UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

OR

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

For the transition period from _____ to _____

Commission file number: 001-40923

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, New York, NY	**10010**
(Address of principal executive offices)	(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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 emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity (not including shares of common stock underlying outstanding shares of convertible preferred stock) held by non-affiliates as of June 30, 2025 was $858.0 million.

The number of outstanding shares of the registrant's common stock as of February 19, 2026 was 80,965,793 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed by Franklin BSP Realty Trust, Inc. with the Securities and Exchange Commission pursuant to Regulation 14A relating to the registrant’s Annual Meeting of Stockholders to be held on May 27, 2026 will be incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III. The definitive proxy statement will be filed with the SEC not later than 120 days after the registrant’s fiscal year ended December 31, 2025.

FRANKLIN BSP REALTY TRUST, INC.

FORM 10-K
Year Ended December 31, 2025

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Forward-Looking Statements

Certain statements included in this Annual Report on Form 10-K are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Franklin BSP Realty Trust, Inc. ("we," "our," "us," or 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 this Annual Report, 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;
- the ability of us and our external advisor to retain qualified personnel;
- impairments 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; and
- our ability to maintain our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes.

All forward-looking statements should be read in light of the risks identified in Part I, Item 1A of this Annual Report on Form 10-K.

Risk Factor Summary

We are providing the following summary of the risk factors contained in this Annual Report on Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage our stockholders to carefully review the full risk factors contained in this Annual Report on Form 10-K in their entirety.

Risks Related to Our Financing Strategy

- We have a significant amount of indebtedness and may need to incur more in the future.
- We may not be able to earn returns on loans we make in excess of the interest we pay on our borrowings.
- We may use collateralized debt and loan obligation securitization markets to provide long-term financing for our loans and investments which may not be available.
- Lenders often require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions.
- Changes in interest rates, particularly short-term interest rates, may significantly influence our net income.
- We may not be able to access financing sources on attractive terms, if at all, which could adversely affect our ability to fund and grow our business, or result in dilution to our existing stockholders.

- Our short-term borrowings often require us to provide additional collateral when the fair market value of our collateral decreases, and these calls for collateral could significantly impact our liquidity position.

Risks Related to Our Investments

- Our commercial real estate debt investments are subject to the risks typically associated with ownership of commercial real estate.
- Our success depends on the availability of attractive investment opportunities.
- Delays in liquidating defaulted commercial real estate debt investments could reduce our investment returns.
- Operating and disposing of properties acquired through foreclosure subject us to additional risks that could harm our results of operations.
- Subordinate commercial real estate debt that we originate or acquire could expose us to greater losses than primary mortgage loans do.
- We may be subject to risks associated with construction lending, such as declining real estate values, cost overruns and delays in completion.
- Jurisdictions with one action or security first rules or anti-deficiency legislation may limit the ability to foreclose on the property or to realize the obligation secured by the property by obtaining a deficiency judgment.
- Insurance may not cover all potential losses on the properties underlying our investments, which may harm the value of our assets.
- We invest in CMBS and CRE CLO Bonds, which entails certain risks, including those related to subordinate securities.
- We may not control the special servicing of the mortgage loans underlying the CMBS and CRE CLO Bonds in which we invest and, in such cases, the special servicer may take actions that could adversely affect our interests.
- We invest in collateralized debt obligations ("CDOs") and such investments involve significant risks.
- Most of our investments are illiquid and we may not be able to vary our portfolio in response to changes in economic and other conditions, which may result in losses to us.
- Some of our investments are carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these investments.
- Competition with third parties for originating and acquiring investments may reduce our profitability.
- Our due diligence may not reveal all material issues relating to our origination or acquisition of a particular investment.
- We may be unable to restructure loans in a manner that we believe maximizes value, particularly if we are one of multiple creditors in large capital structures.
- We may be subject to risks associated with future advance obligations, such as declining real estate values and operating performance.
- We may not be successful in our attempts to align the maturities of our liabilities with the maturities on our assets, which could harm our operating results and financial condition.
- Provision for credit losses is difficult to estimate.
- Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded.

Risks Related to the Conduit Segment of the Business

- We use warehouse facilities that may limit our ability to acquire assets, and we may incur losses if the collateral is liquidated.
- We directly or indirectly utilize non-recourse securitizations, and such structures expose us to risks that could result in losses to us.
- The securitization market is subject to a regulatory environment that may affect certain aspects of these activities.
- We enter into hedging transactions that could expose us to contingent liabilities in the future.
- Hedging against interest rate exposure may adversely affect our income, limit our gains or result in losses, which could adversely affect cash available for distributions to our stockholders.

Risks Related to NewPoint and our Agency Business

- The acquisition of NewPoint and the operation of our Agency Business exposes us to a variety of additional risks that could materially and adversely affect our financial condition and results of operations.

Risks Related to Conflicts of Interest

- The Advisor faces conflicts of interest relating to purchasing commercial real estate-related investments, and such conflicts may not be resolved in our favor, which could adversely affect our investment opportunities.
- The Advisor and its employees face competing demands relating to their time, and this may cause our operating results to suffer.
- The fee structure set forth in the Advisory Agreement may not create proper incentives for the Advisor.
- Our Advisor manages our portfolio pursuant to broad investment guidelines and is not required to seek the approval of our board of directors for each investment, financing, asset allocation or hedging decision made by it, which may result in our making riskier loans and other investments and which could materially and adversely affect us.
- Our Advisor maintains a contractual as opposed to a fiduciary relationship with us. Our Advisor's liability is limited under our Advisor Agreement, and we have agreed to indemnify our Advisor against certain liabilities.
- Termination of our Advisory Agreement would be difficult and costly.

Risks Related to Our Corporate Structure

- The limit on the number of shares a person may own may discourage a takeover that could otherwise result in a premium price to our stockholders.
- Certain provisions of Maryland law could inhibit a change in control of our Company.

Risks Related to Taxation

- Our failure to qualify as a REIT could have significant adverse consequences to us and the value of our common stock.
- The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.
- Even if we qualify as a REIT, we may be subject to tax liabilities that reduce our cash flow for distribution to our stockholders.
- The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT.
- The "taxable mortgage pool" rules may increase the taxes that we or our stockholders incur, and may limit the manner in which we effect future securitizations.
- The prohibited transactions tax may limit our ability to engage in transactions, including certain methods of securitizing mortgage loans that would be treated as sales for U.S. federal income tax purposes.
- Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.
- Liquidation of assets may jeopardize our REIT qualification.
- Modification of the terms of our debt investments and mortgage loans underlying our CMBS in conjunction with reductions in the value of the real property securing such loans could cause us to fail to qualify as a REIT.
- If the OP fails to qualify as a partnership for U.S. federal income tax purposes, we could fail to qualify as a REIT and suffer other adverse consequences.
- Changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have a material and adverse effect on tax.

Risks Related to an Investment in Franklin BSP Realty Trust, Inc.

- We may be unable to maintain or increase cash distributions over time, or may decide to reduce the amount of distributions for business reasons.
- Our business could suffer in the event our Advisor or any other party that provides us with services essential to our operations experiences system failures or cyber-incidents or a deficiency in cybersecurity.
- Our use of or failure to adopt advancements in information technology, such as artificial intelligence, may hinder or prevent us from achieving strategic objectives or otherwise harm our business.
- We are subject to risks from natural disasters such as earthquakes and severe weather, including as the result of global climate changes, which may result in damage to the properties securing our loans.

Risks Related to the Regulatory Matters

- Failure to maintain certain qualifications and licenses could adversely affect our results or operations.

PART I

Item 1. Business

Franklin BSP Realty Trust, Inc. (the "Company"), is a real estate finance company, formed as a Maryland corporation, that has elected to be treated as a real estate investment trust ("REIT") for U.S. federal income tax purposes since 2013. Substantially all of the Company's business is conducted through FBRT OP LLC, a Delaware limited liability company (the "OP") and to its subsidiaries. The Company is the managing member of the OP and directly or indirectly held 91% of the common units of membership interests in the OP as of December 31, 2025.

As discussed in more detail below, the Company's operations are organized into two business units: (i) Commercial Real Estate Financing, and (ii) Agency Business. On July 1, 2025, through a wholly owned subsidiary, the Company acquired NewPoint Holdings JV LLC ("NewPoint"), which now comprises the Company's Agency Business unit.

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"). 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. 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 is a wholly-owned subsidiary of Franklin Resources, Inc., which together with its various subsidiaries operates as "Franklin Templeton."

As of December 31, 2025, we had 223 employees, all of which are employees of NewPoint.

Investment Objectives

Our objective is to provide our common shareholders attractive, risk-adjusted returns through dividends and capital growth.

Investment Strategies and Policies

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 business 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. These financing activities are described in additional detail below.

