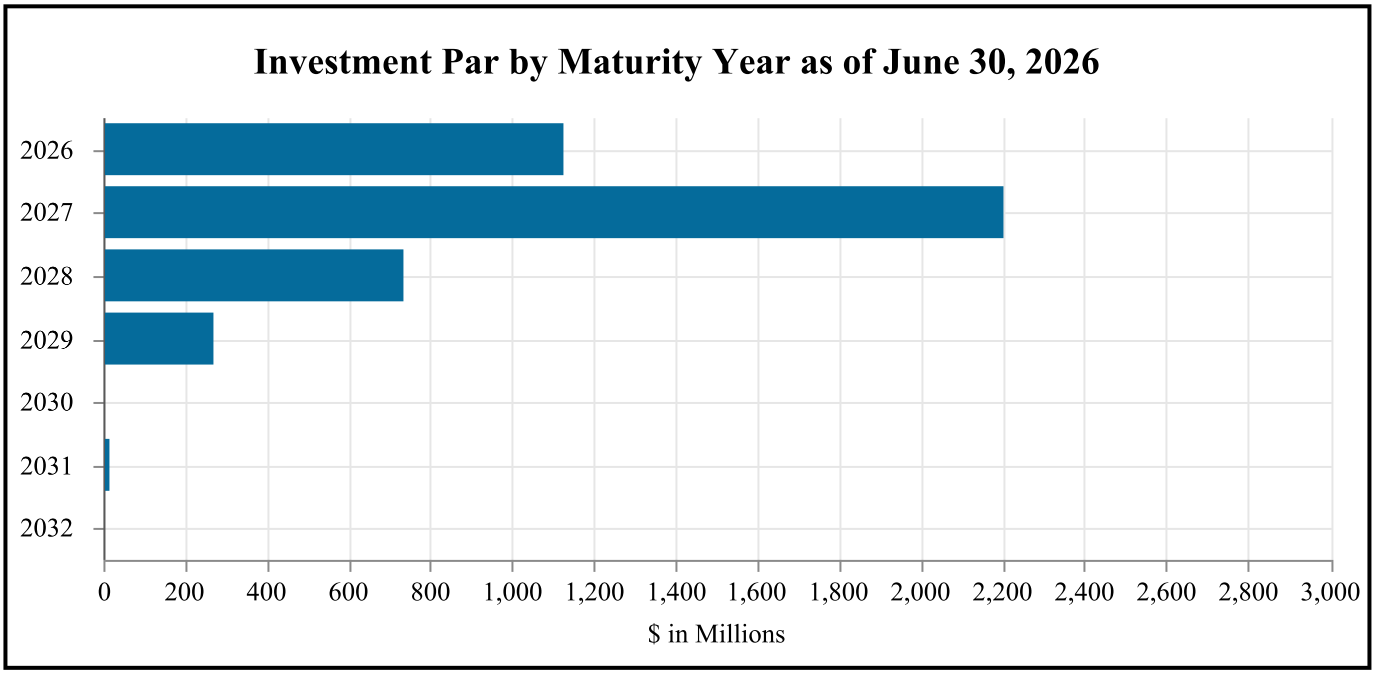


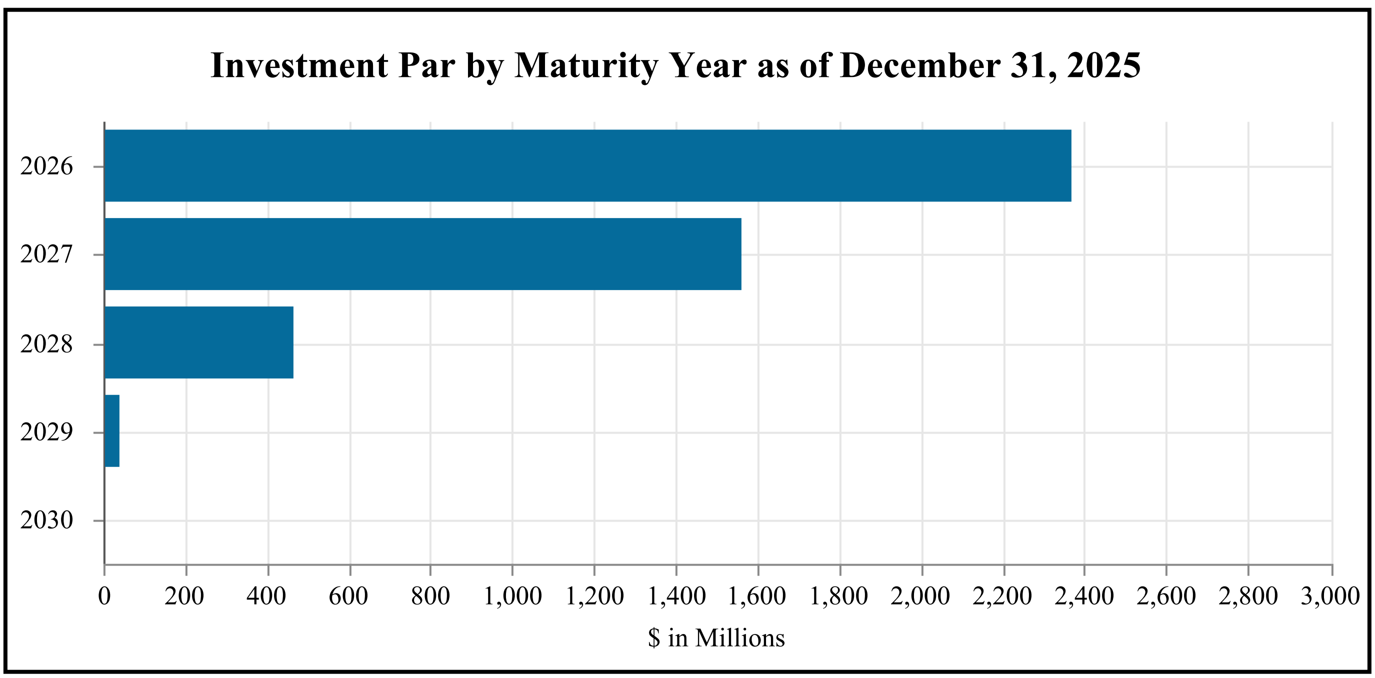



State - June 30, 2026
2.7%
2.9%
7.9%
18.2%
5.4%
6.7%
15.3%
27.3%
13.6%
Texas
North Carolina
Florida
Georgia
New York
Various
South Carolina
Arizona
All Other


State - December 31, 2025
2.4%
2.8%
6.1%
18.5%
5.3%
6.9%
16.4%
29.0%
12.6%
Texas
North Carolina
Florida
Georgia
New York
Various
South Carolina
Arizona
All Other

The following charts show the par value by contractual maturity year for the commercial mortgage loans, held for investment in our portfolio as of June 30, 2026 and December 31, 2025:





The following table shows selected data from our commercial mortgage loans, held for investment in our portfolio as of June 30, 2026 (dollars in thousands):

Loan Type	Risk Rating (1)	Property Type	State	Par Value	Amortized Cost	Origination Date (2)	Fully Extended Maturity (3)	Interest Rate (4)(5)	Effective Yield (6)	Loan to Value (7)
Senior Debt 1	5	Office	Georgia	$21,111	$18,854	12/17/2019	7/9/2027	1M SOFR Term + 2.25%	5.90%	64.9%
Senior Debt 2	3	Office	Texas	14,756	14,756	10/6/2020	10/9/2027	Adj. 1M SOFR Term + 4.50%	8.27%	47.9%
Senior Debt 3	2	Office	Michigan	20,559	20,559	10/14/2020	1/9/2027	7.13%	7.13%	66.0%
Senior Debt 4	4	Multifamily	Texas	32,871	32,871	3/5/2021	9/9/2028	1M SOFR Term + 4.10%	7.75%	78.2%
Senior Debt 5	4	Multifamily	Texas	72,012	72,010	3/31/2021	7/9/2026	1M SOFR Term + 2.20%	5.85%	72.6%
Senior Debt 6	3	Multifamily	Texas	19,100	19,100	4/22/2021	5/9/2029	Adj. 1M SOFR Term + 3.00%	6.77%	—%
Senior Debt 7	3	Multifamily	Texas	32,962	32,962	9/20/2021	4/9/2027	Adj. 1M SOFR Term + 3.64%	7.41%	66.0%
Senior Debt 8	4	Multifamily	Georgia	8,945	8,945	9/22/2021	10/9/2026	Adj. 1M SOFR Term + 3.75%	7.52%	70.0%
Senior Debt 9	2	Multifamily	Texas	47,500	47,500	11/23/2021	3/9/2031	1M SOFR Term + 2.70%	6.35%	67.2%
Senior Debt 10	5	Multifamily	Arizona	36,789	36,789	11/16/2021	12/9/2026	Adj. 1M SOFR Term + 2.00%	5.77%	72.0%
Senior Debt 11	3	Multifamily	Texas	55,074	55,074	12/10/2021	9/9/2026	Adj. 1M SOFR Term + 3.00%	6.77%	74.8%
Senior Debt 12	2	Multifamily	Texas	28,894	28,894	12/16/2021	1/9/2027	1M SOFR Term + 3.20%	6.85%	74.2%
Senior Debt 13	5	Multifamily	North Carolina	80,247	79,774	12/15/2021	3/9/2027	4.25%	4.25%	76.1%
Senior Debt 14	2	Multifamily	North Carolina	22,500	22,500	12/17/2021	1/9/2027	1M SOFR Term + 3.10%	6.75%	72.7%
Senior Debt 15	3	Multifamily	Florida	76,500	76,500	2/10/2022	2/9/2027	1M SOFR Term + 3.20%	6.85%	74.5%
Senior Debt 16	2	Industrial	Arizona	53,805	53,805	3/15/2022	7/9/2026	1M SOFR Term + 3.50%	7.15%	70.1%
Senior Debt 17	2	Multifamily	Texas	37,071	37,071	3/14/2022	3/9/2028	7.00%	7.00%	74.1%
Senior Debt 18	4	Multifamily	Arizona	34,859	34,859	3/2/2022	3/9/2027	1M SOFR Term + 1.55%	5.20%	63.1%
Senior Debt 19	2	Multifamily	North Carolina	30,930	30,930	2/24/2022	3/9/2027	1M SOFR Term + 3.15%	6.80%	69.6%
Senior Debt 20	3	Multifamily	Nevada	35,880	35,880	6/3/2022	11/9/2027	1M SOFR Term + 3.15%	6.80%	62.4%
Senior Debt 21	5	Multifamily	Texas	30,487	30,411	10/21/2022	11/9/2026	6.50%	6.50%	70.9%
Senior Debt 22	4	Multifamily	Texas	16,711	16,711	5/26/2022	6/9/2027	1M SOFR Term + 3.65%	7.30%	73.9%
Senior Debt 23	5	Multifamily	North Carolina	44,483	43,999	6/1/2022	6/9/2027	1M SOFR Term + 2.75%	6.40%	75.9%
Senior Debt 24	2	Multifamily	Georgia	64,250	64,250	6/14/2022	6/9/2027	1M SOFR Term + 3.45%	7.10%	71.6%
Senior Debt 25	3	Hospitality	District of Columbia	38,299	38,299	8/2/2022	8/9/2027	1M SOFR Term + 5.00%	8.65%	71.2%
Senior Debt 26	3	Multifamily	South Carolina	48,800	48,800	12/2/2022	12/9/2028	1M SOFR Term + 3.75%	7.40%	64.6%
Senior Debt 27	2	Hospitality	Various	94,047	93,970	2/9/2023	5/9/2028	1M SOFR Term + 4.00%	8.00%	53.6%
Senior Debt 28	2	Multifamily	Texas	14,750	14,736	6/28/2024	7/9/2029	1M SOFR Term + 2.80%	6.45%	71.5%
Senior Debt 29	3	Multifamily	District of Columbia	20,186	20,186	6/30/2023	7/17/2026	1M SOFR Term + 4.45%	8.10%	29.4%
Senior Debt 30	2	Multifamily	New York	19,793	19,834	6/28/2023	7/9/2028	4.75%	4.75%	85.7%
Senior Debt 31	3	Hospitality	Georgia	18,086	18,078	8/17/2023	9/9/2028	1M SOFR Term + 4.85%	8.50%	53.5%
Senior Debt 32	2	Industrial	South Carolina	36,125	36,125	3/21/2024	10/9/2027	1M SOFR Term + 4.75%	9.50%	—%
Senior Debt 33	2	Multifamily	Texas	37,983	37,983	10/18/2023	5/9/2028	1M SOFR Term + 3.50%	7.15%	62.4%
Senior Debt 34	2	Hospitality	Florida	31,300	31,268	10/17/2023	11/9/2028	1M SOFR Term + 4.25%	8.59%	48.9%
Senior Debt 35	2	Multifamily	Texas	42,750	42,750	10/17/2023	11/9/2026	1M SOFR Term + 3.85%	7.50%	61.4%
Senior Debt 36	2	Multifamily	Texas	24,819	24,802	10/12/2023	10/9/2028	1M SOFR Term + 3.20%	6.85%	55.1%
Senior Debt 37	2	Multifamily	Texas	21,400	21,400	12/6/2023	12/9/2026	1M SOFR Term + 3.75%	8.50%	63.6%
Senior Debt 38	4	Multifamily	Texas	35,880	35,880	2/14/2024	2/9/2027	9.00%	9.00%	84.4%
Senior Debt 39	3	Hospitality	Colorado	32,750	32,713	2/5/2024	2/9/2029	1M SOFR Term + 4.50%	8.82%	41.6%
Senior Debt 40	2	Multifamily	Florida	32,999	32,965	2/12/2024	8/9/2028	1M SOFR Term + 5.50%	9.50%	—%
Senior Debt 41	3	Multifamily	Texas	79,394	79,394	2/16/2024	3/9/2029	1M SOFR Term + 3.65%	7.30%	53.3%
Senior Debt 42	2	Multifamily	Florida	67,000	67,000	2/29/2024	3/9/2029	1M SOFR Term + 3.25%	7.25%	58.7%
Senior Debt 43	2	Industrial	North Carolina	75,000	74,953	3/7/2024	3/9/2029	1M SOFR Term + 2.70%	6.35%	58.6%
Senior Debt 44	2	Multifamily	Texas	29,500	29,450	3/7/2024	3/9/2029	1M SOFR Term + 3.75%	7.75%	57.2%
Senior Debt 45	2	Multifamily	Ohio	44,669	44,596	4/29/2024	5/9/2029	1M SOFR Term + 2.90%	6.55%	72.2%
Senior Debt 46	3	Multifamily	Texas	23,000	22,954	4/30/2024	5/9/2029	1M SOFR Term + 3.75%	7.75%	55.8%
Senior Debt 47	2	Multifamily	California	40,000	40,000	5/24/2024	6/9/2028	1M SOFR Term + 2.77%	6.42%	60.9%
Senior Debt 48	2	Multifamily	Connecticut	116,500	116,351	5/10/2024	5/9/2029	1M SOFR Term + 2.50%	6.15%	50.7%
Senior Debt 49	3	Hospitality	Florida	49,950	49,865	5/9/2024	6/9/2029	1M SOFR Term + 4.50%	8.15%	62.8%
Senior Debt 50	2	Hospitality	Various	28,811	28,811	6/6/2024	6/9/2030	1M SOFR Term + 4.43%	8.08%	44.6%
Senior Debt 51	2	Multifamily	Florida	9,422	9,401	6/3/2024	6/9/2029	1M SOFR Term + 2.95%	6.60%	56.0%
Senior Debt 52	2	Multifamily	Texas	23,980	23,928	6/7/2024	6/9/2029	1M SOFR Term + 2.85%	6.50%	64.5%
Senior Debt 53	2	Multifamily	Indiana	17,781	17,780	6/28/2024	7/9/2028	1M SOFR Term + 3.05%	6.70%	68.2%

