



Franklin BSP Realty Trust

Supplemental Information

Third Quarter 2023

The information herein relates to the Company's business and financial information as of September 30, 2023 and does not reflect subsequent developments.

Risk Factors

Investing in and owning our common stock involves a high degree of risk. See the section entitled "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on March 16, 2023, and the risk disclosure in our subsequent SEC-filed periodic reports, for a discussion of these risks.

Forward-Looking Statements

Certain statements included in this presentation are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Franklin BSP Realty Trust, Inc. ("FBRT" or the "Company") and may include 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. Factors that could cause actual outcomes to differ materially from our forward-looking statements include, macroeconomic factors in the United States including inflation, changing interest rates and economic contraction, the extent of any recoveries on delinquent loans, and the financial stability of our borrowers, and the other factors set forth in the risk factors section of our most recent Form 10-K and Form 10-Q. The extent to which these factors impact us and our borrowers will depend on future developments, which are highly uncertain and cannot be predicted with confidence. 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, except as required by law.

Additional Important Information

The summary information provided in this presentation does not purport to be complete and no obligation to update or otherwise revise such information is being assumed. Nothing shall be relied upon as a promise or representation as to the future performance of the Company. This summary is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where the offer or sale is not permitted. This summary is not advice, a recommendation or an offer to enter into any transaction with us or any of our affiliated funds. There is no guarantee that any of the goals, targets or objectives described in this summary will be achieved.

The information contained herein is not intended to provide, and should not be relied upon for, accounting, legal, ERISA or tax advice or investment recommendations. Investors should also seek advice from their own independent tax, accounting, financial, ERISA, investment and legal advisors to properly assess the merits and risks associated with their investment in light of their own financial condition and other circumstances. The information contained herein is qualified in its entirety by reference to our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. You may obtain a copy of the most recent Annual Report or Quarterly Report by calling (844) 785-4393 and/or visiting www.fbrtreit.com.

This presentation contains information regarding FBRT's financial results that is calculated and presented on the basis of methodologies other than in accordance with accounting principles generally accepted in the United States ("GAAP"), including Distributable Earnings and Run-Rate Distributable Earnings. Please refer to the appendix for the reconciliation of the applicable GAAP financial measures to non-GAAP financial measures.

PAST PERFORMANCE IS NOT A GUARANTEE OR INDICATIVE OF FUTURE RESULTS. INVESTMENTS INVOLVE SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT. There is no guarantee that any of the estimates, targets or projections illustrated in this summary will be achieved. Any references herein to any of the Company's past or present investments, portfolio characteristics, or performance, have been provided for illustrative purposes only. It should not be assumed that these investments were or will be profitable or that any future investments will be profitable or will equal the performance of these investments. There can be no guarantee that the investment objective of the Company will be achieved. Any investment entails a risk of loss. An investor could lose all or substantially all of his or her investment. Please refer to our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q for a more complete list of risk factors. The following slides contain summaries of certain financial information about the Company. The information contained in this presentation is summary information that is intended to be considered in the context of our filings with the Securities and Exchange Commission and other public announcements that we may make, by press release or otherwise, from time to time.

FBRT 3Q 2023 Financial Update

FBRT 3Q 2023 Financial Update:

Third Quarter 2023 Highlights

- Earnings**
- GAAP Net Income of \$31.0 million and \$0.30 per diluted common share and \$0.30 per fully converted share ⁽¹⁾
 - Distributable Earnings ⁽²⁾ of \$42.0 million and \$0.43 per fully converted share ⁽¹⁾
 - Declared a cash dividend of \$0.355 per share, representing a yield of 9.0% on book value per share, fully converted ⁽¹⁾. GAAP and Distributable Earnings ⁽²⁾ dividend coverage of 86% and 120%, respectively
- Capitalization**
- Book value per share, fully converted is \$15.82 vs. \$15.85 last quarter ⁽¹⁾. Undepreciated book value per share, fully converted is \$15.91 vs. \$15.94 last quarter ^{(1), (3)}
 - Net debt to equity is 2.2x; recourse net debt to equity is 0.1x
 - 90% of financing sources are non-mark-to-market on our core book
 - Closed BSPRT 2023-FL10 in September 2023, a \$897 million managed CLO with an advance rate of 76%, weighted average interest rate of S+229 and an 18-month reinvestment period ⁽⁴⁾
 - \$1.8 billion of liquidity of which \$411 million is cash and \$25 million is CLO reinvest available ⁽⁵⁾
- Investments**
- Core portfolio: closed \$153 million of new loan commitments and funded \$197 million of principal balance including future funding on existing loans. Received loan repayments of \$290 million for a net decrease in our loan portfolio of \$92 million in the quarter
- Portfolio**
- Core portfolio of 145 CRE loans and \$5.0 billion of principal balance, average size of \$34 million and 78% multifamily. During the quarter, two assets were removed from the watch list. Three assets remain on the watch list at quarter-end

1. Fully converted per share information assumes applicable conversion of our outstanding series of convertible preferred stock into common stock and the full vesting of our outstanding equity compensation awards.

2. Please see appendix for GAAP net income to Distributable Earnings and Run-Rate Distributable Earnings calculation.

3. Adjusted for accumulated depreciation and amortization of real property of \$8.4 million and \$8.0 million at 9/30/23 and 6/30/23, respectively.

4. Includes the BSPRT 2023-FL10 AS tranche (~\$143 million) that we retained and that was levered to a repo counterparty in conjunction with the CLO closing for ~\$104 million of debt.

5. Cash excludes restricted cash. Total liquidity amount includes the cash available we can invest at a market advance rate utilizing our available capacity on financing lines.

FBRT 3Q 2023 Financial Update: QTD Highlights

Income Statement

Net interest income / other income	\$62.6
Operating expenses ⁽¹⁾	(19.2)
Trading and derivatives gain/(loss) on ARMs/Securities	(3.1)
Provision for credit loss / CLO call	(5.2)
Other income/(loss)	(4.0)
GAAP net income (loss)	\$31.0
Adjustments to GAAP net income (loss) ⁽²⁾	11.0
Distributable Earnings ⁽²⁾	\$42.0
Realized trading and derivatives (gain)/loss on ARMs / Realized Cash Loss Adjustment on REO	4.7
Run-Rate Distributable Earnings ⁽²⁾	\$46.7
Run-Rate Distributable Earnings per share, fully converted ^{(2),(3)}	\$0.48
Run-Rate Distributable Earnings return on common equity ⁽²⁾	12.1%
GAAP net income (loss) per share, fully converted ⁽³⁾	\$0.30
GAAP return on common equity	7.7%
GAAP dividend coverage, fully converted ^{(2),(3)}	85.8%
Distributable Earnings per share, fully converted ^{(2),(3)}	\$0.43
Distributable Earnings return on common equity ⁽²⁾	10.7%
Distributable Earnings dividend coverage, fully converted ^{(2),(3)}	119.9%
Dividend per share	\$0.355
Dividend per share yield on book value	9.0%

Balance Sheet - Assets (End of Quarter)

Total core portfolio	\$4,913.6
Total real estate securities	\$193.1
Cash and restricted cash	\$418.1
CLO reinvestment available	\$24.5
Other assets	\$326.1
Total assets	\$5,875.5

Balance Sheet - Debt & Equity

Collateralized loan obligations	3,477.4
Warehouse	249.3
Repo - securities	240.0
Asset specific financings	47.7
Unsecured debt	81.3
Total Debt	\$4,095.7
Preferred equity ⁽⁴⁾	348.5
Common stock/retained earnings ⁽⁵⁾	1,337.2
Total equity ^{(4),(5)}	1,685.7
Book value per share, fully converted ⁽³⁾	\$15.82

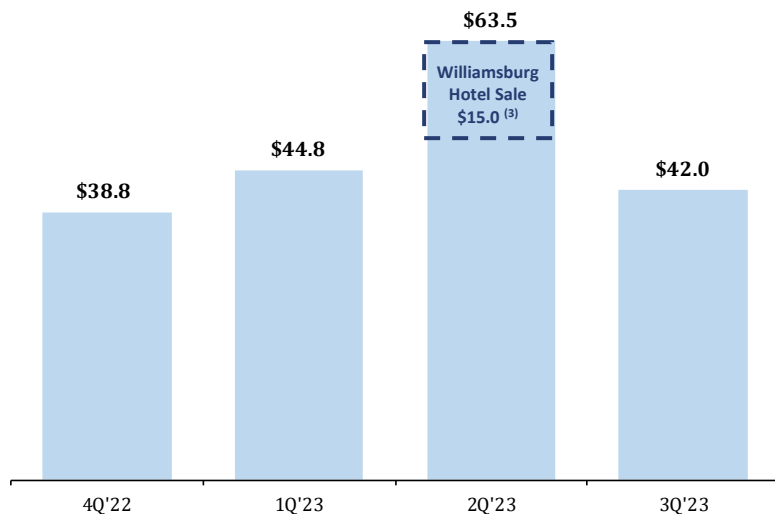
Net debt/total equity	2.18x
Recourse net debt/total equity	0.12x

Note: All numbers in millions except per share and share data.