Commercial Real Estate Debt

We originate, fund, acquire and structure commercial real estate debt, including first mortgage loans, mezzanine loans, bridge loans, and other loans related to commercial real estate. We may also acquire some equity participations in the underlying collateral of commercial real estate debt. We structure, underwrite, and originate most of our investments. We use conservative underwriting criteria to focus on risk adjusted returns based on several factors, which may include the leverage point, debt service coverage and sensitivity, lease sustainability studies, market and economic conditions, quality of the underlying collateral and location, reputation and track record of the borrower, and a clear exit or refinancing plan for the borrower. Our underwriting process involves comprehensive financial, structural, operational, and legal due diligence to assess any risks in connection with making such investments so that we can optimize pricing and structuring. By originating loans directly, we are able to structure and underwrite loans that satisfy our standards, establish a direct relationship with the borrower, and utilize our own preferred documentation. Described below are some of the types of loans we may originate or acquire. In addition, although we generally prefer the benefits of new origination, market conditions can create situations where holders of commercial real estate debt may be in distress and are therefore willing to sell to us at prices that compensate us for the lack of control typically associated with directly structured investments.

First Mortgage Loans

We primarily focus on first mortgage loans. First mortgage loans generally finance the acquisition, refinancing or rehabilitation of commercial real estate. First mortgage loans may be either short (one-to-five years) or long (up to ten years) term, may be fixed or floating rate, and are predominantly current-pay loans. We may originate or acquire current-pay first mortgage loans backed by properties that fit our investment strategy. We may selectively syndicate portions of these loans, including senior or junior participations that will effectively provide permanent financing or optimize returns which may include retained origination fees.

First mortgage loans typically provide for a higher recovery rate and lower defaults than other debt positions due to the lender's favorable control position, which at times can include control of the entire capital structure. Because of these attributes, this type of investment typically receives favorable treatment from third-party rating agencies and financing sources, which should increase the liquidity of these investments. However, these loans typically generate lower returns than subordinate debt, such as subordinate loans and mezzanine loans, commonly referred to as B-notes.

B-notes

B-notes consist of subordinate mortgage loans, including structurally subordinated first mortgage loans and junior participations in first mortgage loans or participations in these types of assets. Like first mortgage loans, these loans generally finance the acquisition, refinancing, rehabilitation or construction of commercial real estate. Subordinated mortgage loans or B-notes may be either short (one-to-five years) or long (up to ten years) term, may be fixed or floating rate, and are predominantly current-pay loans. We may originate or acquire current-pay subordinated mortgage loans or B-notes backed by high quality properties that fit our investment strategy. We may create subordinated mortgage loans by tranching our directly originated first mortgage loans generally through syndications of senior first mortgages or we may buy such assets directly from third party originators.

Bridge Loans

We may offer bridge financing products to borrowers who are typically seeking short-term capital to be used in an acquisition, development or refinancing of a given property. From the borrower's perspective, shorter term bridge financing is advantageous because it allows time to improve the property value through repositioning without encumbering it with restrictive long-term debt. The terms of these loans generally do not exceed three years.

Mezzanine Loans

Mezzanine loans are secured by one or more direct or indirect ownership interests in an entity that directly or indirectly owns commercial real estate and generally finance the acquisition, refinancing, rehabilitation or construction of commercial real estate. Mezzanine loans may be either short (one-to-five years) or long (up to ten years) term and may be fixed or floating rate. We may originate or acquire mezzanine loans backed by properties that fit our investment strategy. We may own such mezzanine loans directly or we may hold a participation in a mezzanine loan or a sub-participation in a mezzanine loan. These loans are predominantly current-pay loans (although there may be a portion of the interest that accrues) and may provide for participation in the value or cash flow appreciation of the underlying property as described below. With the credit market disruption and resulting dearth of capital available in this part of the capital structure, we believe that the opportunities to both directly originate and to buy mezzanine loans from third parties on favorable terms will continue to be attractive.

Equity Participations or "Kickers"

We may pursue equity participation opportunities in connection with our commercial real estate debt originations if we believe that the risk-reward characteristics of the loan merit additional upside participation related to the potential appreciation in value of the underlying assets securing the loan. Equity participations can be paid in the form of additional interest, exit fees, percentage of sharing in refinance or resale proceeds or warrants in the borrower. Equity participation can also take the form of a conversion feature, sometimes referred to as a "kicker," which permits the lender to convert a loan or preferred equity investment into common equity in the borrower at a negotiated premium to the current net asset value of the borrower. We expect to generate additional revenues from any equity participations in which we invest as a result of excess cash flows being distributed or as appreciated properties are sold or refinanced.

Real Estate Securities

In addition to our focus on origination of and investments in commercial real estate debt, we may also acquire real estate securities, such as CMBS, CMBS bonds, CDO notes, and equity investments in entities that own commercial real estate.

CMBS & CMBS Bonds

CMBS and CMBS bonds are securities that are collateralized by, or evidence ownership interests in, a single commercial mortgage loan or a partial or entire pool of mortgage loans secured by commercial properties. CMBS and CMBS bonds are generally pass-through certificates that represent beneficial ownership interests in common law trusts whose assets consist of defined portfolios of one or more commercial mortgage loans. They are typically issued in multiple tranches whereby the more senior classes are entitled to priority distributions of specified principal and interest payments from the trust's underlying assets. The senior classes are often securities which, if rated, would have ratings ranging from low investment grade "BBB-" to higher investment grades "A," "AA" or "AAA." The junior, subordinated classes typically would include one or more non-investment grade classes which, if rated, would have ratings below investment grade "BBB." Losses and other shortfalls from expected amounts to be received on the mortgage pool are borne first by the most subordinate classes, which receive payments only after the more senior classes have received all principal and/or interest to which they are entitled. We may invest in senior or subordinated, investment grade or non-investment grade CMBS and CMBS bonds, as well as unrated CMBS and CMBS bonds.

Unsecured Publicly-Traded REIT Debt Securities

We may also choose to acquire senior unsecured debt of publicly-traded equity REITs that acquire and hold real estate. Publicly-traded REITs may own large, diversified pools of commercial real estate properties or they may focus on a specific type of property, such as shopping centers, office buildings, multifamily properties and industrial warehouses. Publicly-traded REITs typically employ moderate leverage. Corporate bonds issued by these types of REITs are usually rated investment grade and benefit from strong covenant protection.

CDO Notes

CDOs are multiple class debt notes, secured by pools of assets, such as CMBS and mezzanine loans. Like typical securitization structures, in a CDO, the assets are pledged to a trustee for the benefit of the holders of the bonds. CDOs often have reinvestment periods that typically last for five years, during which time, proceeds from the sale of a collateral asset may be invested in substitute collateral. Upon termination of the reinvestment period, the static pool functions very similarly to a CMBS securitization where repayment of principal allows for redemption of bonds sequentially.

Commercial Real Estate Equity Investments

We may acquire: (i) equity interests (including preferred equity) in an entity (including, without limitation, a partnership or a limited liability company) that is an owner of commercial real property (or in an entity operating or controlling commercial real property, directly or through affiliates), which may be structured to receive a priority return or is senior to the owner's equity (in the case of preferred equity); (ii) certain strategic joint venture opportunities where the risk-return and potential upside through sharing in asset or platform appreciation is compelling; and (iii) private issuances of equity securities (including preferred equity securities) of public companies. Our commercial real estate equity investments may or may not have a scheduled maturity and are expected to be of longer duration (five-to-ten year terms) than our typical portfolio investment. Such investments are expected to be fixed rate (if they have a stated investment rate) and may have accrual structures and provide other distributions or equity participations in overall returns above negotiated levels.

Conduit Loans

The Company originates Conduit loans which the Company intends to sell through its TRS into CMBS securitization transactions at a profit. The Conduit loans are typically fixed-rate commercial real estate loans and are long-term (up to ten years), and are predominantly current-pay loans.

Ownership of Properties and Other Possible Investments

Although we expect that most of our investments will be of the types described above, we may make other investments. For example, we own and expect in the future to own real estate acquired by the Company through foreclosure and deed-in-lieu of foreclosure, or from purchases of real estate that generally are, or will be, subject to a triple net lease. We may also invest in whatever other types of interests in real estate-related assets that we believe are in our best interest which may include the commercial real property underlying our debt investments as a result of a loan workout, foreclosure or similar circumstances.

Agency Business

Through the Agency Business unit, the Company, through NewPoint, originates, sells and services 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"). The Company retains the servicing rights and asset management responsibilities on substantially all loans it originates and sells under the GSE and HUD programs. The Company is 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.

Investment Process

Our Advisor has the authority to make all the decisions regarding our investments consistent with the investment guidelines and borrowing policies approved by our board of directors and subject to the direction and oversight of our board of directors. With respect to investments in commercial real estate debt, our board of directors has adopted investment guidelines that our Advisor must follow when acquiring such assets on our behalf. We will not purchase assets in which our Advisor, any of our directors or any of their affiliates has an interest without a determination by a majority of our directors (including a majority of the independent directors) not otherwise interested in the transaction that such transaction is fair and reasonable to us and at a price to us no greater than the cost of the asset to the affiliated seller, unless there is substantial justification for the excess amount and such excess is reasonable. Our investment guidelines and borrowing policies may be altered by a majority of our directors without approval of our stockholders. Our Advisor may not alter our investment guidelines or borrowing policies without the approval of a majority of our directors, including a majority of our independent directors.