Loan Type	Risk Rating (1)	Property Type	State	Par Value	Amortized Cost	Origination Date (2)	Fully Extended Maturity (3)	Interest Rate (4)(5)	Effective Yield (6)	Loan to Value (7)
Senior Debt 54	2	Hospitality	Oregon	9,902	9,902	6/28/2024	7/9/2028	1M SOFR Term + 3.95%	7.60%	53.1%
Senior Debt 55	2	Multifamily	New Jersey	8,401	8,214	7/1/2024	7/9/2029	1M SOFR Term + 7.50%	13.55%	10.3%
Senior Debt 56	2	Multifamily	North Carolina	26,145	26,079	6/28/2024	7/9/2029	1M SOFR Term + 3.75%	7.75%	69.3%
Senior Debt 57	3	Hospitality	Texas	17,000	17,005	7/25/2024	8/9/2027	8.50%	8.50%	90.0%
Senior Debt 58	2	Multifamily	North Carolina	16,640	16,602	9/16/2024	10/9/2027	1M SOFR Term + 2.75%	6.75%	78.1%
Senior Debt 59	2	Multifamily	Tennessee	21,420	21,405	9/18/2024	10/9/2029	1M SOFR Term + 3.10%	6.75%	59.4%
Senior Debt 60	2	Multifamily	Florida	17,832	17,820	7/30/2024	8/9/2027	1M SOFR Term + 10.30%	16.05%	31.3%
Senior Debt 61	3	Multifamily	Florida	39,299	39,279	9/6/2024	9/9/2028	1M SOFR Term + 2.75%	6.40%	71.0%
Senior Debt 62	3	Multifamily	Florida	72,993	72,955	9/6/2024	9/9/2028	1M SOFR Term + 2.75%	6.40%	72.7%
Senior Debt 63	3	Multifamily	Florida	24,124	24,111	9/6/2024	9/9/2028	1M SOFR Term + 2.75%	6.40%	71.3%
Senior Debt 64	2	Multifamily	New York	16,615	16,615	8/7/2024	8/9/2029	1M SOFR Term + 5.00%	9.00%	53.6%
Senior Debt 65	3	Hospitality	Texas	14,130	14,126	8/9/2024	8/9/2028	1M SOFR Term + 4.00%	9.00%	63.7%
Senior Debt 66	2	Industrial	Texas	12,876	12,787	10/9/2024	10/9/2029	1M SOFR Term + 3.75%	7.40%	71.7%
Senior Debt 67	2	Multifamily	New York	20,588	20,562	11/22/2024	12/9/2027	1M SOFR Term + 4.15%	8.90%	29.2%
Senior Debt 68	2	Multifamily	Texas	18,523	18,478	11/12/2024	11/9/2029	1M SOFR Term + 2.95%	6.60%	66.9%
Senior Debt 69	2	Hospitality	Florida	19,207	19,140	11/6/2024	11/9/2029	1M SOFR Term + 4.75%	8.50%	75.8%
Senior Debt 70	2	Multifamily	New York	27,352	27,310	11/19/2024	12/9/2029	1M SOFR Term + 2.95%	6.60%	80.8%
Senior Debt 71	2	Multifamily	Florida	29,808	29,773	12/5/2024	12/9/2027	1M SOFR Term + 3.50%	7.15%	67.7%
Senior Debt 72	3	Multifamily	Georgia	53,973	53,922	11/1/2024	11/9/2029	1M SOFR Term + 2.95%	6.60%	71.1%
Senior Debt 73	2	Multifamily	Georgia	31,889	31,783	11/8/2024	11/9/2029	1M SOFR Term + 2.75%	6.40%	63.5%
Senior Debt 74	2	Multifamily	North Carolina	18,100	18,061	11/25/2024	12/9/2028	5.50%	5.50%	70.6%
Senior Debt 75	2	Multifamily	South Carolina	24,359	24,296	12/9/2024	12/9/2028	1M SOFR Term + 3.25%	6.90%	76.3%
Senior Debt 76	2	Multifamily	North Carolina	31,162	30,687	12/20/2024	1/9/2028	4.25%	4.25%	87.3%
Senior Debt 77	2	Hospitality	Texas	14,409	14,389	12/27/2024	1/9/2028	1M SOFR Term + 3.25%	6.90%	40.3%
Senior Debt 78	2	Multifamily	North Carolina	18,222	18,158	12/30/2024	1/9/2030	1M SOFR Term + 3.25%	7.00%	69.5%
Senior Debt 79	2	Multifamily	Tennessee	19,355	19,324	2/13/2025	2/9/2029	1M SOFR Term + 2.90%	6.55%	69.6%
Senior Debt 80	2	Multifamily	Texas	15,089	15,065	1/16/2025	2/9/2028	1M SOFR Term + 3.25%	6.90%	75.0%
Senior Debt 81	2	Multifamily	Florida	28,969	28,725	1/15/2025	2/9/2030	1M SOFR Term + 4.00%	7.65%	—%
Senior Debt 82	3	Multifamily	Texas	60,000	59,906	1/24/2025	2/9/2029	1M SOFR Term + 2.50%	6.15%	86.7%
Senior Debt 83	2	Hospitality	New York	49,620	49,620	1/10/2025	1/9/2029	1M SOFR Term + 3.41%	7.06%	48.4%
Senior Debt 84	2	Multifamily	Oklahoma	21,494	21,497	6/27/2025	7/9/2029	1M SOFR Term + 3.75%	7.50%	69.1%
Senior Debt 85	2	Multifamily	Texas	56,500	55,698	2/12/2025	2/9/2029	4.75%	4.75%	88.6%
Senior Debt 86	2	Multifamily	Texas	32,000	31,655	3/31/2025	4/9/2028	5.25%	5.25%	76.7%
Senior Debt 87	2	Multifamily	Texas	13,784	13,538	3/26/2025	10/9/2029	1M SOFR Term + 7.00%	11.00%	—%
Senior Debt 88	2	Multifamily	North Carolina	6,279	6,250	5/30/2025	6/9/2030	1M SOFR Term + 3.25%	6.90%	69.1%
Senior Debt 89	2	Industrial	Virginia	6,288	6,258	6/4/2025	6/9/2030	1M SOFR Term + 3.25%	6.90%	36.0%
Senior Debt 90	4	Multifamily	Texas	18,520	18,582	6/20/2025	1/9/2028	6.65%	6.65%	75.5%
Senior Debt 91	2	Multifamily	South Carolina	9,186	9,160	7/1/2025	7/9/2030	1M SOFR Term + 3.25%	6.90%	72.1%
Senior Debt 92	3	Multifamily	Texas	12,000	12,042	8/1/2025	8/9/2028	6.75%	6.75%	80.5%
Senior Debt 93	2	Multifamily	Florida	6,681	6,660	9/5/2025	9/9/2028	1M SOFR Term + 3.35%	7.00%	68.2%
Senior Debt 94	2	Multifamily	Tennessee	16,726	15,852	8/18/2025	9/9/2030	1M SOFR Term + 6.25%	9.90%	—%
Senior Debt 95	2	Mixed Use	North Carolina	9,880	9,847	8/19/2025	9/9/2029	1M SOFR Term + 3.25%	6.90%	60.7%
Senior Debt 96	2	Multifamily	Various	9,184	8,943	8/15/2025	3/9/2028	1M SOFR Term + 5.05%	9.05%	—%
Senior Debt 97	2	Multifamily	Texas	7,005	6,974	8/21/2025	9/9/2030	1M SOFR Term + 2.75%	6.40%	68.6%
Senior Debt 98	2	Multifamily	Florida	38,250	38,134	8/27/2025	9/9/2029	1M SOFR Term + 3.08%	6.73%	73.8%
Senior Debt 99	2	Multifamily	Various	29,904	29,765	9/16/2025	10/9/2029	1M SOFR Term + 2.90%	6.55%	72.8%
Senior Debt 100	2	Multifamily	Nevada	10,000	9,961	9/29/2025	10/9/2030	1M SOFR Term + 2.65%	6.30%	72.2%
Senior Debt 101	2	Multifamily	New Jersey	9,808	9,767	9/30/2025	10/9/2029	1M SOFR Term + 6.05%	10.05%	69.3%
Senior Debt 102	2	Industrial	Georgia	11,804	11,741	10/29/2025	11/9/2030	1M SOFR Term + 4.00%	7.65%	56.1%
Senior Debt 103	2	Multifamily	New York	6,191	6,169	11/14/2025	11/9/2030	1M SOFR Term + 2.72%	6.37%	56.5%
Senior Debt 104	2	Multifamily	North Carolina	18,056	17,959	11/7/2025	11/9/2030	1M SOFR Term + 2.25%	5.90%	73.7%
Senior Debt 105	2	Multifamily	Ohio	20,658	20,624	10/22/2025	11/9/2028	1M SOFR Term + 2.52%	6.17%	66.2%
Senior Debt 106	2	Multifamily	Ohio	15,980	15,959	10/22/2025	11/9/2028	1M SOFR Term + 2.50%	6.15%	66.0%
Senior Debt 107	2	Multifamily	Georgia	37,500	37,451	10/29/2025	11/9/2030	1M SOFR Term + 2.50%	6.15%	72.9%
Senior Debt 108	2	Multifamily	Various	92,500	92,386	10/28/2025	11/9/2030	1M SOFR Term + 2.30%	5.95%	72.1%
Senior Debt 109	2	Multifamily	Texas	16,894	16,859	11/12/2025	11/9/2030	1M SOFR Term + 2.73%	6.38%	63.6%