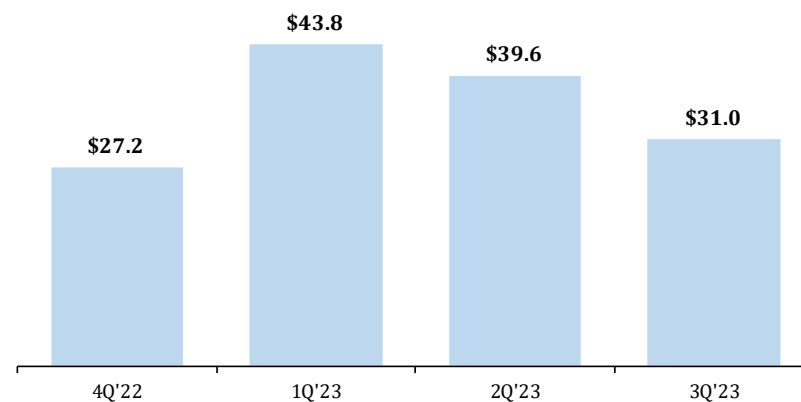
- Does not include conduit operating expenses which are reported under Other income / (loss).
- Please see appendix for the detail on the adjustments from GAAP net income to Distributable Earnings and Run Rate Distributable Earnings.
- Fully converted per share information assumes applicable conversion of our outstanding series of convertible preferred stock into common stock and the full vesting of our outstanding equity compensation awards.
- Includes \$90 million of preferred equity that converts to common equity on 1/19/24, subject to the holder's right to accelerate the conversion. These amounts are reflected as temporary equity on the consolidated balance sheets. The remaining \$259 million of preferred equity represents the E class, which does not convert to common equity.
- Includes non-controlling interest.

FBRT 3Q 2023 Financial Update: Earnings and Distributions

Distributable Earnings (\$M) ⁽¹⁾



GAAP Net Income (Loss) (\$M)



\$0.355	\$0.355	\$0.355	\$0.355	Dividend per share
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\$0.37	\$0.44	\$0.66	\$0.43	Distributable earnings per share, fully converted ^{(1), (2)}
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104%	125%	185%	120%	Distributable dividend coverage, fully converted ^{(1), (2)}
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Note: All numbers in millions except per share data.

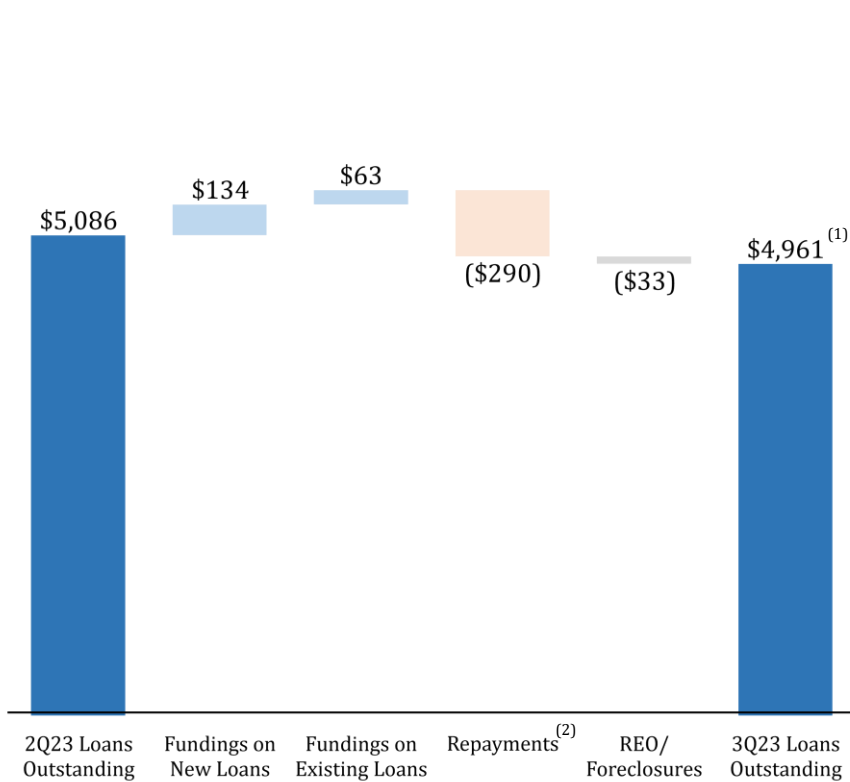
1. Please see appendix for GAAP net income to Distributable Earnings calculation.

2. Fully converted per share information assumes applicable conversion of our outstanding series of convertible preferred stock into common stock and the full vesting of our outstanding equity compensation awards.

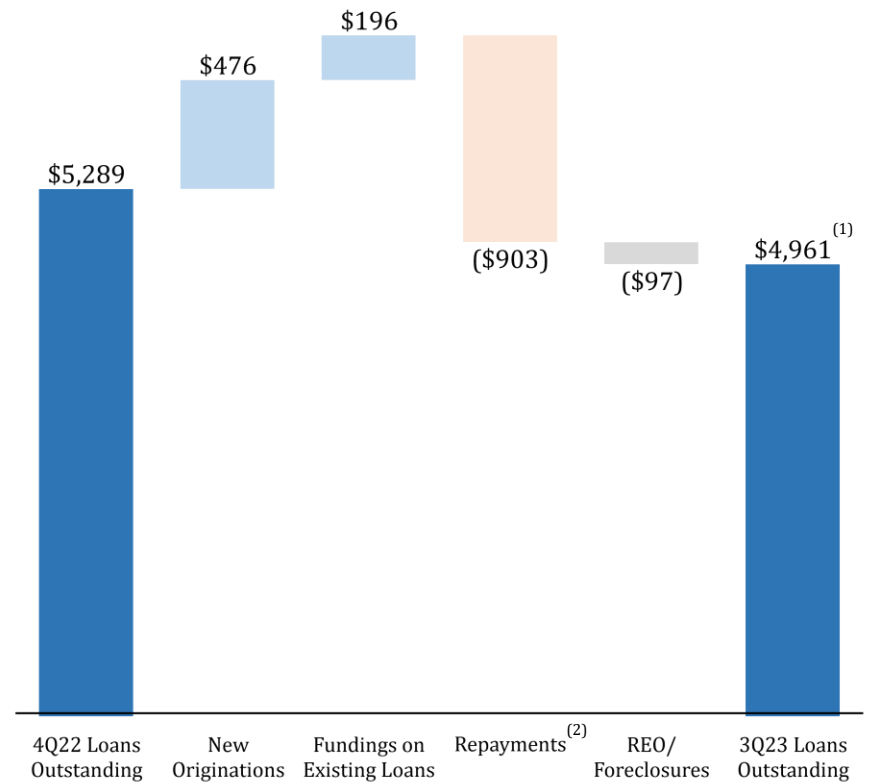
3. In Q2 2023, the sale of the Williamsburg Hotel loan accounted for approximately \$15.0 million of Distributable Earnings.

FBRT 3Q 2023 Financial Update: Core Loan Originations

3Q 2023 (\$M)



YTD 2023 (\$M)



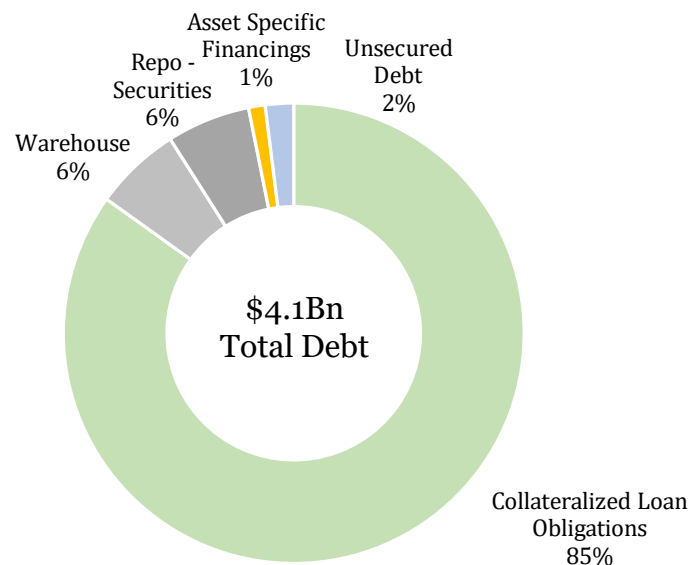
Note: All numbers in millions. Numbers in charts above represent principal balance.