Borrowing Strategies and Policies

Our financing strategy primarily includes the use of secured repurchase agreement facilities for loans, securities and securitizations. We also may raise capital through public or private offerings of our equity securities, including through registered offerings under our effective shelf registration statement or our "at-the-market" sales program. In addition to our current mix of financing sources, we may also access additional forms of financings, including credit facilities, and public or private secured and unsecured debt issuances by us or our subsidiaries.

We expect to use additional debt financing as a source of capital. We intend to employ reasonable levels of borrowing in order to provide more cash available for investment and to generate improved returns. We believe that careful use of leverage will help us to achieve our diversification goals and potentially enhance the returns on our investments. Our board of directors oversees our aggregate borrowing levels.

Income Taxes

We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") commencing with the taxable year ended December 31, 2013. In general, 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. We believe that we currently qualify and we intend to continue to qualify as a REIT under the Internal Revenue Code. If we fail to qualify as a REIT in any taxable year and statutory relief provisions were not to apply, we will be subject to U.S. federal income tax on our income at regular corporate tax rates for the year in which we do not qualify and the succeeding four years. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and property and U.S. federal income and excise taxes on our undistributed income.

We pay income taxes on our operations conducted through our TRSs, including our Agency Business and the Conduit business. The income taxes paid by the TRS are paid at the U.S. federal and applicable state levels.

Competition

Our net income depends, in large part, on our ability to originate investments that provide returns in excess of our borrowing cost. In originating these investments, we compete with other mortgage REITs, specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, private funds, other lenders, governmental bodies, and other entities, many of which have greater financial resources and lower costs of capital available to them than we have. In addition, there are numerous mortgage REITs with asset acquisition objectives similar to ours, and others may be organized in the future, which may increase competition for the investments suitable for us. Competitive variables include market presence and visibility, size of loans offered and underwriting standards. To the extent that a competitor is willing to risk larger amounts of capital in a particular transaction or to employ more liberal underwriting standards when evaluating potential loans than we are, our investment volume and profit margins for our investment portfolio could be impacted. Our competitors may also be willing to accept lower returns on their investments and may succeed in buying or underwriting the assets that we have targeted. Many of our competitors are not subject to the operating constraints associated with REIT rule compliance or maintenance of an exclusion from registration under the Investment Company Act. In addition, future changes in law, regulations and GSE/HUD program requirements, and consolidation in the commercial real estate finance market could lead to the entry of more competitors or enhance the competitive strength of our existing competitors. Although we believe that we are well positioned to compete effectively in each facet of our business, there is enormous competition in our market sector and there can be no assurance that we will compete effectively or that we will not encounter increased competition in the future that could limit our ability to conduct our business effectively.

Human Capital Resources

As of December 31, 2025, we had 223 employees, all of which are employees of NewPoint.

Our executive officers serve as officers of our Advisor and are employed by an affiliate of our Advisor. The employees of the Advisor and other affiliates of the Advisor perform a full range of real estate services for us with respect to our Commercial Real Estate Financing business, including origination, acquisitions, accounting, legal, asset management, wholesale brokerage, and investor relations services. We are dependent on these affiliates for services that are essential to us, including asset acquisition decisions, and other general administrative responsibilities. In the event that any of these companies were unable to provide these services to us, we would be required to provide such services ourselves or obtain such services from other sources.

Our Chief Executive Officer, President and Chief Operating Officer/Chief Financial Officer also serve as non-employee officers of NewPoint. Our human capital management strategy with respect to NewPoint employees focuses on attracting, developing, and retaining the highest quality talent. We work to achieve these objectives by offering competitive compensation, comprehensive benefits, and opportunities for career growth and development.

Government Regulation

Our operations are subject, in certain instances, to supervision and regulation by U.S. and other governmental authorities, and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions, which, among other things: (i) regulate credit-granting activities; (ii) establish maximum interest rates, finance charges and other charges; (iii) require disclosures to customers; (iv) govern secured transactions; and (v) set collection, foreclosure, repossession and claims-handling procedures and other trade practices. We intend to conduct our business so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act.

To maintain our status as an approved lender for Fannie Mae and Freddie Mac and as a HUD-approved mortgagee and issuer of Ginnie Mae securities, we are required to meet and maintain various eligibility criteria established by these entities, such as minimum net worth, operational liquidity and collateral requirements and compliance with reporting requirements. We are required to originate loans and perform our loan servicing functions in accordance with the applicable program requirements and guidelines established by these agencies. If we fail to comply with the requirements of any of these programs, the agencies may terminate or withdraw our licenses and approvals to participate in the GSE or HUD programs. In addition, the agencies have the authority under their guidelines to terminate a lender's authorization to sell loans to them and service their loans. The loss of one or more of these approvals would have a material adverse impact on our operations and could result in further disqualification with other counterparties.

In our judgment, existing statutes and regulations have not had a material adverse effect on our business. In recent years, legislators in the United States and in other countries have said that greater regulation of financial services firms is needed, particularly in areas such as risk management, leverage, and disclosure. While we expect that additional new regulations in these areas will be adopted and existing ones may change in the future, it is not possible at this time to forecast the exact nature of any future legislation, regulations, judicial decisions, orders or interpretations, nor their impact upon our future business, financial condition, or results of operations or prospects.

Available Information

We electronically file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, and proxy statements, with the SEC. The SEC maintains an internet address at www.sec.gov that contains reports, proxy statements and information statements, and other information, which may be obtained free of charge. In addition, copies of our filings with the SEC may be obtained from the website maintained for us at www.fbrtreit.com. Access to these filings is free of charge. We are not incorporating our website or any information from the website into this Form 10-K.

We routinely use our investor relations website, at www.fbrtreit.com, as a primary channel for disclosing key information to our investors. We may use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, filings with the SEC, public conference calls, presentations, and webcasts.

Item 1A. Risk Factors

Risk Related to Our Financing Strategy

We have a significant amount of indebtedness and may need to incur more in the future.

We have substantial indebtedness. In connection with executing our business strategies, we expect to evaluate the possibility of originating, funding, and acquiring additional commercial real estate debt and making other strategic investments, and we may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences, including:

- hindering our ability to adjust to changing market, industry or economic conditions;
- limiting our ability to access the capital markets to raise additional equity or refinance maturing debt on favorable terms or fund acquisitions;
- limiting the amount of cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses;
- making us more vulnerable to economic or industry downturns, including interest rate increases or sustained high interest rate environments; and
- placing us at a competitive disadvantage compared to less leveraged competitors.

Moreover, we may be required to raise substantial additional capital to execute our business strategy. Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. If we are unable to obtain additional financing, our credit ratings could be adversely affected, which could further raise our borrowing costs and further limit our future access to capital and our ability to satisfy our obligations under our indebtedness.

We may not be able to earn returns on loans we make in excess of the interest we pay on our borrowings.

We try to generate financial returns by making and investing in loans and debt securities that generate returns in excess of our cost of capital. Our ability to execute this strategy depends on various conditions in the financing markets that are beyond our control, including liquidity, fluctuations in prevailing interest rates and credit spreads. Interest rate and credit spread fluctuations resulting in our interest and related expense exceeding interest and related income would result in operating losses for us. Changes in the level of interest rates and credit spreads also may affect our ability to make new loans or investments and may decrease the value of our existing loans and investments. Increases in interest rates and credit spreads may also negatively affect demand for loans and could result in higher borrower default rates. We may be unable to obtain additional financing on favorable terms or, with respect to our debt and other investments, on terms that match the maturities of the debt originated or other investments acquired, if we are able to obtain additional financing at all.

We may use collateralized debt and loan obligation securitization markets to provide long-term financing for our loans and investments which may not be available.

We rely on short-term borrowings, such as repurchase agreements and our secured revolving credit facilities, to initially fund our investments. The term of these short-term borrowing facilities is generally shorter than the term of our investments and therefore we typically intend to refinance these short-term borrowings with long-term match-funded financing through issuances of CDO's and CLO's. There have been times in the past when the CDO and CLO securitization markets have effectively been closed or are only available at a cost of capital that is not practicable. If our current financing strategy became no longer viable, we would have to find alternative forms of long-term financing for our assets. This could subject us to more restrictive recourse borrowings and subject us to capital costs that significantly reduce or eliminate the spread between our cost of capital and the returns on our investments. If alternative financing is not available, we may have to liquidate assets at unfavorable prices to pay off our short-term borrowings or pay significant fees to extend these financing arrangements.

Lenders often require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions.

Financing agreements that we enter into often contain covenants that limit our ability to further incur borrowings, restrict distributions or restrict our operations, such as prohibiting us from discontinuing insurance coverage or replacing our Advisor. These limitations decrease our operating flexibility and may impact our ability to achieve our operating objectives, including making distributions.

Changes in interest rates, particularly short-term interest rates, may significantly influence our net income.