Loan Type	Risk Rating (1)	Property Type	State	Par Value	Amortized Cost	Origination Date (2)	Fully Extended Maturity (3)	Interest Rate (4)(5)	Effective Yield (6)	Loan to Value (7)
Senior Debt 110	2	Multifamily	Texas	7,388	7,363	10/31/2025	11/9/2030	1M SOFR Term + 2.55%	6.20%	65.8%
Senior Debt 111	2	Senior Housing	New York	8,628	8,581	11/7/2025	12/9/2029	1M SOFR Term + 4.25%	7.90%	69.0%
Senior Debt 112	2	Multifamily	Texas	11,000	11,043	11/13/2025	11/9/2028	6.75%	6.75%	90.9%
Senior Debt 113	2	Multifamily	Colorado	7,755	7,723	12/3/2025	12/9/2030	1M SOFR Term + 2.60%	6.25%	61.2%
Senior Debt 114	2	Multifamily	Texas	22,000	21,953	11/14/2025	12/9/2030	1M SOFR Term + 2.47%	6.12%	56.6%
Senior Debt 115	2	Multifamily	Texas	11,432	11,385	11/21/2025	12/9/2028	1M SOFR Term + 3.75%	7.40%	81.2%
Senior Debt 116	2	Multifamily	New York	45,256	45,090	12/1/2025	12/9/2030	1M SOFR Term + 2.00%	5.65%	57.5%
Senior Debt 117	2	Multifamily	Florida	8,400	8,364	12/3/2025	12/9/2030	1M SOFR Term + 3.25%	6.90%	65.1%
Senior Debt 118	2	Multifamily	New York	14,250	14,223	11/21/2025	12/9/2029	1M SOFR Term + 2.95%	6.60%	70.1%
Senior Debt 119	2	Multifamily	Colorado	50,900	50,771	11/25/2025	12/9/2030	1M SOFR Term + 2.30%	5.95%	67.7%
Senior Debt 120	2	Multifamily	Florida	26,500	26,426	11/20/2025	12/9/2030	1M SOFR Term + 2.50%	6.15%	70.4%
Senior Debt 121	2	Industrial	Florida	6,137	6,098	12/29/2025	1/9/2031	1M SOFR Term + 3.15%	6.80%	62.8%
Senior Debt 122	2	Multifamily	Georgia	18,000	17,925	11/21/2025	12/9/2028	1M SOFR Term + 2.25%	5.90%	72.7%
Senior Debt 123	2	Multifamily	North Carolina	7,477	7,444	12/30/2025	1/9/2031	1M SOFR Term + 3.25%	6.90%	74.6%
Senior Debt 124	2	Multifamily	Texas	12,562	12,531	11/20/2025	12/9/2030	1M SOFR Term + 2.85%	6.50%	56.1%
Senior Debt 125	2	Multifamily	Nevada	23,270	23,185	11/25/2025	12/9/2030	1M SOFR Term + 2.85%	6.50%	76.2%
Senior Debt 126	2	Industrial	Illinois	7,101	7,066	12/8/2025	12/9/2030	1M SOFR Term + 2.80%	6.45%	45.5%
Senior Debt 127	2	Healthcare	Various	20,872	20,785	12/1/2025	12/9/2029	1M SOFR Term + 3.75%	7.40%	76.1%
Senior Debt 128	3	Multifamily	Nevada	15,588	15,529	12/16/2025	1/9/2031	1M SOFR Term + 2.90%	6.55%	70.7%
Senior Debt 129	2	Industrial	California	6,268	6,230	12/19/2025	1/9/2030	1M SOFR Term + 3.55%	7.20%	50.1%
Senior Debt 130	2	Industrial	Texas	9,349	9,290	12/19/2025	1/9/2031	1M SOFR Term + 3.00%	6.65%	56.2%
Senior Debt 131	2	Senior Housing	New York	10,000	9,962	12/19/2025	1/9/2029	1M SOFR Term + 3.50%	7.15%	68.4%
Senior Debt 132	2	Industrial	Various	25,000	24,905	12/23/2025	1/9/2031	1M SOFR Term + 2.93%	6.58%	60.8%
Senior Debt 133	2	Hospitality	Florida	7,500	7,468	12/19/2025	1/9/2031	1M SOFR Term + 3.85%	7.50%	64.8%
Senior Debt 134	2	Industrial	Texas	5,482	5,440	12/16/2025	1/9/2031	1M SOFR Term + 3.50%	7.15%	65.4%
Senior Debt 135	2	Healthcare	Massachusetts	7,625	7,588	12/29/2025	1/9/2029	1M SOFR Term + 4.70%	8.35%	62.3%
Senior Debt 136	2	Multifamily	North Carolina	6,424	6,387	12/30/2025	1/9/2031	1M SOFR Term + 3.45%	7.10%	71.3%
Senior Debt 137	2	Multifamily	North Carolina	49,500	49,500	1/6/2026	4/6/2027	1M SOFR Term + 2.95%	6.60%	83.3%
Senior Debt 138	2	Multifamily	Texas	32,000	32,097	1/6/2026	12/6/2028	1M SOFR Term + 3.15%	6.80%	79.0%
Senior Debt 139	2	Multifamily	Florida	73,200	72,877	2/9/2026	2/9/2031	1M SOFR Term + 3.50%	7.15%	62.9%
Senior Debt 140	2	Industrial	Massachusetts	13,086	13,008	2/26/2026	3/9/2031	1M SOFR Term + 3.05%	6.70%	66.7%
Senior Debt 141	2	Multifamily	Colorado	15,150	15,079	2/27/2026	3/6/2031	6.18%	6.18%	67.0%
Senior Debt 142	2	Healthcare	Various	24,896	24,784	3/12/2026	3/4/2029	1M SOFR Term + 3.70%	7.35%	80.0%
Senior Debt 143	2	Multifamily	California	8,620	8,577	3/4/2026	3/9/2029	1M SOFR Term + 2.75%	6.40%	68.8%
Senior Debt 144	2	Multifamily	North Carolina	11,983	11,931	3/11/2026	3/9/2030	1M SOFR Term + 2.80%	6.45%	69.7%
Senior Debt 145	2	Multifamily	Georgia	12,325	12,267	3/31/2026	4/9/2029	1M SOFR Term + 3.40%	7.05%	72.4%
Senior Debt 146	2	Multifamily	North Carolina	15,034	14,970	3/6/2026	3/9/2031	1M SOFR Term + 2.70%	6.35%	62.7%
Senior Debt 147	2	Multifamily	Utah	6,475	6,475	3/6/2026	11/9/2029	1M SOFR Term + 2.60%	6.25%	47.7%
Senior Debt 148	2	Multifamily	Texas	8,419	8,383	3/12/2026	3/9/2030	1M SOFR Term + 2.85%	6.50%	62.6%
Senior Debt 149	2	Multifamily	North Carolina	71,000	69,917	4/1/2026	4/9/2031	1M SOFR Term + 2.00%	5.66%	93.9%
Senior Debt 150	2	Multifamily	Texas	8,339	8,303	3/26/2026	10/9/2027	6.45%	6.45%	62.2%
Senior Debt 151	2	Multifamily	Texas	17,450	17,370	3/27/2026	4/9/2031	1M SOFR Term + 2.60%	6.25%	66.4%
Senior Debt 152	2	Mixed Use	North Carolina	17,450	17,371	4/14/2026	5/9/2031	1M SOFR Term + 2.70%	6.35%	65.6%
Senior Debt 153	2	Multifamily	New Jersey	15,375	15,316	4/2/2026	4/9/2030	1M SOFR Term + 2.75%	6.40%	74.6%
Senior Debt 154	2	Multifamily	New Jersey	30,210	30,054	3/27/2026	4/9/2031	1M SOFR Term + 2.60%	6.25%	54.9%
Senior Debt 155	2	Multifamily	Pennsylvania	15,375	15,303	3/26/2026	4/9/2030	1M SOFR Term + 1.00%	6.25%	76.9%
Senior Debt 156	2	Multifamily	North Carolina	7,500	7,465	4/27/2026	5/9/2031	1M SOFR Term + 2.95%	6.60%	71.6%
Senior Debt 157	2	Multifamily	Texas	6,829	6,790	4/29/2026	5/9/2031	1M SOFR Term + 2.80%	6.45%	62.1%
Senior Debt 158	2	Mixed Use	Washington	6,605	6,566	5/6/2026	5/9/2029	1M SOFR Term + 2.95%	6.60%	58.5%
Senior Debt 159	2	Multifamily	North Carolina	7,500	7,464	5/21/2026	6/9/2031	1M SOFR Term + 2.85%	6.50%	75.9%
Senior Debt 160	2	Mixed Use	Georgia	12,321	12,260	6/26/2026	7/9/2031	1M SOFR Term + 2.20%	5.85%	69.6%
Senior Debt 161	2	Multifamily	Various	19,594	19,497	6/30/2026	9/9/2026	1M SOFR Term + 2.50%	6.15%	40.7%
Mezzanine Loan 1	3	Multifamily	District of Columbia	3,805	3,805	6/30/2023	7/17/2026	1M SOFR Term + 4.45%	8.10%	45.2%
Mezzanine Loan 2	2	Multifamily	California	4,000	4,000	5/24/2024	6/9/2028	1M SOFR Term + 3.67%	7.32%	60.9%

Loan Type	Risk Rating [1]	Property Type	State	Par Value	Amortized Cost	Origination Date [2]	Fully Extended Maturity [3]	Interest Rate [4][5]	Effective Yield [6]	Loan to Value [7]
Mezzanine Loan 3	2	Multifamily	New Jersey	18,608	18,515	7/1/2024	7/9/2029	1M SOFR Term + 13.90%	19.95%	10.3%
Mezzanine Loan 4	2	Multifamily	New York	1,870	1,870	8/7/2024	8/9/2029	1M SOFR Term + 12.50%	16.50%	59.6%
Mezzanine Loan 5	2	Multifamily	New York	1,647	1,645	11/19/2024	12/9/2029	1M SOFR Term + 8.23%	11.88%	85.6%
Mezzanine Loan 6	2	Hospitality	Texas	1,417	1,414	12/27/2024	1/9/2028	1M SOFR Term + 10.51%	14.16%	44.3%
Mezzanine Loan 7	2	Hospitality	New York	6,202	6,202	1/10/2025	1/9/2029	1M SOFR Term + 11.00%	14.65%	4.3%
Mezzanine Loan 8	2	Multifamily	Texas	2,661	2,611	3/26/2025	10/9/2029	1M SOFR Term + 16.25%	20.25%	—%
Mezzanine Loan 9	2	Multifamily	Tennessee	3,638	3,254	8/18/2025	9/9/2030	1M SOFR Term + 13.33%	16.98%	—%
Mezzanine Loan 10	2	Multifamily	New York	6,116	6,093	12/1/2025	12/9/2030	1M SOFR Term + 4.52%	8.17%	65.3%
Mezzanine Loan 11	2	Multifamily	New York	688	685	11/14/2025	11/9/2030	1M SOFR Term + 7.02%	10.67%	62.8%
Total/Weighted Average				**$4,343,396**	**$4,329,579**				**6.97%**	**64.2%**

[1] For a discussion of risk ratings, see Note 4 - Commercial Mortgage Loans in our Consolidated Financial Statements included in this Form 10-Q.