1. As of September 30, 2023, future funding remaining on the loans outstanding was \$388 million.

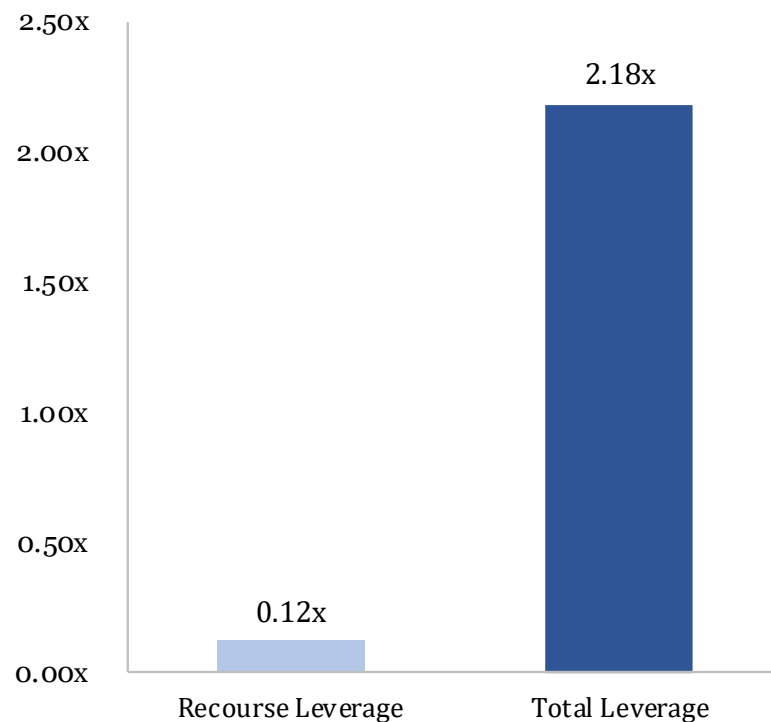
2. Includes full paydowns, dispositions, partial paydowns and amortization.

Financing Sources ⁽¹⁾

FBRT average debt cost including financing costs was 7.7% in 3Q23 vs. 7.3% last quarter



Net Leverage



1. On our core book (excluding repo-securities), 90% of financings are non-mark-to-market.

FBRT 3Q 2023 Financial Update: Financing Detail

CLOs

CLO Name	Debt Amount ⁽¹⁾	Reinvest End Date	Cost of Debt
BSPRT 2019-FL5	Called 3Q23	n/a	n/a
BSPRT 2021-FL6	\$583 million	10/6/23	S + 1.42%
BSPRT 2021-FL7	\$720 million	1/8/24	S + 1.64%
BSPRT 2022-FL8	\$960 million	3/8/24	S + 1.72%
BSPRT 2022-FL9 ⁽²⁾	\$671 million	7/8/24	S + 2.80%
BSPRT 2023-FL10 ^{(2), (3)}	\$574 million	4/8/25	S + 2.29%

Total **\$3,508 million**

CLO reinvestment available \$25 million

Repo – Securities (outstanding) \$240 million

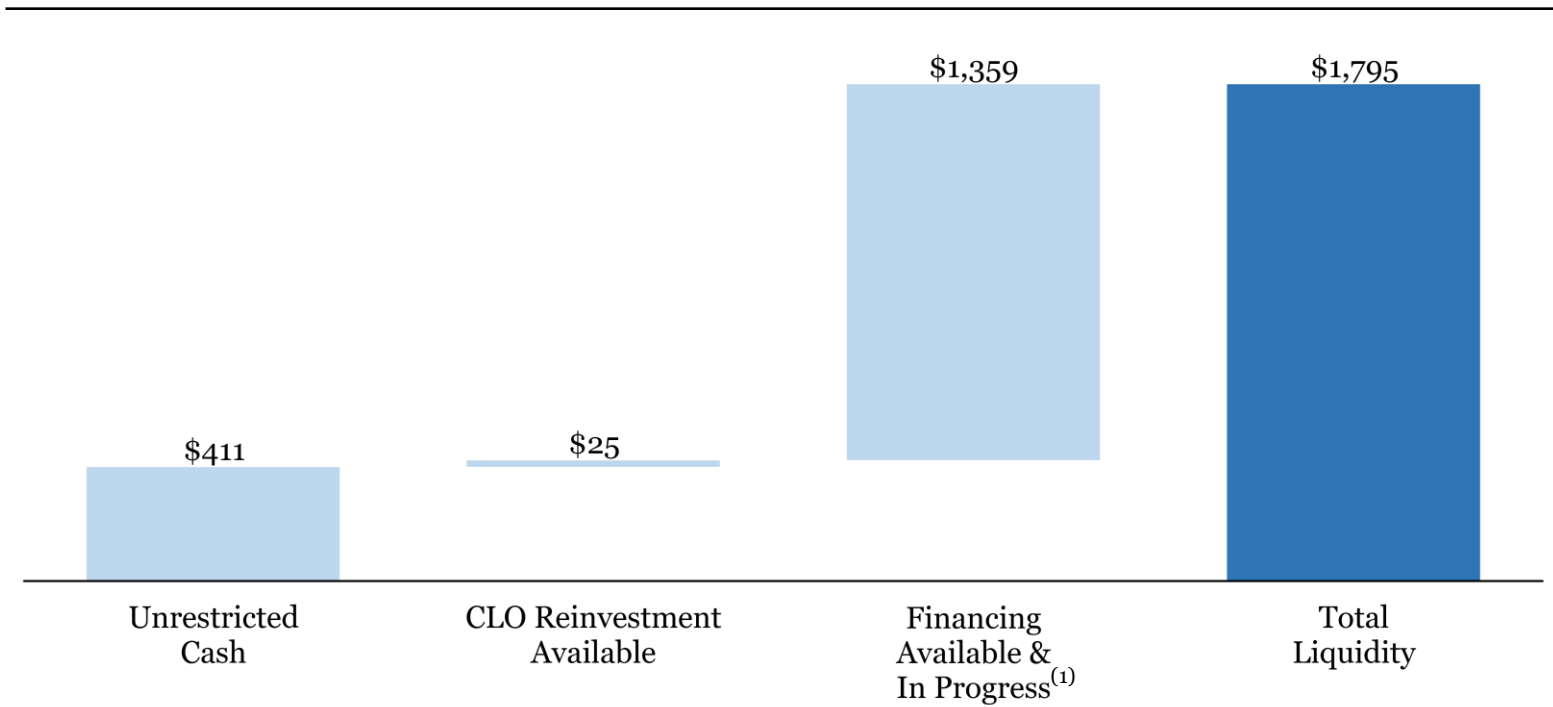
Warehouse/Revolver/Other

Name	Commitment ⁽⁴⁾
Barclays (Warehouse)	\$500 million
Wells Fargo	\$500 million
JP Morgan	\$500 million
Atlas SP Partners	\$600 million
Barclays (Secured Revolver)	\$250 million
Webster Bank loan participation	\$24 million

Total **\$2,374 million**

1. Outstanding balance at September 30, 2023 and net of tranches held by FBRT.
2. Cost of debt is shown before discount and transaction costs.
3. Cost of debt includes the BSPRT 2023-FL10 AS tranche (~\$143 million) that we retained and that was levered to a repo counterparty in conjunction with the CLO closing for ~\$104 million of debt.
4. Commitment for loans. Excludes bond repurchase agreements.

Liquidity (\$M)



Note: All numbers in millions.