Our operating results depend in large part on the income from our assets, reduced by any credit losses and financing costs. Income from our assets may respond more slowly to interest rate fluctuations than the cost of our borrowings. In a period of rising interest rates, our interest expense on floating-rate debt would increase, while any additional interest income we earn on our floating-rate investments may not compensate for such increase in interest expense. Consequently, changes in interest rates, particularly short-term interest rates, may significantly influence our net income. Increases in these rates will tend to decrease our net income and the market value of our assets. Similarly, in a period of declining interest rates, our interest income on floating-rate investments would generally decrease, and interest rate floors on our floating-rate investments may not align with the interest rate floors on our floating-rate debt to compensate for such a decrease in interest income. Interest rate fluctuations resulting in our interest expense exceeding the income from our assets would result in operating losses for us and may limit our ability to make distributions to our stockholders. In addition, if we need to repay existing borrowings during periods of rising interest rates, we could be required to liquidate one or more of our investments at times that may not permit realization of the maximum return on those investments, which would adversely affect our profitability.

We may not be able to access financing sources on attractive terms, if at all, which could adversely affect our ability to fund and grow our business, or result in dilution to our existing stockholders.

Our ability to fund our loans and investments may be impacted by our ability to secure bank credit facilities (including term loans and revolving facilities), warehouse facilities and structured financing arrangements, public and private debt issuances (including through securitizations) and derivative instruments, in addition to transaction or asset specific funding arrangements and additional repurchase agreements on acceptable terms. We also rely on short-term financing that would be especially exposed to changes in availability. Our access to sources of financing will depend upon a number of factors, over which we have little or no control, including:

- general economic or market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our current and potential future earnings and cash distributions; and
- the market price of the shares of our common stock and preferred stock.

We may need to periodically access the capital markets to, among other things, raise cash to fund new loans and investments. Unfavorable economic conditions or capital market conditions may increase our funding costs, limit our access to the capital markets or result in a decision by our potential lenders not to extend credit. An inability to successfully access the capital markets could limit our ability to grow our business and fully execute our business strategy and could decrease our earnings and liquidity. Additional equity issuances in the capital markets on unfavorable terms could also be dilutive to our existing stockholders. In addition, any dislocation or weakness in the capital and credit markets could adversely affect our lenders and could cause one or more of our lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing. Further, as regulatory capital requirements imposed on our lenders are increased, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price. We cannot make assurances that we will be able to obtain any additional financing on favorable terms or at all.

Our short-term borrowings often require us to provide additional collateral when the fair market value of our collateral decreases, and these calls for collateral could significantly impact our liquidity position.

We use short-term borrowing through repurchase agreements, credit facilities and other arrangements that put our assets and financial condition at risk. We may need to use such short-term borrowings for extended periods of time to the extent we are unable to access long-term financing. Repurchase agreements economically resemble short-term, variable-rate financing and usually require the maintenance of specific loan-to-collateral value ratios. If the market value of the assets subject to a repurchase agreement decline, we may be required to provide additional collateral or make cash payments to maintain the loan-to-collateral value ratio. If we are unable to provide such collateral or cash repayments, the lender may accelerate the loan and we may be required to liquidate the collateral. In a weakening economic environment, or in an environment of widening credit spreads, we would generally expect the value of the commercial real estate debt or securities that serve as collateral for our

short-term borrowings to decline, and in such a scenario, it is likely that the terms of our short-term borrowings would require us to provide additional collateral or to make partial repayment, which amounts could be substantial.

Further, such borrowings may require us to maintain a certain amount of cash reserves or to set aside unleveraged assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. In addition, such short-term borrowing facilities may limit the length of time that any given asset may be used as eligible collateral, and these short-term borrowing arrangements may also be restricted to financing certain types of assets, such as first mortgage loans, which could impact our asset allocation. As a result, we may not be able to leverage our assets as fully as we would like, which could reduce our return on assets. If we are unable to meet these collateral obligations, our financial condition could deteriorate rapidly.

Risks Related to Our Investments

Our commercial real estate debt investments are subject to the risks typically associated with ownership of commercial real estate.

Our commercial real estate debt and real estate securities generally are directly or indirectly secured by a lien on real property. The occurrence of a default on a commercial real estate debt investment could result in our acquiring ownership of the property. We do not know whether the values of the properties ultimately securing our commercial real estate debt and loans underlying our securities will remain at the levels existing on the dates of origination of these loans and the dates of origination of the loans ultimately securing our securities, as applicable. In addition, our borrowers could fraudulently inflate the values of the underlying properties. If the values of the properties drop or are discovered to have been fraudulently inflated, the lower value of the security and reduction in borrower equity associated with such loans will increase our risk. In this manner, reduced real estate values could impact the values of our debt and real estate securities investments, making them subject to the risks typically associated with real estate ownership.

Our operating results may be adversely affected by a number of risks generally incident to holding real estate and real estate debt, including, without limitation:

- natural disasters, such as hurricanes, earthquakes and floods, which we expect to increase in strength and frequency due to climate change;
- acts of war or terrorism, or criminal violence, including the consequences of terrorist attacks, civil unrest and other such acts;
- adverse changes in national and local economic and real estate conditions;
- adverse changes in economic and market conditions related to pandemics and health crises;
- an oversupply of (or a reduction in demand for) space in the areas where properties securing our loans are located and the attractiveness of particular properties to prospective tenants;
- changes in interest rates and availability of permanent mortgage funds that may render the sale of property difficult or unattractive;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance therewith and the potential for liability under applicable laws;
- costs of remediation and liabilities associated with environmental conditions affecting properties;
- reduced demand for office space, including as a result of changes in work habits, including remote or hybrid work schedules, or reductions in employee headcount due to artificial intelligence technologies;
- the potential for uninsured or underinsured property losses; and
- periods of high interest rates and tight money supply.

The value of each property securing our loans is affected significantly by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenses associated with properties (such as operating expenses and capital expenses) cannot be reduced when there is a reduction in income from the properties.

These factors may have a material adverse effect on the ability of our borrowers to pay their loans and the ability of the borrowers on the underlying loans securing our securities to pay their loans, as well as on the value and the return that we can realize from assets we acquire and originate.

Loans on properties in transition will involve a greater risk of loss than conventional mortgage loans.

The Commercial Real Estate Financing business unit primarily invests in transitional loans to borrowers who are typically seeking short-term capital to be used in an
acquisition or rehabilitation of a property. If the borrower's plans or projections with respect to the property are not achieved,

some of which, including renovations or expansions, carry heightened risks, the borrower may not receive a sufficient return on the asset to satisfy our transitional loan, and we bear the risk that we may not recover some or all of our investment. In addition, borrowers usually use the proceeds of a conventional mortgage to repay a transitional loan. Transitional loans therefore are subject to risks of a borrower's inability to obtain such permanent financing, including due to the broader availability of conventional mortgages at amenable rates.

Our success depends on the availability of attractive investment opportunities.

Our loans typically have a term of about three to ten years. As a result, a significant amount of our invested capital is repaid at loan maturity each year. Our operating results are dependent upon our ability to identify, structure, consummate, leverage, manage and realize attractive returns on, new loans and other investments. In general, the availability of attractive investment opportunities and, consequently, our operating results, is affected by the level and volatility of interest rates, conditions in the financial markets, general economic conditions, the demand for investment opportunities in our target assets and the supply of capital for such investment opportunities. We cannot assure you that we will be successful in identifying and consummating attractive investments or that such investments, once made, will perform as anticipated.

Delays in liquidating defaulted commercial real estate debt investments could reduce our investment returns.

When we originate or acquire commercial real estate debt investments and there are defaults under those debt investments, we may not be able to repossess and sell the properties securing the commercial real estate debt investment quickly. Foreclosure of a loan can be an expensive and lengthy process that can have a negative effect on our return on the foreclosed loan. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses, including but not limited to lender liability claims, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take several years or more to resolve. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. The resulting time delay could reduce the value of the assets under the defaulted loans and delay us in reinvesting the principal associated with such investments in higher yielding assets. Furthermore, an action to foreclose on a property securing a loan is regulated by state statutes and regulations and is subject to the delays and expenses associated with lawsuits if the borrower raises defenses or counterclaims. In the event of default by a borrower, these restrictions, among other things, may impede our ability to foreclose on or sell the property securing the loan or to obtain proceeds sufficient to repay all amounts due to us on the loan.

Operating and disposing of properties acquired through foreclosure subject us to additional risks that could harm our results of operations.

The size of our real estate owned portfolio acquired through foreclosure has increased in recent years. We have in the past and we may in the future be forced to operate foreclosed properties for a substantial period, which can be a distraction for our management team and may require us to pay significant costs associated with such properties. Owning and operating real property involves risks that are different (and in many ways more significant) than the risks faced in owning a loan secured by that property. The costs associated with operating and redeveloping the property, including any operating shortfalls and significant capital expenditures, could materially and adversely affect our results of operations, financial condition and liquidity. We may also be subject to environmental liabilities arising from such properties acquired in the foreclosure process. In addition, at such time that we elect to sell such foreclosed property, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis, resulting in a loss to us. Furthermore, any costs or delays involved in the maintenance or liquidation of the underlying property will further reduce the net proceeds and, thus, increase the loss.

Subordinate commercial real estate debt that we originate or acquire could expose us to greater losses than primary mortgage loans do.