[2] Date loan was originated or acquired by us. The origination or acquisition date is not updated for subsequent loan modifications.

[3] Fully extended maturity assumes all extension options are exercised by the borrower; provided, however, that our loans may be repaid prior to such date.

[4] Our floating rate loan agreements generally contain the contractual obligation for the borrower to maintain an interest rate cap to protect against rising interest rates. In a simple interest rate cap, the borrower pays a premium for a notional principal amount based on a capped interest rate (the “cap rate”). When the floating rate exceeds the cap rate, the borrower receives a payment from the cap counterparty equal to the difference between the floating rate and the cap rate on the same notional principal amount for a specified period of time. When interest rates rise, the value of an interest rate cap will increase, thereby reducing the borrower's exposure to rising interest rates.

[5] As of June 2023, all of our commercial mortgage loans, held for investment which had been indexed at LIBOR have been converted from LIBOR to compounded SOFR, plus a benchmark adjustment of 11.448 basis points, and the applicable spreads remain unchanged. The loans which have the SOFR adjustment are indicated with "Adj. 1M SOFR Term."

[6] Effective yield is calculated as the spread of the loan plus the greater of the applicable index or index floor.

[7] Loan-to-value percentage ("LTV") represents the ratio of the loan amount to the appraised value of the property at the time of origination. However, for predevelopment construction loans at origination, LTV is not applicable and is therefore nil.

The following table shows selected data from our commercial mortgage loans, held for sale, measured at fair value as of June 30, 2026 (dollars in thousands):

Type	Investment Type	State	Fair Value	Interest Rate	Effective Yield
TRS Conduit Debt 1	Non-Agency	Florida	$ 4,450	6.24%	6.24%
Fannie Mae[1]	Agency Loan	Various	9,780	5.68%	5.68%
Freddie Mac[1]	Agency Loan	Various	223,492	5.38%	5.38%
Ginnie Mae[1]	Agency Loan	Various	14,120	5.69%	5.69%
Total/Weighted Average			**$ 251,842**	**5.42%**	**5.42%**

[1] Interest rates and effective yields represent weighted averages.

The following table shows selected data from our real estate owned assets in our portfolio as of June 30, 2026 (dollars in thousands):

Type	Location	Property Type	Carrying Value	Undepreciated / Unamortized Value	Accounting Classification
REO 1[(1)]	Jeffersonville, GA	Industrial	$ 115,205	$ 139,816	Held for investment
REO 2	Portland, OR	Office	18,398	18,544	Held for investment
REO 3[(2)]	Huntersville, NC	Multifamily	66,505	66,505	Held for investment
REO 4	Cleveland, OH	Multifamily	37,430	37,430	Held for sale
REO 5	Denver, CO	Office	15,760	15,760	Held for sale
REO 6	Austin, TX	Multifamily	34,968	34,968	Held for sale
REO 7	Fort Worth, TX	Multifamily	27,580	27,580	Held for sale
Total			**$ 315,846**	**$ 340,603**	

[(1)] Includes intangible lease assets.

[(2)] Classified as construction-in-progress.

The following table shows selected data from our equity method investments, in our portfolio as of June 30, 2026 (dollars in thousands):

Type	Investment Date	Primary Location(s)	Investment Type	Investment Amount
Equity Method Investment 1	December 2024	West New York, NJ	Mixed Use Property	$ 19,224
Equity Method Investment 2	May 2025	Commerce, CA	Industrial Property	12,931
Equity Method Investment 3	March 2026	Gardena, CA	Industrial Property	3,995
Equity Method Investment 4	July 2025	N/A	Multifamily Affordable Debt Lending	29,276
Equity Method Investment 5	July 2025	N/A	Multifamily Bridge Lending	23,760
Total				**$ 89,186**

The following table shows selected data from our real estate securities, measured at fair value as of June 30, 2026 (dollars in thousands):

Type	Interest Rate	Maturity	Par Value	Fair Value	Effective Yield
CMBS 1	1 month SOFR + 1.74%	6/15/2030	$ 5,190	$ 5,172	5.39%
CMBS 2	1 month SOFR + 2.94%	6/15/2030	17,490	17,474	6.59%
CMBS 3	1 month SOFR + 2.95%	10/15/2030	10,000	10,062	6.60%
CMBS 4	1 month SOFR + 2.14%	11/15/2030	5,775	5,760	5.79%
CMBS 5	1 month SOFR + 2.64%	11/15/2030	9,265	9,196	6.29%
CMBS 6	1 month SOFR + 2.35%	7/21/2043	30,659	30,664	6.00%
CMBS 7	1 month SOFR + 2.75%	7/21/2043	15,000	14,993	6.40%
CMBS 8	1 month SOFR + 2.90%	2/15/2043	16,509	16,610	6.55%
CMBS 9	1 month SOFR + 3.75%	2/15/2043	12,161	12,236	7.40%
CMBS 10	1 month SOFR + 7.76%	5/15/2043	9,753	9,629	7.76%
CMBS 11	1 month SOFR + 2.94%	1/15/2030	22,309	22,321	6.59%
CMBS 12	1 month SOFR + 3.95%	6/15/2030	18,678	18,758	7.60%
CMBS 13	1 month SOFR + 3.00%	6/15/2030	14,370	14,372	6.65%
Total/Weighted Average			**$ 187,159**	**$ 187,247**	**6.62%**

Results of Operations

The Company conducts its business through the following segments:

- The real estate debt business focuses on originating, acquiring and asset managing commercial real estate debt investments, including first mortgages, subordinate mortgages, mezzanine loans and participations in such loans. The business also focuses on investing in and asset managing real estate securities, historically focusing on CMBS, CMBS bonds, CDO notes, and other securities.
- The Agency Business focuses on originating, selling, and servicing loans under programs offered by GSE's and Agencies, such as Fannie Mae, Freddie Mac, Ginnie Mae, and HUD. Additionally, the business services external portfolios of commercial real estate financing products.
- The commercial real estate conduit business, operated through the Company's TRS, is focused on generating risk-adjusted returns by originating and subsequently selling fixed-rate commercial real estate loans into the CMBS securitization market at a profit. The TRS may also hold certain mezzanine loans that don't qualify as good REIT assets due to any potential loss from foreclosure.
- The real estate owned business represents real estate acquired by the Company through foreclosure, deed-in-lieu of foreclosure, or purchase.

Comparison of the Six Months Ended June 30, 2026 to the Six Months Ended June 30, 2025

Net Interest Income

Net interest income is generated on our interest-earning assets less related interest-bearing liabilities and is recorded as part of our real estate debt, real estate securities, agency and conduit segments.

The following table presents the average balance of interest-earning assets less related interest-bearing liabilities, associated interest income and expense and corresponding yield earned and incurred for the six months ended June 30, 2026 and 2025 (dollars in thousands):

	Six Months Ended					
	June 30, 2026			June 30, 2025		
	Average Carrying Value(1)	Interest Income/ Expense(2)(3)	WA Yield/ Financing Cost(4)(5)	Average Carrying Value(1)	Interest Income/ Expense(2)(3)	WA Yield/ Financing Cost(4)(5)
Interest-earning assets:						
Real estate debt	$ 4,529,294	$ 170,090	7.5 %	$ 4,773,287	$ 216,025	9.1 %
Agency debt	87,454	4,841	11.1 %	—	—	— %
Real estate conduit	137,985	6,944	10.1 %	32,304	2,287	14.2 %
Real estate securities	175,876	5,756	6.5 %	124,734	4,713	7.6 %
Total	**$ 4,930,609**	**$ 187,631**	**7.6 %**	**$ 4,930,325**	**$ 223,025**	**9.0 %**
Interest-bearing liabilities:						
Repurchase agreements - commercial mortgage loans	$ 1,017,953	$ 35,876	7.0 %	$ 458,690	$ 18,010	7.9 %
Other financing and loan participation - commercial mortgage loans	12,865	388	6.0 %	12,865	388	6.0 %
Repurchase agreements - real estate securities	200,485	4,587	4.6 %	164,654	4,394	5.3 %
Collateralized loan obligations	2,847,178	83,803	5.9 %	3,289,788	113,454	6.9 %
Unsecured debt	188,519	7,837	8.3 %	108,533	4,560	8.4 %
Total	**$ 4,267,000**	**$ 132,491**	**6.2 %**	**$ 4,034,530**	**$ 140,806**	**7.0 %**
Net interest income/spread		**$ 55,140**	**1.4 %**		**$ 82,219**	**2.0 %**
Average leverage %(6)	86.5 %			81.8 %		
Weighted average levered yield(7)			16.6 %			18.4 %

(1) Based on amortized cost for real estate debt and real estate securities and principal amount for interest-bearing liabilities. Amounts are calculated based on daily averages for the six months ended June 30, 2026 and 2025, respectively.
(2) Includes the effect of amortization of premium or accretion of discount and deferred fees.
(3) Excludes other income on the real estate owned business segment.
(4) Calculated as interest income or expense divided by average carrying value.
(5) Annualized.
(6) Calculated by dividing total average interest-bearing liabilities by total average interest-earning assets.
(7) Calculated by dividing net interest income/spread by the average interest-earning assets less average interest-bearing liabilities.

Interest Income

Interest income for the six months ended June 30, 2026 and 2025 totaled $189.4 million and $225.1 million, respectively, a decrease of $35.7 million. The decrease was primarily due to i) an approximate 68 basis point decrease in daily average SOFR and SOFR equivalent rates and ii) approximately $344.2 million of loans being on non-accrual as of June 30, 2026 versus $56.9 million as of June 30, 2025. As of June 30, 2026, our portfolio consisted of (i) 172 commercial mortgage loans, held for investment, (ii) 12 commercial mortgage loans, held for sale, measured at fair value and (iii) 13 real estate securities, available for sale, measured at fair value. As of June 30, 2025, our portfolio consisted of (i) 145 commercial mortgage loans, held for investment, (ii) three commercial mortgage loans, held for sale, measured at fair value and (iii) five real estate securities, available for sale, measured at fair value.

Interest Expense

Interest expense for the six months ended June 30, 2026 and 2025 was $132.5 million and $140.8 million, respectively, a decrease of $8.3 million. The decrease was primarily due to an approximate 68 basis point decrease in daily average SOFR and SOFR equivalent rates coupled with a decrease in spreads.

Gain/(Loss) on Sales, including fee-based services, net

Gain on sales, including fee-based services, net for the six months ended June 30, 2026 and 2025 was $37.1 million and $5.3 million, respectively, which was comprised of sales, including fee-based services, from our Agency Business and conduit segments. As discussed below, the increase was primarily attributable to the contributions of the Agency Business in the 2026 period, as the Company did not have the Agency Business segment during the 2025 period.

Gain on sales, including fee-based services, net from our Agency Business segment for the six months ended June 30, 2026 was $26.2 million. This was due to Agency loans originated of $1.0 billion and sales of $1.1 billion. The Company did not have the Agency Business segment during the six months ended June 30, 2025.