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

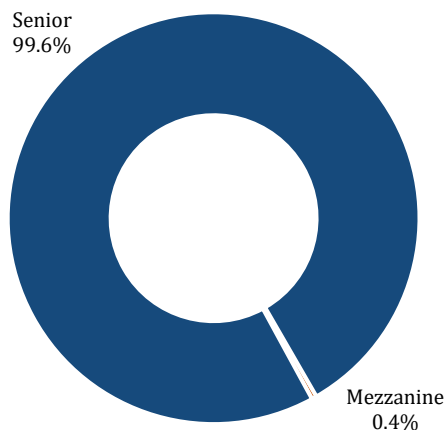
Portfolio

Portfolio: Core Loan Portfolio Composition

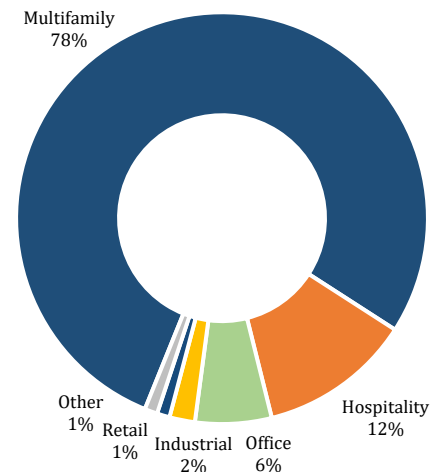
Portfolio Overview

- \$5.0 billion total portfolio
- 139 senior loans; average size of ~\$36 million
- 6 mezzanine loans; average size of ~\$3 million
- Three non-performing loans

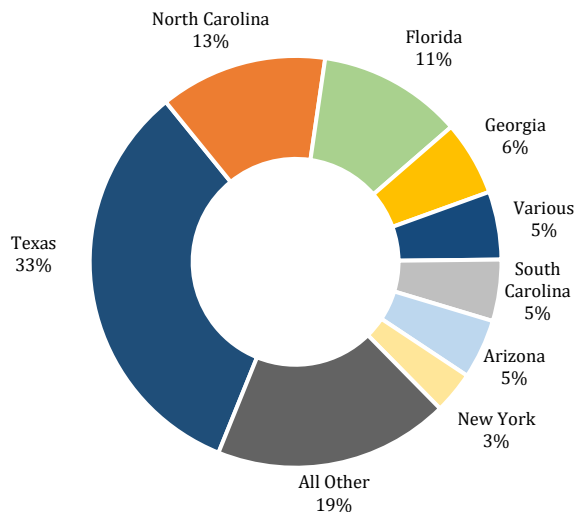
Portfolio Summary



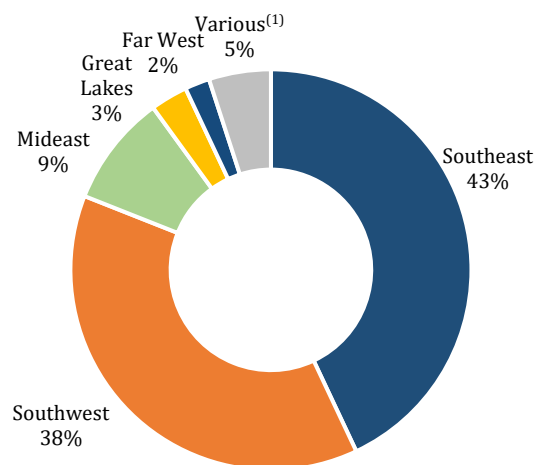
Collateral Summary



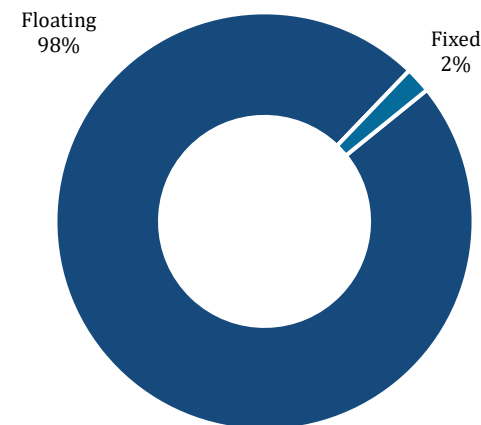
Collateral by State



Collateral by Region



Rate Type



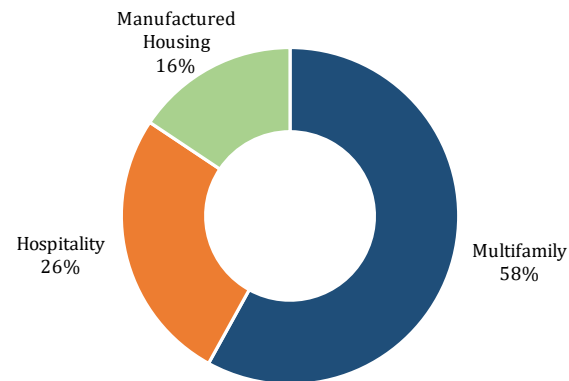
1. Regions included: New England, Plains, Rocky Mountain.

Portfolio: Core Originations in the Quarter

Overview

- 4 loans; \$153 million total commitment (\$134 million of initial funding / \$19 million of future funding)
- 3.98% weighted average spread; 9.30% all-in coupon⁽¹⁾. 1.0% and 0.3% weighted average origination and exit fees, respectively

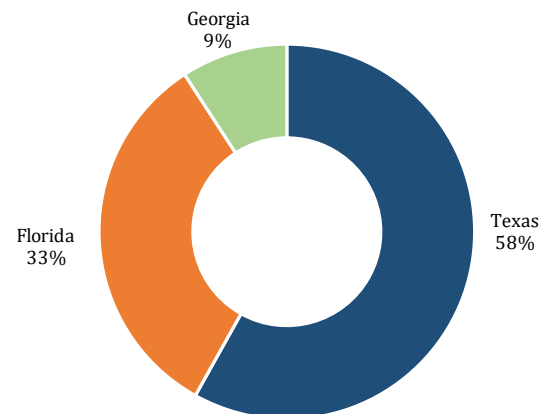
By Collateral



By Region



By State



Note: All numbers in millions. Charts shown above are based on the initial funding/unpaid principal balance of the newly originated loans.

1. All-in coupon based on the 1- month SOFR index as of 9/30/23.

<u>Investment</u>	<u>CBD Office Building</u>	<u>Suburban Office Park</u>	<u>16-Building Apartment Complex</u>
Loan Type	Floating Rate Senior Loan	Floating Rate Senior Loan	Floating Rate Senior Loan
Investment Date	Q1 2021	Q4 2019	Q1 2021
Default Date	None	None	Q3 2023
Non-Accrual	No	No	Yes
Collateral	31-Story, 299k Square Foot Office Building	Two, 6-Story Office Buildings	236-Unit Apartment Complex with 16 Buildings
Loan Purpose	Refinance	Acquisition	Acquisition
Location	Denver, Colorado	Alpharetta, Georgia	Lubbock, Texas
Loan Risk Rating	4	4	4

Post quarter-end update:

- **16-Building Apartment Complex:** Foreclosed on property in October 2023.

Portfolio: Foreclosure Real Estate Owned (“REO”)

<u>Investment</u>	<u>Single Tenant Retail Portfolio</u>	<u>CBD Office Complex</u>
Loan Investment Date	Q2 2022	Q1 2020
Foreclosure / Deed-In-Lieu Date	Q4 2022 - Q2 2023	Q3 2023
Collateral Type	Retail	Office
Collateral Detail	23 Freestanding Retail Properties	124k Square Foot Office Complex
Location	Various	Portland, Oregon

Post quarter-end update:

- **16-Building Apartment Complex:** Foreclosed on property in October 2023 (detail is provided on previous slide).