We acquire and originate subordinate commercial real estate debt, including subordinate mortgage and mezzanine loans and participations in such loans. These types of investments may involve a higher degree of risk than the type of assets that constitute the majority of our commercial real estate debt investments, first mortgage loans secured by real property. In the event a borrower declares bankruptcy, we may not be able to fully realize on the assets of the borrower, or the assets of that borrower may not be sufficient to fully satisfy both the first mortgage loan and our subordinate debt investment. If a borrower defaults on our subordinate debt or on debt senior to ours, or in the event of a borrower bankruptcy, our subordinate debt will be satisfied only after the senior debt is paid in full. Where debt senior to our debt investment exists, the presence of intercreditor arrangements may limit our ability to amend our debt agreements, assign our debt, accept prepayments, exercise our remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to our borrowers. As a result, we may not recover some or all of our investment. In addition, real properties with subordinate debt may have higher loan-to-value ratios than conventional debt, resulting in less equity in the real property and increasing the risk of loss of principal and interest.

We may be subject to risks associated with construction lending, such as declining real estate values, cost overruns and delays in completion.

Our commercial real estate debt portfolio may include loans made to developers to construct prospective projects. The primary risks to us of construction loans are the potential for cost overruns, the developer's failing to meet a project delivery

schedule and the inability of a developer to sell or refinance the project at completion in accordance with its business plan and repay our commercial real estate loan due to declining real estate values. These risks could cause us to have to fund more money than we originally anticipated to complete the project. We may also suffer losses on our commercial real estate debt if the developer is unable to sell the project or refinance our commercial real estate debt investment.

Jurisdictions with one action or security first rules or anti-deficiency legislation may limit the ability to foreclose on a property or to realize the obligation secured by the property by obtaining a deficiency judgment.

In the event of any default under our commercial real estate debt investments and in the loans underlying our real estate securities, we bear the risk of loss of principal and nonpayment of interest and fees to the extent of any deficiency between the value of the collateral and the principal amount of the loan. Certain states in which the collateral securing our commercial real estate debt and securities is located may have laws that prohibit more than one judicial action to enforce a mortgage obligation, requiring the lender to exhaust the real property security for such obligation first or limiting the ability of the lender to recover a deficiency judgment from the obligor following the lender's realization upon the collateral, in particular if a non-judicial foreclosure is pursued. These statutes may limit the right to foreclose on the property or to realize the obligation secured by the property.

Insurance may not cover all potential losses on the properties underlying our investments, which may harm the value of our assets.

We generally require that the borrowers under our commercial real estate debt investments obtain comprehensive insurance covering the mortgaged property, including liability, fire and extended coverage. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods and hurricanes that may be uninsurable or not economically insurable. Climate change is likely to exacerbate the frequency and severity of these types of events. We may not require borrowers to obtain certain types of insurance if it is deemed commercially unreasonable. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might result in insurance proceeds being inadequate to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, might not be adequate to restore the economic value of the property, which might impair our security interest and decrease the value of the property.

We invest in CMBS and CMBS bonds, which entails certain risks, including those related to subordinate securities.

We invest in a variety of CMBS and CMBS bonds, which may include subordinate securities that are subject to the first risk of loss if any losses are realized on the underlying mortgage loans. CMBS and CMBS bonds entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of commercial or multifamily mortgage loans. Consequently, CMBS and CMBS bonds may be adversely affected by payment defaults, delinquencies and losses on the underlying commercial real estate loans. Furthermore, if the rental and leasing markets deteriorate, it could reduce cash flow from the loan pools underlying our CMBS and CMBS bonds investments. The CMBS and CMBS bonds market is dependent upon liquidity for refinancing and could be negatively impacted by a slowdown in the new issue CMBS and CMBS bonds market. In addition, the value of CMBS and CMBS bonds may change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole.

Additionally, CMBS and CMBS bonds are subject to particular risks, including lack of standardized terms and payment of all or substantially all of the principal only at maturity rather than regular amortization of principal. Additional risks may be presented by the type and use of a particular commercial property. For example, special risks are presented by hospitals, nursing homes, hospitality properties and certain other property types. Commercial property values and net operating income are subject to volatility, which may result in net operating income becoming insufficient to cover debt service on the related commercial real estate loan, particularly if the current economic environment deteriorates. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related real estate project rather than upon the liquidation value of the underlying real estate. Furthermore, the net operating income from and the value of any commercial property are each subject to various risks. The exercise of remedies and successful realization of liquidation proceeds relating to CMBS and CMBS bonds may be highly dependent upon the performance of the servicer or special servicer. Expenses of enforcing the underlying commercial real estate loans (including litigation expenses) and expenses of protecting the properties securing the commercial real estate loans may be substantial. Consequently, in the event of a default or loss on one or more commercial real estate loans contained in a securitization, we may not recover a portion or all of our investment.

We may not control the special servicing of the mortgage loans underlying the CMBS and CMBS bonds in which we invest and, in such cases, the special servicer may take actions that could adversely affect our interests.

Overall control over the special servicing of the underlying mortgage loans of the CMBS and CMBS bonds may be held by a directing certificate holder, which is appointed by the holders of the most subordinate class of such CMBS and CMBS bonds. We ordinarily do not have the right to appoint the directing certificate holder. In connection with the servicing of the specially

serviced mortgage loans, the related special servicer may, at the direction of the directing certificate holder, take actions that could adversely affect our interests.

We invest in CDOs and such investments involve significant risks.

We invest in CDOs, which are multiple class securities secured by pools of assets, such as CMBS, subordinate mortgage and mezzanine loans and REIT debt. Like typical securities structures, in a CDO, the assets are pledged to a trustee for the benefit of the holders of the bonds. Like CMBS, CDO notes are affected by payments, defaults, delinquencies and losses on the underlying commercial real estate loans. CDOs often have reinvestment periods that typically last for five years during which proceeds from the sale of a collateral asset may be invested in substitute collateral. Upon termination of the reinvestment period, the static pool functions very similarly to a CMBS where repayment of principal allows for redemption of bonds sequentially. When we invest in the equity securities of a CDO, we will be entitled to all of the income generated by the CDO after the CDO pays all of the interest due on the senior securities and its expenses. However, there will be little or no income or principal available to the holders of CDO equity securities if defaults or losses on the underlying collateral exceed a certain amount. In that event, the value of our investment in any equity class of a CDO could decrease substantially. In addition, the equity securities of CDOs are generally illiquid and often must be held by a REIT and because they represent a leveraged investment in the CDO's assets, the value of the equity securities will generally have greater fluctuations than the values of the underlying collateral.

Most of our investments are illiquid and we may not be able to vary our portfolio in response to changes in economic and other conditions, which may result in losses to us.

Most of our investments are illiquid. As a result, our ability to sell commercial real estate debt, securities or properties in response to changes in economic and other conditions, could be limited, even at distressed prices. The Internal Revenue Code also places limits on our ability to sell properties held for fewer than two years. These considerations could make it difficult for us to dispose of any of our assets even if a disposition were in the best interests of our stockholders. As a result, our ability to vary our portfolio in response to further changes in economic and other conditions may be relatively limited, which may result in losses to us.

Some of our investments are carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these investments.

Some of our investments are in the form of securities that are recorded at fair value but have limited liquidity or are not publicly-traded. The fair value of these securities and potentially other investments that have limited liquidity or are not publicly-traded may not be readily determinable. We estimate the fair value of these investments on a quarterly basis. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on numerous estimates and assumptions, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these securities existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these investments are materially higher than the values that we ultimately realize upon their disposal.

Competition with third parties for originating and acquiring investments may reduce our profitability.

We have significant competition with respect to our origination and acquisition of assets with many other companies, including other REITs, insurance companies, commercial banks, private investment funds, hedge funds, specialty finance companies and other investors, many of which have greater resources than us, and we may not be able to compete successfully for investments. In addition, the number of entities and the amount of funds competing for suitable investments may increase. Many of our competitors are not subject to the operating constraints associated with REIT rule compliance or maintenance of an exclusion from registration under the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of loans and investments, offer more attractive pricing or other terms and establish more relationships than us. Furthermore, competition for originations of and investments in our target assets may lead to the yields of such assets decreasing, which may further limit our ability to generate satisfactory returns.

This competition may cause us to pay higher prices for investments or originate loans with more generous terms than we would otherwise agree to. If this occurs, our investors may experience a lower return on their investment.

Our due diligence may not reveal all material issues relating to our origination or acquisition of a particular investment.

Before making an investment, we assess the strength and skills of the management of the borrower or the operator of the property and other factors that we believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, we rely on the resources available to us and, in some cases, an investigation by third parties. This process is particularly important with respect to newly organized or private entities because there may be little or no information publicly available about the entity. However, even if we conduct extensive due diligence on a particular investment, there can be no assurance that this diligence will uncover all material issues relating to such investment, that the information provided by the borrower is truthful or accurate, or that factors outside of our control will not later arise. If our due

diligence fails to identify material issues or fraudulent inflation of asset values, we have had to in the past and may in the future have to write-down or write-off assets, restructure our investment or incur impairment or other charges that could result in our reporting losses. Charges of this nature could contribute to negative market perceptions about us or our shares of common stock.