Gain on sales, including fee-based services, net from our conduit segment for the six months ended June 30, 2026 and 2025 was $10.9 million and $5.3 million, respectively. During the six months ended June 30, 2026, the Company sold $354.5 million in principal amount of commercial real estate loans into the CMBS securitization market resulting in proceeds of $362.3 million. This is compared to the sale of $114.4 million in principal amount of commercial real estate loans sold into the CMBS securitization market resulting in proceeds of $119.7 million for the six months ended June 30, 2025.

Mortgage Servicing Rights

Income from mortgage servicing rights for the six months ended June 30, 2026 was $10.7 million which related to the fair value of originated MSR loans rate locked under programs with Fannie Mae, Freddie Mac and HUD. The Company did not have income from mortgage servicing rights for the six months ended June 30, 2025.

Servicing Revenue

Servicing revenue for the six months ended June 30, 2026 was $20.2 million which related to $25.7 million of servicing fee income, $14.8 million in placement fees on borrower escrows and reserves and $2.6 million in MSR impairment recovery. This is offset by $22.9 million in reductions to the MSR for amortization and payoffs. The Company did not have servicing revenue for the six months ended June 30, 2025.

Gain/(Loss) on Derivatives

Gain on derivatives for the six months ended June 30, 2026 was $2.3 million, compared to a loss of $0.3 million for the six months ended June 30, 2025. For the six months ended June 30, 2026, the gain was composed of a $0.1 million unrealized gain related to mark to market on credit default swaps and treasury note futures, coupled with a $2.2 million realized gain primarily due to the termination and settlement of credit default swaps, options and treasury note futures. For the six months ended June 30, 2025, the loss was primarily composed of a $1.2 million unrealized loss on mark to market on credit default swaps, treasury note futures, and options, partially offset by a realized gain of $0.9 million due to the termination and settlement of treasury note futures.

Revenue from Real Estate Owned

For the six months ended June 30, 2026 and 2025, revenue from real estate owned was $12.4 million and $15.1 million, respectively. The decrease was primarily due to the sale of one real estate owned property at the beginning of the second quarter of the current period, which was located in Raleigh, NC.

Provision/(Benefit) for Credit losses

Provision for credit losses during the six months ended June 30, 2026 was $18.6 million, compared with a benefit of $3.4 million during the six months ended June 30, 2025.

For the six months ended June 30, 2026, general provision for credit losses was $2.3 million compared to a benefit of $4.2 million during the six months ended June 30, 2025. General provision for the six months ended June 30, 2026 was attributable to a worsening economic scenario projection utilized for the CECL model compared to preceding periods. General benefit for the six months ended June 30, 2025 was primarily due to a decrease in the size of the overall portfolio.

For the six months ended June 30, 2026, specific provision for credit losses was $16.4 million compared to a specific provision for credit losses of $0.8 million for the six months ended June 30, 2025. For the six months ended June 30, 2026, the increase in specific reserve was primarily related to a $13.2 million provision for a non-performing loan secured by two multifamily properties located in North Carolina, coupled with an increase to provisions for non-performing loans secured by multifamily properties located in Pennsylvania, Arizona, Texas and North Carolina. For the six months ended June 30, 2025, the increase in specific reserve was primarily related to a non-performing loan secured by a multifamily property in Texas, partially offset by a partial paydown on a non-performing loan secured by an office property in Georgia.

For the six months ended June 30, 2026, benefit for loss sharing was $0.1 million which related to a $1.0 million increase to the general CECL reserve due to a worsening economic scenario outlook, offset with a $1.1 million decrease in the specific loan reserve due to the removal of a large at-risk loan from the reserve. The Company did not have an allowance for loss sharing for the six months ended June 30, 2025.

Gain/(Loss) on Other Real Estate Investments

Gain on other real estate investments for the six months ended June 30, 2026 was $3.2 million primarily due to a gain on foreclosure of a property located in Huntersville, NC, partially offset with losses on sales of one multifamily property and one retail property, as well as a write down on an office property located in Denver, CO. This is compared to a gain of $0.5 million for the six months ended June 30, 2025 primarily due to the sales and settled litigation regarding the Walgreens Portfolio (as defined in Note 8 – Real Estate Owned), partially offset by losses related to the onboarding of real estate owned, held for sale, multifamily and office properties, as well as fair value write downs on two of our multifamily properties.

Income/(loss) from equity method investments

Income from equity method investments for the six months ended June 30, 2026 of $13.8 million primarily related to the Company's allocated percentage of unrealized gains on a mixed use property located in New Jersey and an industrial property located in California. This is compared to income from equity method investments for the six months ended June 30, 2025 of $0.2 million related to the Company's allocated percentage of quarterly income for a mixed use property located in New Jersey.

Income/(loss) from VIE's

Income from VIE's for the six months ended June 30, 2026 of $0.3 million primarily related to the Company's purchase of a CMBS B-Piece during the second quarter (see Note 23 – Consolidated Variable Interest Entities Assets and Liabilities, at Fair Value). The Company did not own a CMBS B-Piece during the six months ended June 30, 2025.

(Provision)/Benefit for Income Tax

Benefit for income tax for the six months ended June 30, 2026 was $2.0 million compared to a provision of $0.5 million for the six months ended June 30, 2025. The increase was primarily due to taxable income related to our Agency Business and conduit segments.

Net (Income)/Loss Attributable to Non-controlling Interest

Net income attributable to non-controlling interest in our consolidated joint ventures for the six months ended June 30, 2026 and 2025 was $1.0 million and $0.8 million, respectively.

Expenses from Operations

Expenses from operations for the six months ended June 30, 2026 and 2025 consisted of the following (dollars in thousands):

	Six Months Ended	
	June 30, 2026	June 30, 2025
Compensation and benefits	$ 43,793	$ —
Asset management and subordinated performance fee	12,023	12,092
Acquisition expenses	586	474
Administrative services expenses	4,362	7,232
Professional fees	16,526	11,274
Other expenses	23,235	21,505
Depreciation and amortization	5,403	2,761
Share-based compensation	4,860	4,562
Total expenses from operations	**$ 110,788**	**$ 59,900**

The increase in operating expense for the six months ended June 30, 2026 compared to 2025 was primarily related to increases resulting from our acquisition of NewPoint, including (i) an increase in professional fees related to correspondent fees paid from our Agency Business segment and (ii) our incurrence of compensation and benefits cost of $43.8 million compared to no such expenses during the six months ended June 30, 2025.

For the six months ended June 30, 2026, we incurred asset management and subordinated performance fees and administrative services expenses of $12.0 million and $4.4 million, respectively, which are payable to our Advisor under our Advisory Agreement. For the six months ended June 30, 2026 compared to June 30, 2025, asset management and subordinated performance fees stayed relatively consistent due to minimal changes in applicable average equity between periods, while administrative services expenses decreased due to the time spent on the NewPoint acquisition in the prior period compared to none in the current period. Refer to Note 18 - Related Party Transactions and Arrangements for a summary of the Company's Advisory Agreement with the Advisor and a description of how our fees are calculated.

Comparison of the Three Months Ended June 30, 2026 to the Three Months Ended March 31, 2026

Net Interest Income

Net interest income is generated on our interest-earning assets less related interest-bearing liabilities and is recorded as part of our real estate debt, real estate securities, agency and conduit segments.

The following table presents the average balance of interest-earning assets less related interest-bearing liabilities, associated interest income and expense and corresponding yield earned and incurred for the three months ended June 30, 2026 and March 31, 2026 (dollars in thousands):

	Three Months Ended					
	June 30, 2026			March 31, 2026		
	Average Carrying Value(1)	Interest Income/ Expense(2)(3)	WA Yield/ Financing Cost(4)(5)	Average Carrying Value(1)	Interest Income/ Expense(2)(3)	WA Yield/ Financing Cost(4)(5)
Interest-earning assets:						
Real estate debt	$ 4,558,512	$ 87,483	7.7 %	$ 4,475,335	$ 82,606	7.4 %
Agency debt	122,601	2,567	8.4 %	172,337	2,274	5.3 %
Real estate conduit	138,103	3,122	9.0 %	163,331	3,822	9.4 %
Real estate securities	183,632	3,023	6.6 %	168,064	2,732	6.5 %
Total	**$ 5,002,848**	**$ 96,195**	**7.7 %**	**$ 4,979,067**	**$ 91,434**	**7.3 %**
Interest-bearing liabilities:						
Repurchase agreements - commercial mortgage loans	$ 972,781	$ 17,142	7.0 %	$ 1,209,052	$ 18,734	6.2 %
Other financing and loan participation - commercial mortgage loans	12,865	195	6.1 %	12,865	193	6.0 %
Repurchase agreements - real estate securities	199,637	2,279	4.6 %	201,343	2,308	4.6 %
Collateralized loan obligations	2,988,907	43,723	5.9 %	2,703,874	40,080	5.9 %
Unsecured debt	188,532	3,922	8.3 %	188,507	3,915	8.3 %
Total	**$ 4,362,722**	**$ 67,261**	**6.2 %**	**$ 4,315,641**	**$ 65,230**	**6.0 %**
Net interest income/spread		**$ 28,934**	**1.5 %**		**$ 26,204**	**1.3 %**
Average leverage %(6)	87.2 %			86.7 %		
Weighted average levered yield(7)			18.1 %			15.8 %

(1) Based on amortized cost for real estate debt and real estate securities and principal amount for interest-bearing liabilities. Amounts are calculated based on daily averages for the three months ended June 30, 2026 and March 31, 2026, respectively.
(2) Includes the effect of amortization of premium or accretion of discount and deferred fees.
(3) Excludes other income on the real estate owned business segment.
(4) Calculated as interest income or expense divided by average carrying value.
(5) Annualized.
(6) Calculated by dividing total average interest-bearing liabilities by total average interest-earning assets.
(7) Calculated by dividing net interest income/spread by the average interest-earning assets less average interest-bearing liabilities.

Interest Income

Interest income for the three months ended June 30, 2026 and March 31, 2026 totaled $97.2 million and $92.2 million, respectively, a increase of $5.0 million. The increase was primarily due to an increase in interest collected on non-accrual loans, partially offset by a decrease in spreads while daily average SOFR and SOFR equivalent rates stayed relatively consistent. As of June 30, 2026, our portfolio consisted of (i) 172 commercial mortgage loans, held for investment, (ii) 12 commercial mortgage loans, held for sale, measured at fair value and (iii) 13 real estate securities, available for sale, measured at fair value. As of March 31, 2026, our portfolio consisted of (i) 177 commercial mortgage loans, held for investment, (ii) 14 commercial mortgage loans, held for sale, measured at fair value and (iii) 12 real estate securities, available for sale, measured at fair value.

Interest Expense

Interest expense for the three months ended June 30, 2026 and March 31, 2026 totaled $67.3 million and $65.2 million, respectively, an increase of $2.1 million. The increase was primarily due to transaction costs incurred in a CMBS trust securitization in May 2026, where the Company purchased the B Piece (see Note 23 – Consolidated Variable Interest Entities Assets and Liabilities, at Fair Value).

Gain/(loss) on sales, including fee-based services, net

Gain on sales, including fee-based services, net for the three months ended June 30, 2026 and March 31, 2026 was $15.8 million and $21.3 million, respectively, which was comprised of sales, including fee-based services, from our Agency Business and conduit segments.

Gain on sales, including fee-based services, net from our Agency Business segment for the three months ended June 30, 2026 and March 31, 2026 was $9.8 million and $16.5 million, respectively. The decrease was primarily due to lower premiums earned on loans rate locked during the three months ended June 30, 2026 as compared with three months ended March 31, 2026.

Gain on sales, including fee-based services, net from our conduit segment for the three months ended June 30, 2026 and March 31, 2026 was $6.0 million and $4.8 million, respectively. During the three months ended June 30, 2026, the Company sold $249.5 million in principal amount of commercial real estate loans into the CMBS securitization market resulting in proceeds of $252.6 million. This is compared to the sale of $105.0 million in principal amount of commercial real estate loans into the CMBS securitization market resulting in proceeds of $109.3 million for the three months ended March 31, 2026.