Appendix

Appendix:

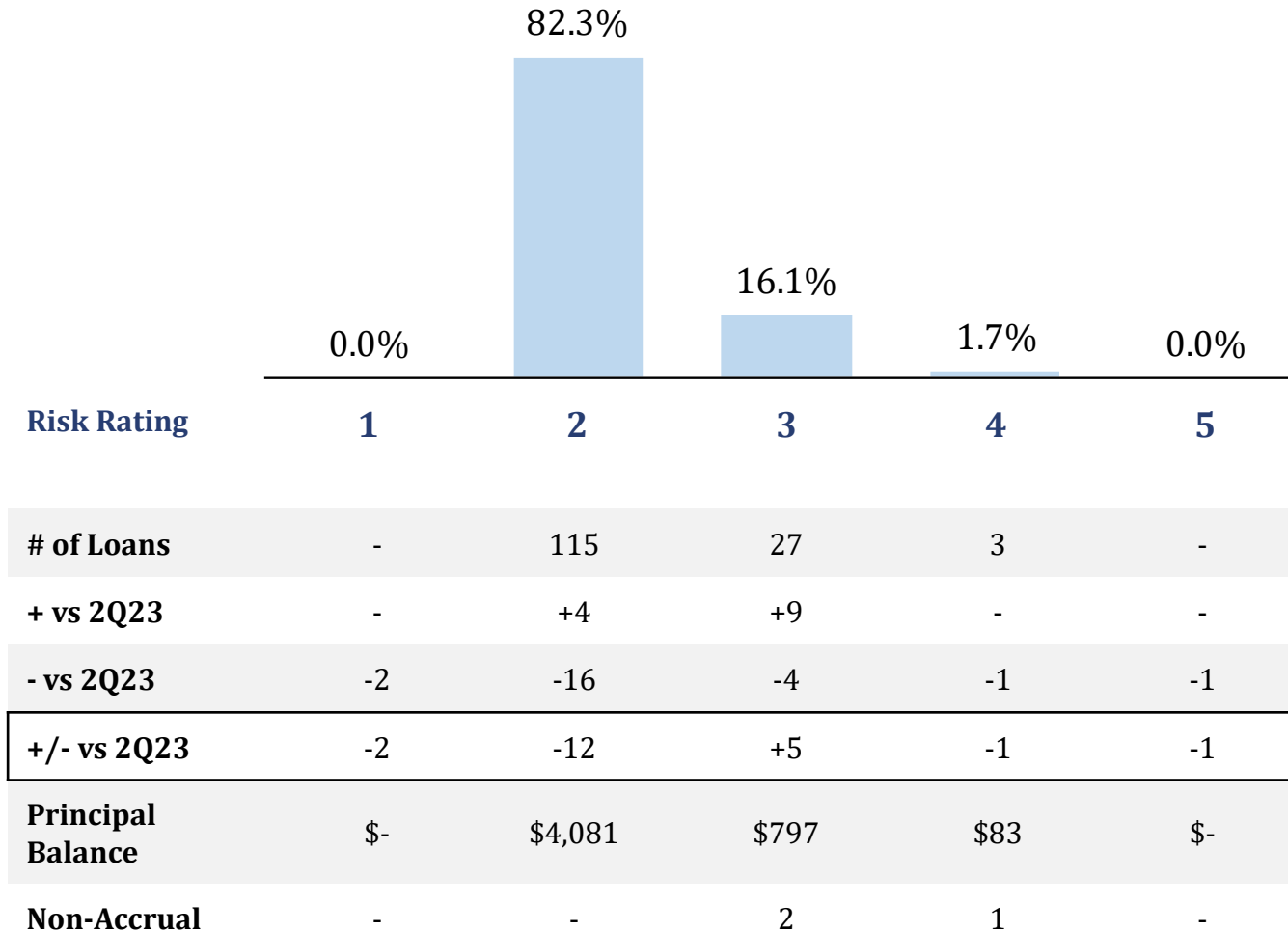
Core Portfolio - FBRT Portfolio Details – Top 15 Loans

	Loan Type	Origination Date	Current Total Commitment	Principal Balance	Carrying Value	Spread	All-in Yield ⁽¹⁾	Fully Extended Maturity	State	Collateral Type	As-is LTV ⁽²⁾
Loan 1	Senior Loan	5/26/21	\$155	\$151	\$150	+ 4.55%	10.32%	6/9/26	Florida	Multifamily	47.8%
Loan 2	Senior Loan	6/1/22	153	146	145	+ 3.95%	9.76%	6/9/27	Various	Multifamily	67.8%
Loan 3	Senior Loan	2/9/23	120	120	120	+ 4.90%	10.89%	2/9/28	Various	Hospitality	53.6%
Loan 4	Senior Loan	2/25/22	86	86	86	+ 3.24%	9.05%	3/9/26	New Jersey	Multifamily	60.0%
Loan 5	Senior Loan	2/24/22	86	86	85	+ 3.15%	9.20%	3/9/27	North Carolina	Multifamily	69.6%
Loan 6	Senior Loan	6/1/22	86	84	84	+ 3.95%	9.76%	6/9/27	North Carolina	Multifamily	71.8%
Loan 7	Senior Loan	2/10/22	82	82	82	+ 3.20%	8.89%	2/9/27	Florida	Multifamily	74.5%
Loan 8	Senior Loan	12/15/21	84	81	81	+ 3.21%	8.77%	1/9/27	North Carolina	Multifamily	76.1%
Loan 9	Senior Loan	12/21/21	79	78	78	+ 3.45%	8.97%	1/9/27	Florida	Multifamily	78.8%
Loan 10	Senior Loan	8/1/23	80	78	78	+ 3.20%	9.01%	8/9/28	Texas	Multifamily	58.7%
Loan 11	Senior Loan	3/31/21	79	76	76	+ 2.95%	8.58%	4/9/26	Texas	Multifamily	72.6%
Loan 12	Senior Loan	5/18/22	71	71	71	+ 3.80%	9.60%	6/9/27	Georgia	Multifamily	77.9%
Loan 13	Senior Loan	9/20/21	70	70	69	+ 3.25%	9.17%	10/9/26	South Carolina	Multifamily	77.1%
Loan 14	Senior Loan	6/14/22	71	69	69	+ 3.45%	9.57%	6/9/27	Georgia	Multifamily	71.6%
Loan 15	Senior Loan	10/29/21	70	68	68	+ 2.85%	8.70%	11/9/26	Texas	Multifamily	70.6%
Loans 16 - 145	Senior & Mezz Loans	Various	3,977	3,616	3,609	+ 3.85%	9.68%	Various	Various	Various	65.9%
CECL Reserve					(43)						
Total/Wtd. avg.			\$5,347	\$4,961	\$4,908	+ 3.80%	9.63%	3.1 years			66.2%
Average Loan Size			\$37	\$34	\$34						

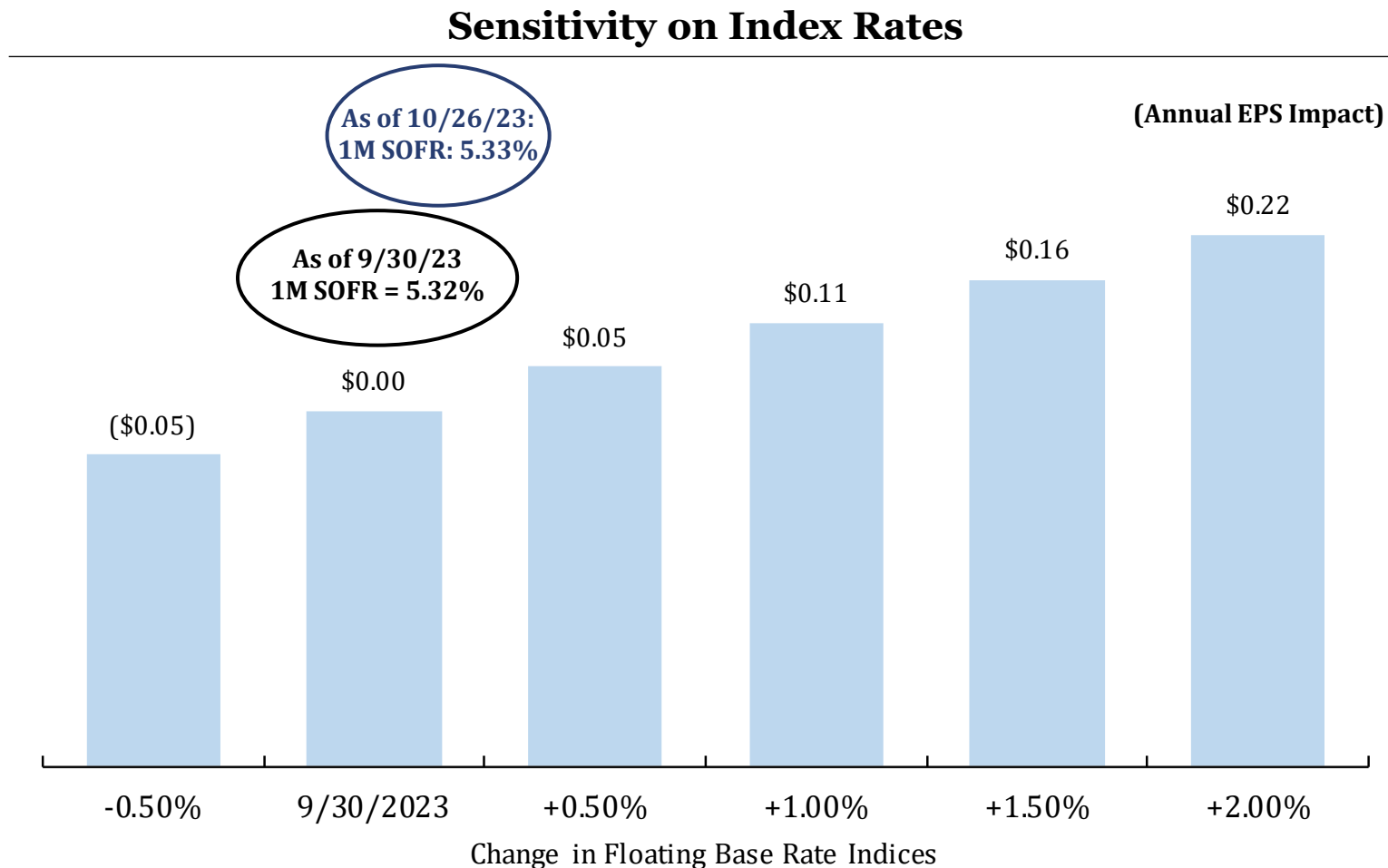
Note: All numbers in millions.