We may be unable to restructure loans in a manner that we believe maximizes value, particularly if we are one of multiple creditors in large capital structures.

In order to maximize value in the current environment, we may be more likely to extend and work out a loan, rather than pursue foreclosure. However, in situations where there are multiple creditors in large capital structures, it can be particularly difficult to assess the most likely course of action that a lender group or the borrower may take and it may also be difficult to achieve consensus among the lender group as to major decisions. Consequently, there could be a wide range of potential principal recovery outcomes, the timing of which can be unpredictable, based on the strategy pursued by a lender group and/or by a borrower. These multiple creditor situations tend to be associated with larger loans. If we are one of a group of lenders, we may be a lender on a subordinated basis, and may not independently control the decision making. Consequently, we may be unable to restructure a loan in a manner that we believe would maximize value.

We may be subject to risks associated with future advance obligations, such as declining real estate values and operating performance.

Our commercial real estate debt portfolio may include loans that require us to advance future funds. Future funding obligations subject us to significant risks that the property may have declined in value, projects to be completed with the additional funds may have cost overruns and the borrower may be unable to generate enough cash flow, or sell or refinance the property, to repay our commercial real estate loan due. We could determine that we need to fund more money than we originally anticipated to maximize the value of our investment even though there is no assurance that such determination would, in fact, be the best course of action.

We may not be successful in our attempts to align the maturities of our liabilities with the maturities on our assets, which could harm our operating results and financial condition.

Our general financing strategy will include the use of "match-funded" structures. This means that we will seek to align the maturities of our liabilities with the maturities on our assets in order to manage the risks of being forced to refinance our liabilities prior to the maturities of our assets. We may fail to appropriately employ match-funded structures on favorable terms, or at all, including as a result of the unavailability of CDO and CLO financing options. We may also determine not to pursue a match-funded structure with respect to a portion of our financings for a variety of reasons. If we fail to appropriately employ match-funded structures, our exposure to interest rate volatility and exposure to matching liabilities prior to the maturity of the corresponding asset may increase substantially which could harm our operating results, liquidity and financial condition.

Provision for credit losses is difficult to estimate.

Our provision for credit losses is evaluated on a quarterly basis. Our determination of provision for credit losses requires us to make certain estimates and judgments, which may be difficult to determine. Our estimates and judgments are based on a number of factors, including projected cash flows from the collateral securing our commercial real estate debt, debt structure, including the availability of reserves and recourse guarantees, likelihood of repayment in full at the maturity of a loan, potential for refinancing and expected market discount rates for varying property types, loan-to-value ("LTV"), and reasonable and supportable forecasts that affect the collectability of the reported amount. Our estimates and judgments may not be correct and, therefore, our results of operations and financial condition could be severely impacted.

Under the Current Expected Credit Loss model ("CECL") model for recognizing credit losses, we are required to provide allowances for credit losses on certain financial assets carried at amortized cost, such as loans held-for-investment and held-to-maturity debt securities, including related future funding commitments and accrued interest receivable. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and forward looking information through the use of projected macroeconomic scenarios over the reasonable and supportable forecasts. This measurement takes place at the time the financial asset is first added to the balance sheet and updated quarterly thereafter, which creates volatility in the level of our credit loss provisions. If we are required to materially increase our future level of credit loss allowances for any reason, such increase could adversely affect our business, results of operations, liquidity and financial conditions.

Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded.

Some of our investments may be rated by rating agencies. Any credit ratings on our investments are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings will not be downgraded or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower-than-expected rating or

reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our investments in the future, the value and liquidity of those investments could significantly decline, which would adversely affect the value of our investment portfolio.

When we acquire companies, we face risks related to integrating the acquired company in a manner that allows us to achieve the synergies and other benefits of the acquisition or do so within the anticipated time frame.

From time to time, we may acquire other companies, such as our 2021 acquisition of Capstead Mortgage Corp. and 2025 acquisition of NewPoint. Our acquisition of companies creates significant risks, including:

- issues related to the acquired business that were not identified in our diligence review prior to acquisition;
- the significant management attention and resources needed to devote to integrating the acquired business, including any employees of the acquired company;
- costs associated with retaining key employees of the acquired business;
- legal and regulatory burdens associated with the acquired business; and
- potential stockholder dilution as a result of the consideration paid.

Risks Related to the Conduit Segment of the Business

We use warehouse facilities that may limit our ability to acquire assets, and we may incur losses if the collateral is liquidated.

We utilize warehouse facilities pursuant to which we accumulate mortgage loans in anticipation of a securitization financing, which assets are pledged as collateral for such facilities until the securitization transaction is consummated. In order to borrow funds to acquire assets under any additional warehouse facilities, our lenders thereunder would have the right to review the potential assets for which we are seeking financing. We may be unable to obtain the consent of a lender to acquire assets that we believe would be beneficial to us and we may be unable to obtain alternate financing for such assets. In addition, no assurance can be given that a securitization transaction would be consummated with respect to the assets being warehoused. If the securitization is not consummated, the lender could liquidate the warehoused collateral and we would then have to pay any amount by which the original purchase price of the collateral assets exceeds its sale price, subject to negotiated caps, if any, on our exposure. In addition, regardless of whether the securitization is consummated, if any of the warehoused collateral is sold before the consummation, we would have to bear any resulting loss on the sale. No assurance can be given that we will be able to obtain additional warehouse facilities on favorable terms, or at all.

We directly and indirectly utilize non-recourse securitizations, and such structures expose us to risks that could result in losses to us.

We utilize non-recourse securitizations of our investments in mortgage loans to the extent consistent with the maintenance of our REIT qualification and exemption from the Investment Company Act in order to generate cash for funding new investments and/or to leverage existing assets. In most instances, this involves us transferring our loans to a special purpose securitization entity in exchange for cash. In some sale transactions, we also retain a subordinated interest in the loans sold. The securitization of our portfolio investments might magnify our exposure to losses on those portfolio investments because the subordinated interest we retain in the loans sold would be subordinate to the senior interest in the loans sold, and we would, therefore, absorb all of the losses sustained with respect to a loan sold before the owners of the senior interest experience any losses. Moreover, we cannot be assured that we will be able to access the securitization market in the future, or be able to do so at favorable rates. The inability to consummate securitizations of our portfolio investments to finance our investments on a long-term basis could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect our performance and our ability to continue to grow our business.

The securitization market is subject to a regulatory environment that may affect certain aspects of these activities.

As a result of the dislocation of the credit markets in prior years, the securitization industry has become subject to additional regulation. In particular, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, various federal agencies have promulgated a rule that generally requires issuers in securitizations to retain 5% of the risk associated with the securities. While the rule as adopted generally allows the purchase of the CMBS B-Piece by a party not affiliated with the issuer to satisfy the risk retention requirement, current CMBS B-Pieces are generally not large enough to fully satisfy the 5% requirement. Accordingly, buyers of B-Pieces such as us may be required to purchase larger B-Pieces, potentially reducing returns on such investments. Furthermore, any such B-Pieces purchased by a party (such as us) unaffiliated with the issuer generally cannot be transferred for a period of five years following the closing date of the securitization or hedged against credit risk. These restrictions would reduce our liquidity and could potentially reduce our returns on such investments.

We enter into hedging transactions that could expose us to contingent liabilities in the future.

Subject to maintaining our qualification as a REIT, part of our investment strategy involves entering into hedging transactions that require us to fund cash payments in certain circumstances (such as the early termination of the hedging instrument caused by an event of default or other early termination event, or the decision by a counterparty to request margin

securities it is contractually owed under the terms of the hedging instrument). The amount due would be equal to the unrealized loss of the open swap positions with the respective counterparty and could also include other fees and charges. These economic losses will be reflected in our results of operations, and our ability to fund these obligations will depend on the liquidity of our assets and access to capital at the time, and the need to fund these obligations could adversely impact our financial condition.

Hedging against interest rate exposure may adversely affect our income, limit our gains or result in losses, which could adversely affect cash available for distribution to our stockholders.

We enter into interest rate swap agreements and pursue other interest rate hedging strategies. Our hedging activity will vary in scope based on interest rate levels, the type of investments held, and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability or asset;
- our hedging opportunities may be limited by the treatment of income from hedging transactions under the rules determining REIT qualification;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transactions;
- the party owing money in the hedging transaction may default on its obligation to pay; and
- we may purchase a hedge that turns out not to be necessary.

Any hedging activity we engage in may adversely affect our income, which could adversely affect cash available for distribution. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged or liabilities being hedged may vary materially. Moreover, for a variety of reasons, we may not be able to establish a perfect correlation between hedging instruments and the investment being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss.

Risks Related to NewPoint and our Agency Business

The acquisition of NewPoint and the operation of our Agency Business exposes us to a variety of additional risks that could materially and adversely affect our financial condition and results of operations.