Mortgage servicing rights

Income for mortgage servicing rights for the three months ended June 30, 2026 and March 31, 2026 was $3.9 million and $6.7 million, respectively. The decrease is related to lower volume of loans sold during the three months ended June 30, 2026 compared to the three months ended March 31, 2026.

Servicing Revenue

Servicing revenue for the three months ended June 30, 2026 and March 31, 2026 was $9.7 million and $10.6 million, respectively. The decrease was primarily due to MSR impairment recoveries recognized during the first quarter due to potential market interest rate increase, which resulted in lower prepayment rates and higher portfolio valuation, compared to no impairment recoveries recognized in the second quarter.

Gain/(Loss) on derivatives

Gain on derivatives for the three months ended June 30, 2026 was $0.5 million composed of a $1.2 million unrealized loss related to mark to market on credit default swaps, treasury note futures, and options, offset by a $1.7 million realized gain primarily due to the termination and settlement of credit default swaps and options. This is compared to a gain on derivatives for the three months ended March 31, 2026 of $1.9 million composed of a $0.6 million realized gain related to the termination and settlement of credit default swaps and options, coupled with an unrealized gain of $1.3 million related to mark to market on credit default swaps, treasury note futures, and options.

Revenue from Real Estate Owned

For the three months ended June 30, 2026 and March 31, 2026, revenue from real estate owned was $5.5 million and $6.9 million, respectively. The decrease was primarily due to the sale of one real estate owned property at the beginning of the second quarter of the current period, which was located in Raleigh, NC.

(Provision)/Benefit for Credit losses

Provision for credit losses was $7.2 million for the three months ended June 30, 2026, compared to a provision of $11.4 million for the three months ended March 31, 2026.

For the three months ended June 30, 2026, general provision for credit losses was $3.7 million, compared with a general benefit for credit losses of $1.3 million for the three months ended March 31, 2026. General provision for the three months ended June 30, 2026 was attributable to a worsening economic scenario projection utilized for the CECL model compared to preceding periods. General benefit for the three months ended March 31, 2026 was attributable to more favorable economic assumptions utilized for the CECL model compared to preceding periods.

For the three months ended June 30, 2026 and March 31, 2026, specific provision for credit losses was $1.5 million and $14.8 million, respectively. For the three months ended June 30, 2026, the increase in specific reserve was primarily related to increases in the specific reserves for non-performing loans secured by multifamily properties located in Arizona and Texas. For the three months ended March 31, 2026, the specific provision was primarily related to a $13.2 million provision for a non-performing loan secured by two multifamily properties located in North Carolina, coupled with an increase to provisions for non-performing loans secured by multifamily properties located in Pennsylvania, Arizona and North Carolina.

For the three months ended June 30, 2026, provision for loss sharing was $2.1 million, compared with a benefit for loss sharing of $2.1 million for the three months ended March 31, 2026. For the three months ended June 30, 2026, the provision primarily related to a worsening economic scenario outlook since the end of the prior quarter. For the three months ended March 31, 2026 the benefit primarily related to a $1.2 million decrease to the general CECL reserve due to an increased overall economic outlook, coupled with a $0.9 million decrease in the specific loan reserve due to the removal of a large at-risk loan from the reserve.

Gain/(Loss) on Other Real Estate Investments

Gain on other real estate investments for the three months ended June 30, 2026 was $7.7 million primarily due to a gain on foreclosure of a property located in Huntersville, NC, partially offset by a write down on an office property located in Denver, CO. This is compared to a loss on other real estate investments for the three months ended March 31, 2026 for $4.5 million primarily due to a fair value write-down of one of our multifamily properties which was subsequently sold in the second quarter, coupled with a loss realized on the sale of the final property from the Walgreens Portfolio (as defined in Note 8 – Real Estate Owned).

Income/(loss) from equity method investments

For the three months ended June 30, 2026, gain from equity method investments was $1.3 million primarily related to the Company's net allocated percentage of unrealized gains on our multifamily affordable debt lending equity method investment. This is compared to income from equity method investments of $12.4 million for the three months ended March 31, 2026 primarily related to the Company's allocated percentage of unrealized gains on a mixed use property located in New Jersey and an industrial property located in California.

Income/(loss) from VIE's

Income from VIE's for the three months ended June 30, 2026 of $0.3 million primarily related to the Company's purchase of a CMBS B-Piece during the second quarter (see Note 23 – Consolidated Variable Interest Entities Assets and Liabilities, at Fair Value). The Company did not own a CMBS B-Piece during the three months ended March 31, 2026.

(Provision)/Benefit for Income Tax

Benefit for income tax for the three months ended June 30, 2026 was $2.9 million compared to a benefit of $0.9 million for the three months ended March 31, 2026. The difference is related to changes in taxable earnings in our Agency Business and conduit segments.

Net (Income)/Loss Attributable to Non-controlling Interest

Net income attributable to non-controlling interest in our consolidated joint ventures for the three months ended June 30, 2026 was $0.7 million compared to net income of $0.3 million for the three months ended March 31, 2026.

Expenses from operations

Expenses from operations for the three months ended June 30, 2026 and March 31, 2026 consisted of the following (dollars in thousands):

	Three Months Ended	
	June 30, 2026	**March 31, 2026**
Compensation and benefits	$ 20,969	$ 22,824
Asset management and subordinated performance fee	5,969	6,054
Acquisition expenses	415	171
Administrative services expenses	2,028	2,334
Professional fees	7,241	9,285
Share-based compensation	2,457	2,403
Depreciation and amortization	1,983	3,420
Other expenses	12,030	11,205
Total expenses from operations	**$ 53,092**	**$ 57,696**

The decrease in operating expenses for the three months ended June 30, 2026 was primarily related to (i) a decrease in professional fees related to less correspondent fees paid from our Agency Business segment and (ii) a decrease in compensation and benefits caused by a decrease in commissionable loan fees recognized in the second quarter compared to the first.

For the three months ended June 30, 2026 we incurred asset management and subordinated performance fees and administrative services expenses of $6.0 million and $2.0 million, respectively, which are payable to our Advisor under our Advisory Agreement. For the three months ended June 30, 2026 compared to March 31, 2026, asset management and subordinated performance fees stayed relatively consistent due to minimal changes in applicable average equity between periods. Refer to Note 18 - Related Party Transactions and Arrangements for a summary of the Company's Advisory Agreement with the Advisor and a description of how our fees are calculated.

Liquidity and Capital Resources

Overview

Our expected material cash requirements over the next twelve months and thereafter are composed of (i) contractually obligated payments, including payments of principal and interest and contractually obligated fundings on our loans; (ii) other essential expenditures, including operating and administrative expenses and dividends paid in accordance with REIT distribution requirements; and (iii) opportunistic investments, including new loans.

Our contractually obligated payments primarily consist of payment obligations under the debt financing arrangements which are set forth below, and included in "Contractual Obligations and Commitments."

We may from time to time purchase or retire outstanding debt securities or repurchase or redeem our equity securities. Such purchases, if any, will depend on prevailing market conditions, liquidity requirements and other factors.

We closely monitor our liquidity position and believe that we have sufficient current liquidity and access to additional liquidity to meet our financial obligations for the next twelve months and beyond.

Debt-to-Equity Ratio and Total Leverage Ratio

The following table presents our debt-to-equity and total leverage ratios:

	June 30, 2026	December 31, 2025
Net debt-to-equity ratio[1]	2.6x	2.5x
Total leverage ratio[2]	2.6x	2.5x

[1] Represents (i) total outstanding borrowings under secured financing arrangements, including collateralized loan obligations, repurchase agreements - commercial mortgage loans, repurchase agreements - real estate securities, asset-specific financing arrangements, and unsecured debt, less cash and cash equivalents, to (ii) total equity and total redeemable convertible preferred stock, at period end. Recourse net debt-to-equity ratio was 0.7x and 0.8x as of June 30, 2026 and December 31, 2025, respectively.

[2] Represents (i) total outstanding borrowings under secured financing arrangements, including collateralized loan obligations, repurchase agreements - commercial mortgage loans, repurchase agreements - real estate securities, asset-specific financing arrangements, and unsecured debt, to (ii) total equity and total redeemable convertible preferred stock, at period end. Recourse leverage ratio was 0.8x and 0.9x as of June 30, 2026 and December 31, 2025, respectively.

Sources of Liquidity

Our primary sources of liquidity include unrestricted cash, capacity in our collateralized loan obligations available for reinvestment, and financings available and in progress on financing lines.

Our current sources of near-term liquidity as of June 30, 2026 and December 31, 2025 are set forth in the following table (dollars in millions):

	June 30, 2026	December 31, 2025
Unrestricted cash	$ 136	$ 167
CLO reinvestment available[1]	78	30
Financings available & in progress[2]	583	624
Total	**$ 797**	**$ 821**

[1] See discussion below for further information on the Company's collateralized loan obligations.

[2] Represents cash available we can invest at a market advance rate utilizing our available capacity on financing lines.

We expect to use additional debt and equity financing as a source of capital. Our board of directors currently intends to operate at a leverage level of between one to three times book value of equity. However, our board of directors may change this target without shareholder approval. We anticipate that our debt and equity financing sources and our anticipated cash generated from operations will be adequate to fund our anticipated uses of capital.

We have an effective shelf registration statement for offerings of equity securities that is not limited on the amount of securities we may issue. We also have authorized an at-the-market sales program ("ATM") pursuant to which we may sell up to

$200 million of shares of our common stock from time to time. We have not sold any shares of common stock under the ATM to date. We also may access liquidity through our dividend reinvestment and stock purchase plan (“DRIP”), which includes a direct stock purchase option.

In addition to our current mix of financing sources, we may also access additional forms of financings, including credit facilities, securitizations, public and private, secured and unsecured debt issuances by the Company or its subsidiaries, or through capital recycling initiatives whereby we sell certain assets in our portfolio and reinvest the proceeds in assets with more attractive risk-adjusted returns.

Collateralized Loan Obligations

As of June 30, 2026, the Company had $77.5 million of reinvestment capital available across all outstanding collateralized loan obligations. The following table shows the par value outstanding for each CLO and the respective reinvestment end dates (dollars in millions):

CLO Name	Debt Amount		Reinvestment End Date
2023-FL10 Issuer	$	355.5	Ended
2024-FL11 Issuer	$	886.2	10/08/27
2025-FL12 Issuer	$	947.2	05/08/28
2026-FL13 Issuer	$	778.1	11/10/28

Repurchase Agreements and Revolving Credit Facilities ("Repo and Revolving Credit Facilities")

The Repo and Revolving Credit Facilities are financing sources through which the Company may pledge one or more mortgage loans to the financing entity in exchange for funds typically at an advance rate that typically range between 60% to 75% of the principal amount of the mortgage loan being pledged.

We expect to use the advances from these Repo and Revolving Credit Facilities to finance the acquisition or origination of eligible loans, including first mortgage loans, subordinated mortgage loans, mezzanine loans and participation interests therein.

The Repo and Revolving Credit Facilities generally provide that in the event of a decrease in the value of our collateral, the lenders can demand additional collateral. Should the value of our collateral decrease as a result of deteriorating credit quality, resulting margin calls may cause an adverse change in our liquidity position.