- All-in Yield defined as: (1) current spread of the loan plus (2) any applicable index or index floor plus (3) origination and exit fees amortized over the initial maturity date of the loan.
- As-is loan to value percentage is from metrics at origination. Predevelopment construction loans at origination will not have an LTV and therefore is nil.

Average risk rating was 2.2 for the quarter vs. 2.2 last quarter



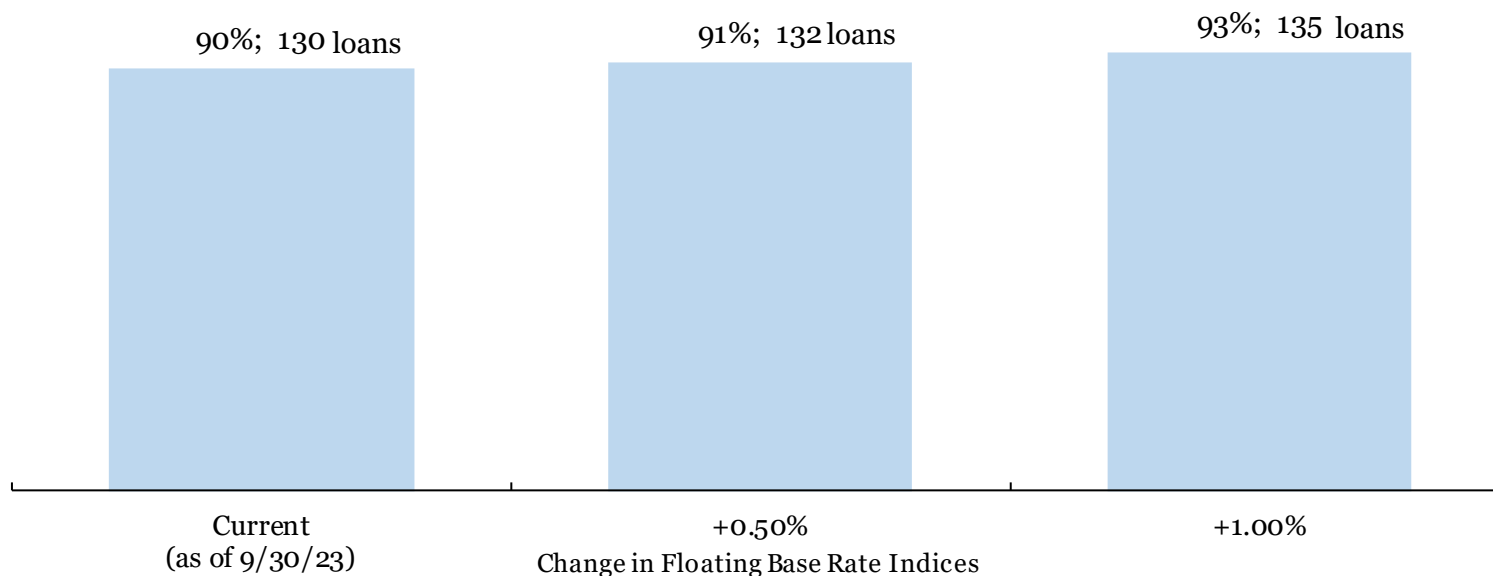
Positive earnings correlation to rising rates



93% of our loans have a rate cap (average of 2.6% rate cap) and 90% were activated as of 9/30/23

Percentage and Number of Loans with Rate Caps Activated

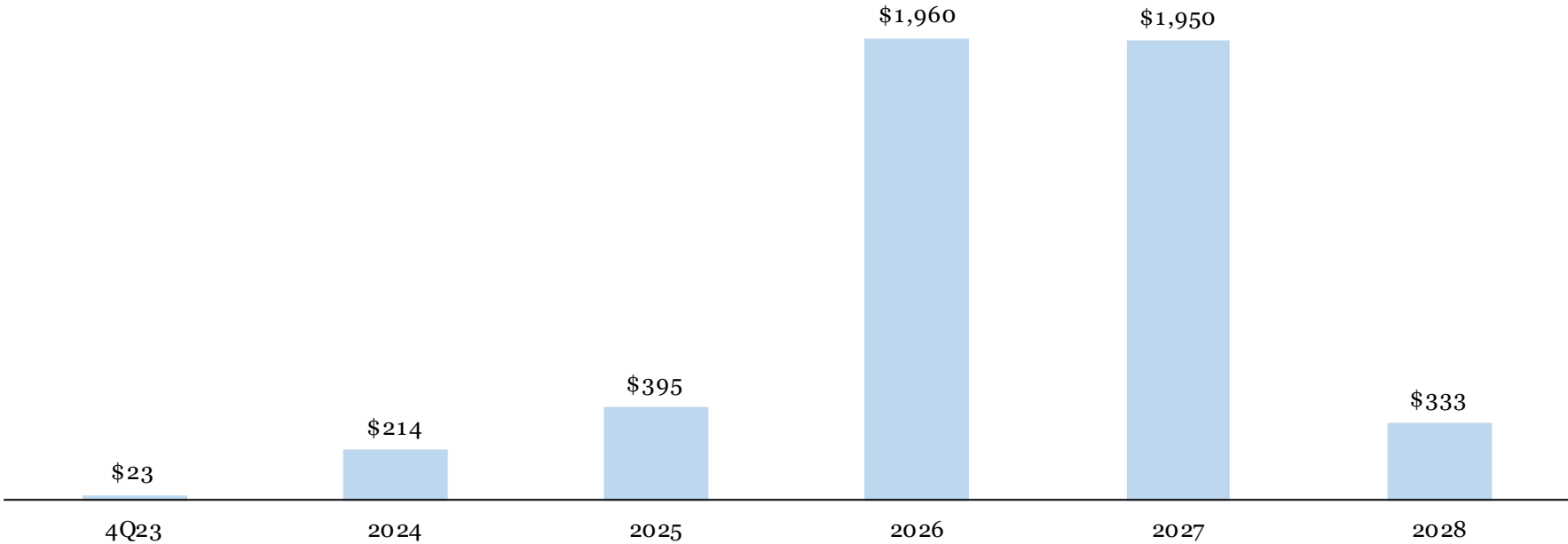
All loans with rate caps are activated at +1.00% and above



Note: The above analysis assumes fixed rates loan have rate caps that are always active and do not expire.

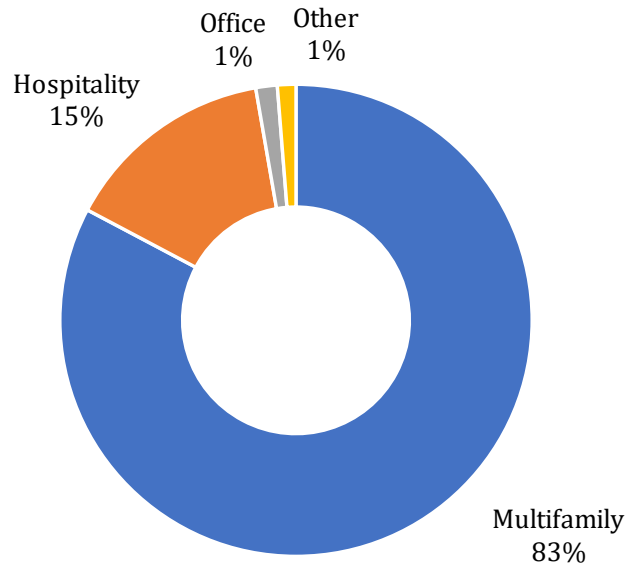
1. Loans without rate caps includes loans that previously had rate caps, but have expired as of 9/30/23.