The acquisition of NewPoint and the operation of our Agency Business has and will expose us to a variety of additional risks that could materially and adversely affect our financial condition and results of operations, including the following risks:

- an adverse change in our relationships with government sponsored entities (GSE's) associated with agency mortgages (Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and U.S. Department of Housing and Urban Development) could adversely affect our ability to originate and service agency mortgage loans;
- we are subject to risk sharing requirements on some agency mortgage loans and associated loan losses could materially and adversely affect us;
- we are subject to liquidity requirements by the GSE's and our failure to satisfy these requirements could materially and adversely affect our ability to operate our agency business;
- our Agency Business could be adversely impacted by GSE changes in prices they are willing to pay for mortgage loans, changes in loan servicing fees or changes in other GSE arrangements with us;
- terminations of servicing engagements or breaches of servicing agreements could have a material adverse effect on us;
- changes in the conservatorship of Fannie Mae and Freddie Mac or in any laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the U.S. federal government, could materially and adversely affect our agency business; and
- our agency business will generally be operated through one or more of our taxable REIT subsidiaries and therefore will be subject to the limitations generally imposed on taxable REIT subsidiaries and will be subject to corporate income tax.

Risks Related to Conflicts of Interest

The Advisor faces conflicts of interest relating to purchasing commercial real estate-related investments, and such conflicts may not be resolved in our favor, which could adversely affect our investment opportunities.

We rely on the Advisor and the executive officers and other key real estate professionals employed by our Advisor to identify suitable investment opportunities for us. The Advisor and its employees are subject to very limited restrictions on engaging in investment and investment management activities that are unrelated to us and compete with us. The Advisor

currently manages other investment programs that share similar investment objectives with us and target similar investments as us, including Franklin BSP Real Estate Debt, Inc. (a non-traded REIT) and three private funds, and the Advisor may in the future advise additional competing investment programs (together, the "Other Funds"). Some investment opportunities that are suitable for the Other Funds are also suitable for us. The executive officers and real estate professionals of the Advisor could direct attractive investment opportunities to other entities or investors, including the Other Funds. In addition, we have in the past and expect in the future to engage in transactions with the Other Funds, including co-investment transactions, and these transactions may not be on terms as favorable as transactions with unaffiliated third parties. Such events could result in us investing in assets that provide less attractive returns, which may reduce our ability to make distributions. In addition, the fees paid to the Advisor by the Other Funds differ from the fees we pay pursuant to the Advisory Agreement, and these differences could create incentives for the Advisor to favor the Other Funds.

The Advisor and its employees face competing demands relating to their time, and this may cause our operating results to suffer.

The Advisor and its employees are engaged in investment and investment management activities unrelated to us, including with respect to the Other Funds. We cannot provide any assurances regarding the amount of time our Advisor and its employees will dedicate to the management of our business. Each of our officers is also an employee of our Advisor, who has now or may be expected to have significant responsibilities for the Other Funds. Consequently, we may not receive the level of support and assistance that we otherwise might receive if we were internally managed. Because these persons have competing demands on their time and resources, they may have conflicts of interest in allocating their time between our business and these other activities. If this occurs, the returns on our investments may suffer.

The fee structure set forth in the Advisory Agreement may not create proper incentives for the Advisor.

We pay the Advisor a base management fee regardless of our performance and an incentive fee that is based on our performance. Since the base management fee is based on total stockholder equity, the Advisor may be incentivized to focus on strategies that increase our equity even when doing so will not optimize the returns for our stockholders. The incentive fee may create an incentive for our Advisor to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase our short-term net income and thereby increase the incentive fees to which it is entitled.

Our Advisor manages our portfolio pursuant to broad investment guidelines and is not required to seek the approval of our board of directors for each investment, financing, asset allocation or hedging decision made by it, which may result in our making riskier loans and other investments and which could materially and adversely affect us.

Our Advisor is authorized to follow broad investment guidelines that provide it with substantial discretion regarding investment, financing, asset allocation and hedging decisions. Our board of directors will periodically review our investment guidelines and our portfolio but will not, and will not be required to, review and approve in advance all of our proposed loans and other investments or our Advisor's financing, asset allocation or hedging decisions. In addition, in conducting periodic reviews, our directors may rely primarily on information provided, or recommendations made, to them by our Advisor or its affiliates. Subject to maintaining our REIT qualification and our exclusion or exemption from regulation under the Investment Company Act, our Advisor has significant latitude within the broad investment guidelines in determining the types of loans and other investments it makes for us, and how such loans and other investments are financed or hedged, which could result in investment returns that are substantially below expectations or losses, which could materially and adversely affect us.

Our Advisor maintains a contractual as opposed to a fiduciary relationship with us. Our Advisor's liability is limited under our Advisory Agreement, and we have agreed to indemnify our Advisor against certain liabilities.

Pursuant to our Advisory Agreement, our Advisor assumes no responsibility to us other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations, including as set forth in our investment guidelines. Our Advisor maintains a contractual as opposed to a fiduciary relationship with us. Under the terms of our Advisory Agreement, our Advisor and its affiliates and the officers, directors, equity holders, members, partners, stockholders, other equity holders and employees of our Advisor, will not be liable to us, any subsidiary of ours, our board of directors, our stockholders or any of our subsidiaries' stockholders, members or partners for acts or omissions performed in accordance with and pursuant to our Advisory Agreement, except by reason of fraud, misappropriation or embezzlement of funds of the Company or acts or omissions constituting bad faith, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of their duties under our Advisory Agreement. We have agreed to indemnify our Advisor, its affiliates and the officers, directors, equity holders, members, partners, stockholders, other equity holders and employees of our Advisor and its affiliates from any and all liability, claims, damages or losses arising in the performance of their duties, and related expenses, including reasonable attorneys' fees in respect of or arising from any acts or omissions of such party performed in good faith under our Advisory Agreement and not constituting bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of duties of such party under our Advisory Agreement. As a result, we could experience poor performance or losses for which our Advisor would not be liable.

Termination of our Advisory Agreement would be difficult and costly.

The circumstances under which we can terminate our Advisory Agreement for cause are limited and do not include performance. Termination of our Advisory Agreement without cause would be difficult and costly. The Advisory Agreement may be terminated each year without cause upon the affirmative vote of at least two-thirds of our independent directors, based upon a determination that (i) our Advisor's performance is unsatisfactory and materially detrimental to us or (ii) the base management fee and annual incentive fee payable to our Advisor are not fair (provided that in this instance, our Advisor will be afforded the opportunity to renegotiate the management fee and incentive fees prior to termination). We are required to provide our Advisor with 180 days prior notice of any such termination. Additionally, upon such a termination, or if we materially breach the Advisory Agreement and our Advisor terminates our Advisory Agreement, the Advisory Agreement provides that we will pay our Advisor a termination fee equal to three times the sum of the average annual base management fee and the average annual incentive fee paid or payable to the Advisor during the 24-month period immediately preceding the most recently completed calendar quarter prior to the termination. These provisions increase the cost to us of terminating the Advisory Agreement and adversely affect our ability to terminate our Advisor without cause.

Risks Related to Our Corporate Structure

The limit on the number of shares a person may own may discourage a takeover that could otherwise result in a premium price to our stockholders.

The Company's charter, with certain exceptions, authorizes the board of directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by the board of directors, no person or entity may own more than 7.9% in value of the aggregate of our outstanding shares of stock or more than 7.9% (in value or in number of shares, whichever is more restrictive) of any class or series of shares of our stock determined after applying certain rules of attribution. This restriction may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all our assets) that might provide a premium price for holders of our common stock.

Certain provisions of Maryland law could inhibit a change in control of our Company.

Certain provisions of the Maryland General Corporation Law ("MGCL") may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of our then outstanding voting power of our shares or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of our then outstanding voting shares) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and special stockholder voting requirements on these combinations; and
- "control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

Pursuant to the MGCL, our board of directors has exempted any business combination involving our Advisor or any affiliate of our Advisor. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and our Advisor or any affiliate of our Advisor.

In addition, the Company's bylaws contain a provision exempting from the control share provisions any and all acquisitions of our stock by any person. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

In addition, the "unsolicited takeover" provisions of Title 3, Subtitle 8 of the MGCL permit the Board, without shareholder approval and regardless of what is currently provided in the charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director. Such takeover defenses may have the effect of inhibiting a third-party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-current market price.

Risks Related to Taxation

Our failure to qualify as a REIT could have significant adverse consequences to us and the value of our common stock.

We believe that we have qualified as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013. We intend to continue to meet the requirements for qualification and taxation as a REIT, but we cannot assure stockholders that we qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which only a limited number of judicial and administrative interpretations exist. Moreover, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. Even an inadvertent or technical mistake could jeopardize our REIT status.