The following tables summarize our Repo and Revolving Credit Facilities and our master repurchase agreements ("MRAs") for the six months ended June 30, 2026, 2025, and 2024, respectively (dollars in thousands):

	As of June 30, 2026			
	Amount Outstanding		Average Outstanding Balance	
	Q1	Q2	Q1	Q2
Repurchase agreements and revolving credit facilities - commercial mortgage loans	$ 1,495,300	$ 802,380	$ 1,307,092	$ 986,047
Repurchase agreements, real estate securities	212,168	196,538	212,685	238,355
Total	**$ 1,707,468**	**$ 998,918**	**$ 1,519,777**	**$ 1,224,402**

	As of June 30, 2025			
	Amount Outstanding		Average Outstanding Balance	
	Q1	Q2	Q1	Q2
Repurchase agreements and revolving credit facilities - commercial mortgage loans	$ 429,314	$ 573,093	$ 426,898	$ 588,457
Repurchase agreements - real estate securities	206,164	128,890	249,374	253,388
Total	**$ 635,478**	**$ 701,983**	**$ 676,272**	**$ 841,845**

	As of June 30, 2024			
	Amount Outstanding		Average Outstanding Balance	
	Q1	Q2	Q1	Q2
Repurchase agreements and revolving credit facilities - commercial mortgage loans	$ 412,556	$ 762,437	$ 382,313	$ 671,561
Repurchase agreements - real estate securities	194,769	243,646	217,012	249,442
Total	**$ 607,325**	**$ 1,006,083**	**$ 599,325**	**$ 921,003**

The use of our warehouse lines is dependent upon a number of factors including but not limited to: origination volume, loan repayments and prepayments, our use of other financing sources such as collateralized loan obligations, our liquidity needs and types of loan assets and underlying collateral that we hold.

During the six months ended June 30, 2026, the maximum average outstanding balance was $1.6 billion, of which $1.4 billion was related to repurchase agreements on our commercial mortgage loans and $0.2 billion for repurchase agreements on our real estate securities.

During the six months ended June 30, 2025, the maximum average outstanding balance was $0.7 billion, of which $0.6 billion was related to repurchase agreements on our commercial mortgage loans and $0.1 billion for repurchase agreements on our real estate securities.

During the six months ended June 30, 2024, the maximum average outstanding balance was $1.0 billion, of which $0.8 billion was related to repurchase agreements on our commercial mortgage loans and $0.2 billion for repurchase agreements on our real estate securities.

Distributions

In order to maintain our election to qualify as a REIT, we must currently distribute, at a minimum, an amount equal to 90% of our taxable income, without regard to the deduction for distributions paid and excluding net capital gains. The Company must distribute 100% of its taxable income (including net capital gains) to avoid paying corporate U.S. federal income taxes.

Distributions on our common stock are payable when declared by our board of directors.

Dividends payable on each share of Series H convertible preferred stock ("Series H Preferred Stock") is generally equal to the quarterly dividend that would have been paid had such share of preferred stock been converted to a share of common stock, except to the extent common stock dividends have been reduced below certain specified levels. To the extent dividends on shares of preferred stock are not authorized and declared by our board of directors and paid by the Company monthly, the dividend amounts will accrue.

Holders of shares of the Company's 7.50% Series E Cumulative Redeemable Preferred Stock ("Series E Preferred Stock") are entitled to receive, when, as and if authorized by our board of directors and declared by the Company, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.50% of the $25.00 per share liquidation preference per annum (equivalent to $1.875 per annum per share).

In June 2026, the Company's board of directors declared the following: (i) a second quarter 2026 dividend of $0.20 per share on the Company's common stock (equivalent to $0.80 per annum), (ii) a second quarter 2026 dividend of $59.84 per share on the Company’s Series H Preferred Stock (iii) a second quarter 2026 dividend of $0.46875 per share on the Company’s Series E Preferred Stock, and (iv) a second quarter 2026 dividend of $0.20 per unit on the OP Units, all of which were paid in July 2026 to holders of record as of June 30, 2026.

Under the DRIP, the Company may elect to supply shares for reinvestment via newly issued shares of common stock or via shares of common stock purchased by the DRIP administrator on the open market. During the six months ended June 30, 2026 and 2025, no shares were newly issued, and 69,509 and 80,497 shares of common stock were purchased, respectively, by the administrator under the dividend reinvestment component of the DRIP.

During the six months ended June 30, 2026 and 2025, the Company paid an aggregate of $44.9 million and $59.2 million, respectively, of common stock distributions. In addition, during the six months ended June 30, 2026, the OP paid $4.7 million of distributions to holders of OP Units. There were no OP Units outstanding during the six months ended June 30, 2025.

Cash Flows

The following table sets forth changes in cash, cash equivalents and restricted cash for the six months ended June 30, 2026 and 2025:

	For the Six Months Ended June 30,	
	2026	2025
Cash Flows From Operating Activities	$ (5,738)	$ 128,057
Cash Flows From Investing Activities	11,655	525,814
Cash Flows From Financing Activities	(36,087)	(427,955)
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	$ (30,170)	$ 225,916

Cash Flows from Operating Activities

During the six months ended June 30, 2026, cash outflows of $5.7 million from operating activities were primarily driven by (i) net income of $28.6 million and (ii) net outflows of $42.0 million related to originations, sales or repayment of commercial mortgage loans, held for sale, measured at fair value.

During the six months ended June 30, 2025, cash inflows of $128.1 million from operating activities were primarily driven by (i) net income of $48.1 million and (ii) net inflows of $75.4 million related to originations, sales and repayment of commercial mortgage loans, held for sale, measured at fair value.

Cash Flows from Investing Activities

During the six months ended June 30, 2026, cash inflows of $11.7 million from investing activities were primarily driven by (i) proceeds from principal repayments of $749.1 million received on commercial mortgage loans, held for investment, (ii) proceeds received from distributions from equity method investments of $13.9 million and (iii) proceeds from the sale of investment securities of $9.4 million. Inflows were partially offset by (i) the origination and purchase of $671.1 million of commercial mortgage loans, held for investment, (ii) the purchase of real estate securities, available for sale for $40.6 million, (iii) the purchase of and contributions to equity method investments of $20.8 million, (iv) the purchase of investment securities of $12.3 million and (v) the purchase of interests in the CMBS trust for $27.4 million.

During the six months ended June 30, 2025, our cash inflows of $525.8 million from investing activities were primarily driven by (i) proceeds from principal repayments of $596.5 million received on commercial mortgage loans, held for investment, (ii) proceeds received from the sale or paydown of real estate securities of $181.3 million and (iii) proceeds from the sale of real estate owned, held for sale assets of $44.9 million. Inflows were partially offset by (i) the origination and purchase of $223.1 million of commercial mortgage loans, held for investment and (ii) the purchase of real estate securities, available for sale for $61.3 million.

Cash Flows from Financing Activities

During the six months ended June 30, 2026, cash outflows of $36.1 million from financing activities were primarily driven by (i) net repayments on repurchase agreements and revolving credit facilities for commercial mortgage loans of $284.7 million, (ii) $57.6 million of distributions paid to shareholders and (iii) $55.8 million of common stock repurchases. Outflows were partially offset by (i) net borrowings on collateralized loan obligations of $210.1 million, (ii) net borrowings on repurchase agreements for real estate securities of $9.2 million and (iii) proceeds from issuance of debt of consolidated VIEs for $157.4 million.

During the six months ended June 30, 2025, cash outflows of $428.0 million from financing activities were primarily driven by (i) repayments from borrowings on collateralized loan obligations of $589.5 million, (ii) net repayments on repurchase agreements for real estate securities of $107.7 million and (iii) $72.7 million of distributions paid to shareholders. Outflows were partially offset by (i) borrowings from new issuance of unsecured debt of $107.0 million and (ii) net borrowings on repurchase agreements and revolving credit facilities for commercial mortgage loans of $243.3 million.

Election as a REIT

We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code commencing with the taxable year ended December 31, 2013. As a REIT, if we meet certain organizational and operational requirements and distribute at least 90% of our "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to our stockholders in a year, we will not be subject to U.S. federal income tax to the extent of the income that we distribute. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and property, and U.S. federal income and excise taxes on our undistributed income.

Contractual Obligations and Commitments

Our contractual obligations, excluding interest obligations (as amounts are not fixed or determinable), as of June 30, 2026 are summarized as follows (dollars in thousands):

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Unfunded loan commitments[1]	$ 57,121	$ 228,125	$ —	$ —	$ 285,246
Repurchase agreements - commercial mortgage loans	264,884	537,496	—	—	802,380
Repurchase agreements - real estate securities	196,538	—	—	—	196,538
CLOs[2]	—	—	—	2,967,000	2,967,000
Mortgage Note Payable	—	24,186	—	—	24,186
Unsecured debt	—	25,000	82,000	82,500	189,500
Other financings	—	12,865	—	—	12,865
Total	**$ 518,543**	**$ 827,672**	**$ 82,000**	**$ 3,049,500**	**$ 4,477,715**

[1] The allocation of our unfunded loan commitments is based on the earlier of the commitment expiration date or the loan maturity date.

[2] Excludes $277.0 million of CLO notes, held by the Company, which are eliminated within the *Collateralized loan obligations* line of the consolidated balance sheet as of June 30, 2026. This reflects the contractual CLO maturity dates.

In addition to its cash requirements, the Company pays a quarterly dividend and has an existing share repurchase authorization. As of June 30, 2026, the Company’s quarterly cash dividend was $0.200 per share of common stock (which was paid on an as-converted basis on the Company’s shares of Series H Preferred Stock), and $0.46875 per share on the Company’s shares of Series E Preferred Stock. The payment of future dividends is subject to declaration by the board of directors. In February 2026 and then again in April 2026, the Company’s board of directors reauthorized the Company's share repurchase program to provide $50 million available for share repurchases through December 31, 2026, of which $34.0 million remained available as of June 30, 2026. The authorization does not obligate the Company to acquire any specific number of shares.

Related Party Arrangements

Refer to “Note 18 - Related Party Transactions and Arrangements” for a summary of the Company’s related party arrangements.

Non-GAAP Financial Measures

Distributable Earnings and Distributable Earnings to Common

Distributable Earnings is a non-GAAP measure, which the Company defines as GAAP net income (loss), adjusted for (i) non-cash CLO amortization acceleration and amortization over the expected useful life of the Company's CLOs, (ii) unrealized gains and losses on loans and derivatives, including CECL reserves and impairments, net of realized gains and losses, as described further below, (iii) non-cash equity compensation expense, (iv) depreciation and amortization, (v) subordinated performance fee accruals/(reversal), (vi) realized gains and losses on debt extinguishment and CLO calls, (vii) non-cash income from mortgage servicing rights, and (viii) certain other non-cash items. Distributable Earnings before realized losses, a non-GAAP measure, presents Distributable Earnings gross of realized gain (loss) on debt extinguishment and realized gain (loss) on loans and real estate owned. Further, Distributable Earnings to Common, a non-GAAP measure, presents Distributable Earnings net of (x) perpetual preferred stock dividend payments and (y) non-controlling interests in joint ventures.

As noted above, we exclude unrealized gains and losses on loans and other investments, including CECL reserves and impairments, from our calculation of Distributable Earnings and include realized gains and losses. The nature of these adjustments is described more fully in the footnotes to our reconciliation tables. GAAP loan loss reserves and any property impairment losses have been excluded from Distributable Earnings consistent with other unrealized losses pursuant to our existing definition of Distributable Earnings. We expect to only recognize such potential credit or property impairment losses in Distributable Earnings if and when such amounts are deemed nonrecoverable upon a realization event. This is generally at the time a loan is repaid, or in the case of a foreclosure or other property, when the underlying asset is sold. Amounts may also be deemed non-recoverable if, in our determination, it is nearly certain the carrying amounts will not be collected or realized. The realized loss amount reflected in Distributable Earnings will generally equal the difference between the cash received and the Distributable Earnings basis of the asset. The timing of any such loss realization in our Distributable Earnings may differ materially from the timing of the corresponding loss reserves, charge-offs or impairments in our consolidated financial statements prepared in accordance with GAAP.

The Company believes that Distributable Earnings, Distributable Earnings before realized losses and Distributable Earnings to Common provide meaningful information to consider in addition to the disclosed GAAP results. The Company believes Distributable Earnings, Distributable Earnings before realized losses and Distributable Earnings to Common are useful financial metrics for existing and potential future holders of its common stock as historically, over time, Distributable Earnings to Common has been an indicator of common dividends per share. As a REIT, the Company generally must distribute annually at least 90% of its taxable income, subject to certain adjustments, and therefore believes dividends are one of the principal reasons stockholders may invest in its common stock. Further, Distributable Earnings to Common helps investors evaluate performance excluding the effects of certain transactions and GAAP adjustments that the Company does not believe are necessarily indicative of current loan portfolio performance and the Company's operations and is one of the performance metrics the Company's board of directors considers when dividends are declared.