Fully Extended Maturity by Year



Note: All numbers in millions. Excludes loans on non-accrual and loans in maturity default at 9/30/23.

Allowance for Loan Loss by Collateral Type



<i>\$ millions</i>	
Allowance for Loan Loss Balance at 6/30/23 - General Reserve	\$40.2
Provision for Credit Loss - General Reserve	2.8
Allowance for Loan Loss Balance at 9/30/23 - Before Asset-Specific Reserve	\$42.9
Asset-Specific Reserve at 6/30/23	-
Provision / (Benefit) for Credit Loss - Asset-Specific	(0.4)
Allowance for Loan Loss Balance at 9/30/23 - Including Asset-Specific Reserve	\$42.5
Cost Recovery at 9/30/23 - Asset-Specific	0.4
Allowance for Loan Loss Balance at 9/30/23 - After Cost Recovery	\$42.9
Portfolio Principal Balance	\$4,961
Total Allowance for Loan Loss % of Portfolio	0.9%

Appendix:

Segment Reporting Summary

	Nominal (\$000s)	Weighted Average Shares Outstanding, Fully Converted ⁽³⁾	Earnings Per Share, Fully Converted ⁽³⁾	Daily Average Common Equity (\$000s)	Return on Common Equity
GAAP Net Income (Loss)	\$30,995	88,390,522	\$0.30	\$1,402,370	7.7%
Run-Rate Distributable Earnings ⁽¹⁾	\$46,671	88,390,522	\$0.48	\$1,402,370	12.1%
Distributable Earnings ⁽¹⁾	\$41,988	88,390,522	\$0.43	\$1,402,370	10.7%

GAAP Net Income (Loss):

Core ⁽²⁾	32,563	84,739,450	\$0.34	1,344,443	8.5%
Securities	(1,568)	3,651,072	(\$0.43)	57,926	(10.8%)
Total	\$30,995	88,390,522	\$0.30	\$1,402,370	7.7%

Run-Rate Distributable Earnings: ⁽¹⁾

Core ⁽²⁾	45,193	84,739,450	\$0.48	1,344,443	12.2%
Securities	1,478	3,651,072	\$0.40	57,926	10.2%
Total	\$46,671	88,390,522	\$0.48	\$1,402,370	12.1%

Distributable Earnings: ⁽¹⁾

Core ⁽²⁾	43,623	84,739,450	\$0.46	1,344,443	11.7%
Securities	(1,635)	3,651,072	(\$0.45)	57,926	(11.3%)
Total	\$41,988	88,390,522	\$0.43	\$1,402,370	10.7%

Note: All numbers in thousands except share and per share data. "nm" represents not meaningful.

1. Please see appendix for the detail on the adjustments from GAAP net income to Distributable Earnings and Run Rate Distributable Earnings.
2. Includes the real estate debt and other real estate investments segment, TRS segment and real estate owned segment. The preferred E dividend is subtracted from the earnings for the earnings per share and return on common equity calculations.
3. Fully converted per share information assumes applicable conversion of our outstanding series of convertible preferred stock into common stock and the full vesting of our outstanding equity compensation awards.

Appendix:

GAAP Net Income to Distributable Earnings Reconciliation

	4Q'22	1Q'23	2Q'23	3Q'23
GAAP Net Income (Loss)	27.2	43.8	39.6	31.0
Adjustments:				
CLO Amortization Acceleration ⁽¹⁾	(1.4)	(1.5)	(1.2)	(1.3)
Unrealized (Gain) / Loss ⁽²⁾	6.2	0.6	2.7	4.3
Subordinated Performance Fee ⁽³⁾	(2.5)	(0.6)	2.6	1.6
Non-Cash Compensation Expense	2.7	1.0	1.2	1.3
Depreciation & Amortization	1.5	1.8	2.2	1.5
(Reversal of) / Provision for Credit Loss	5.1	4.4	21.6	2.4
Loan Workout Charges / (Loan Workout Recoveries) ⁽⁴⁾	-	-	(5.1)	-
Realized (Gain) / Loss on Debt Extinguishment / CLO Call	-	(4.8)	(0.3)	2.8
Realized Trading and Derivatives (Gain) / Loss on ARMs	(0.2)	(2.2)	(0.2)	3.1
Run-Rate Distributable Earnings ⁽⁵⁾	38.6	42.5	63.3	46.7
Realized Cash Gain/(Loss) Adjustment on REO ⁽⁶⁾	-	-	-	(1.6)
Realized Trading and Derivatives Gain / (Loss) on ARMs	0.2	2.2	0.2	(3.1)
Distributable Earnings	38.8	44.8	63.5	42.0
Preferred Equity E Class Dividend	(4.8)	(4.8)	(4.8)	(4.8)
Depreciation and Amortization Attributed to Noncontrolling Interests of Joint Ventures	(1.4)	(0.4)	(0.4)	0.8
Noncontrolling Interests in Joint Ventures Net (Income) / Loss	0.2	(0.0)	(0.0)	(0.3)
Distributable Earnings to Common ⁽⁷⁾	32.8	39.6	58.2	37.6
Average Common Stock & Common Stock Equivalents ⁽⁸⁾	1,416.7	1,422.6	1,413.5	1,402.4
GAAP Net Income (Loss) ROE	6.4%	11.0%	9.8%	7.7%
Run-Rate Distributable Earnings ROE	9.2%	10.5%	16.4%	12.1%
Distributable Earnings ROE	9.2%	11.1%	16.5%	10.7%
GAAP Net Income / (Loss) Earnings Per Share, Diluted	\$0.25	\$0.44	\$0.39	\$0.30
Fully Converted Weighted Average Shares Outstanding ⁽⁹⁾	88,704,093	88,916,252	88,421,116	88,390,522
GAAP Net Income / (Loss) Earnings Per Share, Fully Converted ⁽¹⁰⁾	\$0.25	\$0.44	\$0.39	\$0.30
Run-Rate Distributable Earnings Per Share, Fully Converted ⁽¹⁰⁾	\$0.37	\$0.42	\$0.66	\$0.48
Distributable Earnings Per Share, Fully Converted ⁽¹⁰⁾	\$0.37	\$0.44	\$0.66	\$0.43

Note: All numbers in millions except share and per share data.

- Adjusted for non-cash CLO amortization acceleration to effectively amortize issuance costs of our CLOs over the expected lifetime of the CLOs. We assume our CLOs will be outstanding for four years and amortized the financing costs over four years in our distributable earnings as compared to effective yield methodology in our GAAP earnings.
- 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, (iii) derivatives, and (iv) ARMs.
- Represents accrued and unpaid subordinated performance fee. In addition, reversal of subordinated performance fee represents cash payments of the subordinated performance fee made during the period.
- Represents loan workout charges the Company incurred, which the Company deemed likely to be recovered. Reversal of loan workout charges represent recoveries received. During the second quarter of 2023, the Company recovered \$5.1 million of loan workout charges, in aggregate, related to the loan workout charges incurred in the first, second, and third quarters of 2022 amounting to \$1.9 million, \$3.0 million, and \$0.2 million, respectively.
- Equal to Distributable Earnings excluding the realized trading and derivatives gain/loss on ARMs and realized cash gain/loss adjustment on REO.
- Represents the actual realized cash loss on REO investments, which may be different than the GAAP basis.
- Distributable Earnings to common is net of preferred equity E class dividend payment and non-controlling interests in joint ventures.
- Represents the average of all equity except the preferred equity E class.
- Fully converted per share information assumes applicable conversion of our outstanding series of convertible preferred stock into common stock and the full vesting of our outstanding equity compensation awards.
- Calculated as GAAP net income less preferred dividend on preferred equity E class and non-controlling interests in joint ventures or Distributable Earnings to Common divided by fully converted weighted average shares outstanding.