Distributable Earnings, Distributable Earnings before realized losses and Distributable Earnings to Common do not represent net income (loss) and should not be considered as an alternative to GAAP net income (loss). The methodology for calculating Distributable Earnings, Distributable Earnings before realized losses and Distributable Earnings to Common may differ from the methodologies employed by other companies and thus may not be comparable to the Distributable Earnings reported by other companies.

The following table provides a reconciliation of GAAP net income to Distributable Earnings, Distributable Earnings before Realized Losses and Distributable Earnings to Common for the three and six months ended June 30, 2026 and 2025 (amounts in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
GAAP Net Income (Loss)	$ 16,275	$ 24,384	$ 28,567	$ 48,089
Adjustments:				
Unrealized (gain)/loss on financial instruments(1)	(6,473)	(2,531)	(3,283)	757
Subordinated performance fee(2)	—	(791)	—	(540)
Non-cash compensation expense	3,435	2,316	6,496	4,562
Depreciation and amortization, net	1,939	1,381	5,313	2,761
Transaction-related and non-recurring items(3)	—	1,847	—	4,821
(Reversal of)/provision for credit losses	7,235	(1,487)	18,626	(3,385)
(Gain) / loss on debt extinguishment reversal	933	—	933	—
Income from mortgage servicing rights	(3,917)	—	(10,659)	—
Amortization and write-offs of MSRs	11,268	—	20,269	—
Deferred tax adjustment	(296)	—	392	—
Fair value adjustments on equity investments(4)	(202)	—	(10,607)	—
Distributable Earnings before realized gain/(loss)	**$ 30,197**	**$ 25,119**	**$ 56,047**	**$ 57,065**
Realized gain / (loss) on debt extinguishment	(933)	—	(933)	—
Realized gain/(loss) adjustment on loans and REO(5)	(962)	3,886	(13,269)	(34,294)
Distributable Earnings	**$ 28,302**	**$ 29,005**	**$ 41,845**	**$ 22,771**
7.5% series E cumulative redeemable preferred stock dividend	(4,842)	(4,842)	(9,684)	(9,684)
Noncontrolling interests net (income) / loss	(706)	(1,183)	(1,018)	(830)
Noncontrolling interests net (income) / loss DE adjustments	622	1,094	848	744
Distributable Earnings to Common	**$ 23,376**	**$ 24,074**	**$ 31,991**	**$ 13,001**
Average common stock & common stock equivalents(6)	1,297,442	1,324,424	1,319,051	1,331,629
GAAP net income/(loss) ROE	3.3 %	5.5 %	2.7 %	5.6 %
Distributable earnings ROE	7.2 %	7.3 %	4.9 %	2.0 %
GAAP net income/(loss) per share, diluted	$ 0.12	$ 0.19	$ 0.19	$ 0.40
GAAP net income/(loss) per share, fully converted(7)	$ 0.13	$ 0.21	$ 0.21	$ 0.42
Distributable earnings per share, fully converted(7)	$ 0.25	$ 0.27	$ 0.34	$ 0.15
Distributable earnings per share before realized gain/(loss), fully converted(7)	$ 0.28	$ 0.23	$ 0.49	$ 0.53

(1) Represents unrealized gains and losses on (i) commercial mortgage loans, held for sale, measured at fair value, (ii) other real estate investments, measured at fair value and (iii) derivatives.

(2) Represents accrued and unpaid subordinated performance fee. In addition, reversal of subordinated performance fee represents cash payment obligations in the quarter.

(3) Represents transaction-related and non-recurring costs associated with the acquisition of NewPoint.

(4) Represents non-cash (income) loss from equity method investments, net of cash received as return on capital for the quarter.

(5) Represents amounts deemed nonrecoverable upon a realization event, which is generally at the time a loan is repaid, or in the case of a foreclosure or other property, when the underlying asset is sold. Amounts may also be deemed non-recoverable if, in our determination, it is nearly certain the carrying amounts will not be collected or realized upon sale. Amount may be different than the GAAP basis. As of June 30, 2026, the Company has $10.0 million of GAAP gain adjustments and $4.6 million of GAAP loss adjustments that would run through distributable earnings if and when cash gains or losses are realized.

(6) Represents the average of all classes of equity except the Series E Preferred Stock.

(7) Fully Converted assumes conversion of our series of convertible preferred stock and OP units along with full vesting of our outstanding equity compensation awards.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Credit Risk

Our investments are subject to a high degree of credit risk. Credit risk is the exposure to loss from loan defaults. Default rates are subject to a wide variety of factors, including, but not limited to, borrower financial condition, property performance, property management, supply/demand factors, construction trends, consumer behavior, regional economics, interest rates, the strength of the U.S. economy, and other factors beyond our control. All loans are subject to a certain probability of default. We manage credit risk through the underwriting process, acquiring our investments at the appropriate discount to face value, if any, and establishing loss assumptions. We also carefully monitor the performance of the loans, as well as external factors that may affect their value.

As a result of the NewPoint acquisition on July 1, 2025, and the operation of our Agency Business, we are subject to additional credit risk as a result of our obligations under the risk sharing requirements applicable to some Agency mortgage loans.

Capital Market Risk

We are exposed to risks related to the debt capital markets, and our related ability to finance our business through borrowings under repurchase obligations or other debt instruments. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore requires us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt capital markets to inform our decisions on the amount, timing and terms of capital we raise.

Market uncertainty and volatility may cause fluctuation in market value of certain asset classes within our portfolio. We have and may continue to receive margin calls from our lenders as a result of the decline in the market value of the assets pledged by us to our lenders under our repurchase agreements and warehouse credit facilities, and if we fail to resolve such margin calls when due by payment of cash or delivery of additional collateral, the lenders may exercise remedies including demanding payment by us of our aggregate outstanding financing obligations and/or taking ownership of the loans or other assets securing the applicable obligations and liquidating them at inopportune prices.

Interest Rate Risk

Our market risk arises primarily from interest rate risk relating to interest rate fluctuations. Many factors including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control contribute to interest rate risk. To meet our short and long-term liquidity requirements, we may borrow funds at fixed and variable rates. Our interest rate risk management objectives are to limit the impact of interest rate changes in earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, from time to time, we may enter into interest rate hedge contracts such as swaps, collars and treasury lock agreements in order to mitigate our interest rate risk with respect to various debt instruments. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates. We do not have any foreign denominated investments, and thus, we are not exposed to foreign currency fluctuations.

As of June 30, 2026 and December 31, 2025, our portfolio included 168 and 162 variable rate investments, respectively, based on LIBOR and SOFR (or “indexing rates”) for various terms. As of June 2023, the Company has fully transitioned all loans formerly on LIBOR indexing rates to SOFR indexing rates. The following table quantifies the potential changes in interest income net of interest expense should interest rates increase by 50 basis points or decrease by 50 or 100 basis points, assuming that our current balance sheet was to remain constant and no actions were taken to alter our existing interest rate sensitivity. The changes in the portfolio for each basis points increase/decrease is a change from the base scenario.

	Estimated Percentage Change in Interest Income Net of Interest Expense	
Change in Interest Rates	**June 30, 2026**	**December 31, 2025**
(-) 100 Basis Points	10.78 %	8.51 %
(-) 50 Basis Points	3.00 %	2.26 %
Base Interest Rate	— %	— %
(+) 50 Basis Points	(0.39)%	0.24 %

Our Agency Business originates, sells and services a range of multifamily finance products with Fannie Mae, Freddie Mac, and HUD. Our loans held-for-sale to these agencies are not currently exposed to interest rate risk during the loan commitment, closing and delivery process. The sale or placement of each loan to an investor is negotiated prior to closing on the loan with the borrower, and the sale or placement is generally effectuated within 60 days of closing. The coupon rate for the loan is set after we establish the interest rate with the investor.

The fair value of our MSRs is subject to market risk since a significant driver of the fair value of these assets will be the discount rates which are influenced by interest rates and conditional prepayment rates ("CPR"). A 100 basis point increase in the weighted average discount rate would decrease the fair value of our MSRs by $0.2 million at June 30, 2026, while a 100 basis point decrease would increase the fair value by $0.3 million.

Real Estate Risk

The market values of commercial mortgage assets are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions; changes or continued weakness in specific industry segments; and demographic factors. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loans, which could also cause us to suffer losses.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), management with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of the end of such period, that our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in our reports that we file or submit under the Exchange Act.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2026, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

Please refer to “Litigation and Regulatory Proceedings” in "Note 16 - Commitments and Contingencies" to the consolidated financial statements included in this report. The Company believes that those proceedings, individually or in the aggregate, will not have a material impact on the Company’s financial condition, operating results or cash flows.

Item 1A. Risk Factors.

Our potential risks and uncertainties are presented in the section entitled "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2025.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company’s board of directors has authorized a share repurchase program that permits share repurchases at prices below the most recently reported book value per share as determined in accordance with GAAP. Purchases made under the Company’s program may be made through open market, block, and privately negotiated transactions, including Rule 10b5-1 plans, as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any purchases by the Company are determined by the Company in its reasonable business judgment and consistent with the exercise of its legal duties and are subject to economic and market conditions, stock price, applicable legal requirements and other factors. The Company's share repurchase program does not obligate the Company to acquire any particular amount of common stock. The Company’s share repurchase program will remain open until expiration or until the capital committed to the repurchase program has been exhausted, whichever is sooner. On April 28, 2026, the Company’s board of directors reauthorized the Company's share repurchase program to provide $50.0 million available for share repurchases through December 31, 2026. Repurchases under the share repurchase program may be suspended from time to time at the Company’s discretion without prior notice.

The following table sets forth purchases of the Company's common stock under the share repurchase program for the three months ended June 30, 2026 (in thousands, except share and per share data):

	Total number of shares purchased	Average price paid per share (1)	Total number of shares purchased as part of publicly announced plans or programs (2)	Approximate dollar value of shares that may yet be purchased under the plans or programs (2)
April 1, 2026 - April 30, 2026	—	$ —	—	$ 50,000,000
May 1, 2026 - May 31, 2026	823	9.12	823	42,492,574
June 1, 2026 - June 30, 2026	1,016	8.36	1,016	33,999,369
Total	**1,839**	**$ 8.70**	**1,839**	**$ 33,999,369**

(1) The average price paid per share represents the average purchase price per share, inclusive of any broker’s fees or commissions.

(2) All of the purchases listed in the table above were made in the open market under the Company's share purchase program, including under a Rule 10b5-1 plan adopted by the Company.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the quarter ended June 30, 2026, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

EXHIBITS INDEX

The following exhibits are included in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
10.1	Indenture, dated as of April 15, 2026, by and among BSPRT 2026-FL13 Issuer, LLC, Benefit Street Partners Realty Operating Partnership, L.P., as advancing agent, Wilmington Trust, National Association, as trustee and Computershare Trust Company, National Association, as note administrator and custodian (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 20, 2026).
31.1*	Certification of the Principal Executive Officer of the Company pursuant to Securities Exchange Act Rule 13a - 14(a) or 15(d) - 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer of the Company pursuant to Securities Exchange Act Rule 13a - 14(a) or 15(d) - 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*	Written statements of the Principal Executive Officer and Principal Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	XBRL (eXtensible Business Reporting Language). The following materials from Franklin BSP Realty Trust, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) the Consolidated Statement of Changes in Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to the Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith.

SIGNATURES

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

		Franklin BSP Realty Trust, Inc.
July 29, 2026	By	/s/ Michael Comparato
		Name: Michael Comparato
		Title: Chief Executive Officer
		(Principal Executive Officer)
July 29, 2026	By	/s/ Jerome S. Baglien
		Name: Jerome S. Baglien
		Title: Chief Financial Officer and Chief Operating Officer
		(Principal Financial and Accounting Officer)