Appendix:

Book Value Per Share & Shares Outstanding

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Stockholders' equity applicable to convertible common stock	\$ 1,397,920	\$ 1,398,986
Shares:		
Common stock	82,210,624	82,479,743
Equity compensation awards (restricted stock)	809,257	513,041
Series H convertible preferred stock	5,370,498	5,370,640
Series I convertible preferred stock	—	299,200
Total outstanding	<u>88,390,379</u>	<u>88,662,624</u>
Fully-converted book value per share ^{(1) (2)}	<u>\$ 15.82</u>	<u>\$ 15.78</u>

Note: All numbers in thousands except per share and share data. Preferred stock values expressed in common stock equivalents.

- Fully-converted book value per share reflects full conversion of our Series H and Series I convertible preferred stock and vesting of our outstanding equity compensation awards.
- Excluding the amounts for accumulated depreciation and amortization of real property of \$8.4 million and \$5.2 million as of September 30, 2023 and December 31, 2022, respectively, would result in a fully-converted book value per share of \$15.91 and \$15.84 as of September 30, 2023 and December 31, 2022, respectively.

Appendix:

FBRT Income Statement

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income				
Interest income	\$ 137,042	\$ 94,131	\$ 420,470	\$ 239,602
Less: Interest expense	77,973	46,157	224,347	96,262
Net interest income	59,069	47,974	196,123	143,340
Revenue from real estate owned	3,317	2,312	13,067	6,936
Total income	\$ 62,386	\$ 50,286	\$ 209,190	\$ 150,276
Expenses				
Asset management and subordinated performance fee	\$ 7,908	\$ 6,430	\$ 24,893	\$ 19,776
Acquisition expenses	316	362	977	996
Administrative services expenses	3,566	3,001	10,993	9,402
Professional fees	4,153	4,074	11,761	18,287
Share-based compensation	1,255	669	3,505	1,851
Depreciation and amortization	1,513	1,295	5,514	3,886
Other expenses	2,856	1,424	9,323	4,849
Total expenses	\$ 21,567	\$ 17,255	\$ 66,966	\$ 59,047
Other income/(loss)				
(Provision)/benefit for credit losses	\$ (2,379)	\$ 599	\$ (28,363)	\$ (30,976)
Realized gain/(loss) on extinguishment of debt	(2,836)	—	2,201	(5,167)
Realized gain/(loss) on sale of available for sale trading securities	(486)	—	110	—
Realized gain/(loss) on sale of commercial mortgage loans, held for sale	933	9	3,027	48
Realized gain/(loss) on sale of commercial mortgage loans, held for sale, measured at fair value	—	4,782	—	4,838
Unrealized gain/(loss) on commercial mortgage loans, held for sale, measured at fair value	—	58	44	(3,678)
Gain/(loss) on other real estate investments	(4,112)	—	(7,142)	(29)
Trading gain/(loss)	(2,627)	(2,744)	(605)	(113,717)
Unrealized gain/(loss) on derivatives	(183)	1,566	(110)	(12,824)
Realized gain/(loss) on derivatives	67	(1,624)	684	57,599
Total other income/(loss)	\$ (11,623)	\$ 2,646	\$ (30,154)	\$ (103,906)
Income/(loss) before taxes	29,196	35,677	112,070	(12,677)
(Provision)/benefit for income tax	1,799	(419)	2,408	(281)
Net income/(loss)	\$ 30,995	\$ 35,258	\$ 114,478	\$ (12,958)
Net (income)/loss attributable to non-controlling interest	772	—	722	—
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	\$ 31,767	\$ 35,258	\$ 115,200	\$ (12,958)
Less: Preferred stock dividends	6,748	6,899	20,245	34,865
Net income/(loss) applicable to common stock	\$ 25,019	\$ 28,359	\$ 94,955	\$ (47,823)
Basic earnings per share	\$ 0.30	\$ 0.34	\$ 1.14	\$ (0.70)
Diluted earnings per share	\$ 0.30	\$ 0.34	\$ 1.14	\$ (0.70)
Basic weighted average shares outstanding	82,210,625	83,665,250	82,410,725	67,965,397
Diluted weighted average shares outstanding	82,210,625	83,665,250	82,410,725	67,965,397

Appendix:

FBRT Balance Sheet

	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 411,437	\$ 179,314
Restricted cash	6,655	11,173
Commercial mortgage loans, held for investment, net of allowance for credit losses of \$37,512 and \$40,848 as of September 30, 2023 and December 31, 2022, respectively	4,913,644	5,228,928
Commercial mortgage loans, held for sale, measured at fair value	17,000	15,559
Real estate securities, trading, measured at fair value (includes pledged assets of \$227,610 as of December 31, 2022)	—	235,728
Real estate securities, available for sale, measured at fair value, amortized cost of \$194,171 and \$220,635 as of September 30, 2023 and December 31, 2022, respectively (includes pledged assets of \$153,648 and \$198,429 as of September 30, 2023 and December 31, 2022, respectively)	193,072	221,025
Derivative instruments, measured at fair value	35	415
Receivable for loan repayment	25,937	42,557
Accrued interest receivable	38,297	34,007
Prepaid expenses and other assets	17,501	15,795
Intangible lease asset, net of amortization	43,604	54,831
Real estate owned, net of depreciation	104,616	127,772
Real estate owned, held for sale	103,657	36,497
Total assets	\$ 5,875,455	\$ 6,203,601
LIABILITIES AND STOCKHOLDERS' EQUITY		
Collateralized loan obligations	\$ 3,477,444	\$ 3,121,983
Repurchase agreements and revolving credit facilities - commercial mortgage loans	249,345	680,859
Repurchase agreements - real estate securities	240,010	440,008
Mortgage note payable	23,998	23,998
Other financings	23,669	76,301
Unsecured debt	81,270	98,695
Derivative instruments, measured at fair value	258	64
Interest payable	11,504	12,715
Distributions payable	36,224	36,317
Accounts payable and accrued expenses	16,884	17,668
Due to affiliates	16,836	15,429
Intangible lease liability, held for sale	12,297	—
Intangible lease liability, net of amortization	—	6,428
Total liabilities	\$ 4,189,739	\$ 4,530,465
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 September 30, 2023 and December 31, 2022	\$ 89,748	\$ 89,748
Redeemable convertible preferred stock Series I, \$0.01 par value, none authorized and outstanding as of September 30, 2023, 1,000 authorized and 1,000 issued and outstanding as of December 31, 2022	—	5,000
Total redeemable convertible preferred stock	\$ 89,748	\$ 94,748
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 September 30, 2023 and December 31, 2022	\$ 258,742	\$ 258,742
Common stock, \$0.01 par value, 900,000,000 shares authorized, 83,019,881 and 82,992,784 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	822	826
Additional paid-in capital	1,601,282	1,602,247
Accumulated other comprehensive income (loss)	(1,099)	390
Accumulated deficit	(292,833)	(299,225)
Total stockholders' equity	\$ 1,566,914	\$ 1,562,980
Non-controlling interest	29,054	15,408
Total equity	\$ 1,595,968	\$ 1,578,388
Total liabilities, redeemable convertible preferred stock and equity	\$ 5,875,455	\$ 6,203,601

Distributable Earnings and Run-Rate Distributable Earnings

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, derivatives and residential adjustable-rate mortgage pass-through securities ("ARM Agency Securities" or "ARMS"), including CECL reserves and impairments, (iii) non-cash equity compensation expense, (iv) depreciation and amortization, (v) subordinated performance fee accruals/(reversal), (vi) loan workout charges, (vii) realized gains and losses on debt extinguishment, (viii) certain other non-cash items, and (ix) impairments of acquisition assets related to the Capstead merger. Further, Run-Rate Distributable Earnings, a non-GAAP measure, presents Distributable Earnings before trading and derivative gain/loss on ARMs.

The Company believes that Distributable Earnings and Run-Rate Distributable Earnings provide meaningful information to consider in addition to the disclosed GAAP results. The Company believes Distributable Earnings is a useful financial metric for existing and potential future holders of its common stock as historically, over time, Distributable Earnings has been an indicator of 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 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. The Company believes Run-Rate Distributable Earnings is a useful financial metric because it presents the Distributable Earnings of its core businesses, net of the impacts of the realized trading and derivative gain/loss on the residential adjustable-rate mortgage securities acquired from Capstead Mortgage Corporation, which the Company has liquidated from its portfolio.

Distributable Earnings and Run-Rate Distributable Earnings 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 and Run-Rate Distributable Earnings may differ from the methodologies employed by other companies and thus may not be comparable to the Distributable Earnings reported by other companies.