Our qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis:

- Our compliance depends upon the characterization of our assets and income for REIT purposes, as well as the relative values of our assets, some of which are not susceptible to a precise determination and for which we typically do not obtain independent appraisals. Moreover, we invest in certain assets with respect to which the rules applicable to REITs may be particularly difficult to interpret or to apply, including the rules applicable to financing arrangements that are structured as sale and repurchase agreements; mezzanine loans; and investments in real estate mortgage loans that are acquired at a discount, subject to work-outs or modifications, or reasonably expected to be in default at the time of acquisition. If the Internal Revenue Service ("IRS") challenged our treatment of investments for purposes of the REIT asset and income tests, and if such a challenge were sustained, we could fail to qualify as a REIT.
- The fact that we own direct or indirect interests in an entity that has elected to be taxed as a REIT under the U.S. federal income tax laws (a "Subsidiary REIT"), further complicates the application of the REIT requirements for us. The Subsidiary REIT is subject to the various REIT qualification requirements that are applicable to us and certain other requirements. If the Subsidiary REIT were to fail to qualify as a REIT, then (i) it would become subject to regular U.S. federal corporate income tax, (ii) our interest in such Subsidiary REIT would cease to be a qualifying asset for purposes of the REIT asset tests, and (iii) it is possible that we would fail certain of the REIT asset tests, in which event we also would fail to qualify as a REIT unless we could avail ourselves of relief provisions.

If we were to fail to qualify as a REIT in any taxable year and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to U.S federal and applicable state and local income tax on our taxable income at regular corporate rates. In addition, we would possibly also be subject to certain taxes that are applicable to non-REIT corporations, including the nondeductible 1% excise tax on certain stock repurchases. Losing our REIT status would reduce our net income available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends-paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow or liquidate some investments in order to pay the applicable tax. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

The IRS has issued Revenue Procedure 2003-65, which provides a safe harbor pursuant to which a mezzanine loan, if it meets certain requirements, will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from such loan will be treated as qualifying mortgage interest for purposes of the REIT 75% gross income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We may originate or acquire mezzanine loans that do not satisfy all of the requirements for reliance on the safe harbor set forth in the Revenue Procedure, in which case, there can be no assurance that the IRS will not challenge the tax treatment of such loans. If such a challenge were sustained, we could fail to qualify as a REIT.

Even if we qualify as a REIT, we may be subject to tax liabilities that reduce our cash flow for distribution to our stockholders.

Even if we qualify as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property. For example:

- In order to qualify as a REIT, we must distribute annually at least 90% of our "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to our stockholders. To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed income. These requirements could cause us to distribute amounts that otherwise would be spent on investments in real estate assets, and it is possible that we might be required to borrow funds or sell assets to fund these distributions.

- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of (i) 85% of our ordinary income, (ii) 95% of our capital gain net income and (iii) 100% of our undistributed income from prior years.
- If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we must pay a tax on that income at the highest corporate income tax rate.
- If we sell an asset, other than a foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% "prohibited transaction" tax. We might be subject to this tax if we were to dispose of or securitize loans in a manner that is treated as a sale of loans for U.S. federal income tax purposes that is subject to the prohibited transaction tax.
- Any taxable REIT subsidiary ("TRS") of ours will be subject to U.S. federal corporate income tax on its taxable income, and non-arm's length transactions between us and any TRS could be subject to a 100% tax.
- We could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Internal Revenue Code to maintain our qualification as a REIT.

Any of these taxes would decrease cash available for distribution to our stockholders.

The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT.

We are party to certain financing arrangements, and may in the future enter into additional financing arrangements, that are structured as sale and repurchase agreements pursuant to which we would nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase these assets at a later date in exchange for a purchase price. Economically, these agreements are financings which are secured by the assets sold pursuant thereto. We believe that we would be treated for REIT asset and income test purposes as the owner of the assets that are the subject of any such sale and repurchase agreement notwithstanding that such agreement may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT.

The "taxable mortgage pool" rules may increase the taxes that we or our stockholders incur, and may limit the manner in which we effect future securitizations.

Securitizations in the form of bonds or notes secured principally by mortgage loans generally result in the creation of taxable mortgage pools ("TMPs") for U.S. federal income tax purposes. The debt securities issued by TMPs are sometimes referred to as "collateralized mortgage obligations" ("CMOs"). We have issued CMOs through TMPs. Unless a TMP is wholly-owned by a REIT, it is subject to taxation as a corporation. However, so long as a REIT owns 100% of the equity interests in a TMP, the TMP will not be taxed as a corporation. Instead, certain categories of the REIT's stockholders, such as foreign stockholders eligible for treaty or sovereign benefits, stockholders with net operating losses, and generally tax-exempt stockholders that are subject to unrelated business income tax, may be subject to taxation, or to increased taxes, on any portion, known as "excess inclusions," of their dividend income from the REIT that is attributable to the TMP, but only to the extent that the REIT actually distributes "excess inclusions" to them. We intend not to distribute "excess inclusions," but to pay the tax on "excess inclusions" ourselves. Notwithstanding our intention to try to avoid distributions to our stockholders of "excess inclusions," it is possible that some portion of our dividends to our stockholders may be so characterized.

In order to better control, and to attempt to avoid, the distribution of "excess inclusions" to our stockholders, as of January 1, 2022, our TMPs are wholly-owned by a Subsidiary REIT. Because our TMPs must at all times be owned by a REIT, we are restricted from selling equity interests in them, or selling any notes or bonds issued by them that might be considered to be equity for tax purposes, to other investors if doing so would subject them to taxation. These restrictions limit the liquidity of our investment in our TMPs and may prevent us from incurring greater leverage on that investment in order to maximize our returns from it.

The prohibited transactions tax may limit our ability to engage in transactions, including certain methods of securitizing mortgage loans that would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of assets, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We might be subject to the prohibited transaction tax if we were to dispose of, modify or securitize loans in a manner that is treated as a sale of the loans for U.S. federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in certain sales or modifications of loans at the REIT level and may limit the structures we utilize for our securitization transactions, even though the sales, modifications or structures might otherwise be beneficial to us. Additionally, we may be subject to the prohibited transaction tax upon a disposition of real property. Although a safe-harbor exception to prohibited transaction treatment is available, there can be no assurance that we can comply with the safe harbor or

that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business.

It may be possible to reduce the impact of the prohibited transaction tax by conducting certain activities through a TRS. However, to the extent that we engage in such activities through a TRS, the income associated with such activities may be subject to U.S. federal corporate income tax.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Internal Revenue Code may limit our ability to effectively hedge our assets and operations. Under the REIT provisions, any income that we generate from hedging transactions will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges: (i) interest rate risk on liabilities incurred to carry or acquire real estate assets; or (ii) risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75% or 95% gross income tests, and such instrument is properly identified under applicable U.S. Department of Treasury regulations ("Treasury Regulations"). Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. As a result, we may have to limit our use of hedging techniques that might otherwise be advantageous, which could result in greater risks associated with interest rate or other changes than we would otherwise incur.

Liquidation of assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% prohibited transaction tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Modification of the terms of our debt investments and mortgage loans underlying our CMBS in conjunction with reductions in the value of the real property securing such loans could cause us to fail to qualify as a REIT.

Our debt and securities investments may be materially affected by changes in the real estate market and economy in general. As a result, many of the terms of our debt and the mortgage loans underlying our securities may be modified to avoid taking title to a property. Under the Internal Revenue Code, if the terms of a loan are modified in a manner constituting a "significant modification," such modification triggers a deemed exchange of the original loan for the modified loan. In general, under applicable Treasury Regulations if a loan is secured by real property and other property and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan determined as of the date we agreed to acquire the loan or the date we significantly modified the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the REIT 75% gross income test, but will be qualifying income for purposes of the REIT 95% gross income test. Although the law is not entirely clear, a portion of the loan will likely be a non-qualifying asset for purposes of the REIT 75% asset test. The non-qualifying portion of such a loan would be subject to, among other requirements, the requirement that a REIT not hold securities possessing more than 10% of the total value of the outstanding securities of any one issuer ("10% Value Test").

IRS Revenue Procedure 2014-51 provides a safe harbor pursuant to which we will not be required to redetermine the fair market value of real property securing a loan for purposes of the gross income and asset tests discussed above in connection with a loan modification that is: (i) occasioned by a borrower default; or (ii) made at a time when we reasonably believe that the modification to the loan will substantially reduce a significant risk of default on the original loan. No assurance can be provided that all of our loan modifications have or will qualify for the safe harbor in Revenue Procedure 2014-51. To the extent we significantly modify loans in a manner that does not qualify for that safe harbor, we will be required to redetermine the value of the real property securing the loan at the time it was significantly modified. In determining the value of the real property securing such a loan, we generally will not obtain third-party appraisals, but rather will rely on internal valuations. No assurance can be provided that the IRS will not successfully challenge our internal valuations. If the terms of our debt investments and the mortgage loans underlying our CMBS are "significantly modified" in a manner that does not qualify for the safe harbor in Revenue Procedure 2014-51 and the fair market value of the real property securing such loans has decreased significantly, we could fail the REIT 75% gross income test, the 75% asset test and/or the 10% Value Test. Unless we qualified for relief under certain Internal Revenue Code cure provisions, such failures could cause us to fail to continue to qualify as a REIT.

If the OP fails to qualify as a partnership for U.S. federal income tax purposes, we could fail to qualify as a REIT and suffer other adverse consequences.

We believe that our OP is organized and operated in a manner so as to be treated as a partnership and not an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. As an entity taxed as a partnership, our OP is not subject to U.S. federal income tax on its income. Instead, each of the partners is allocated its share of our OP's income. No assurance can be provided, however, that the IRS will not challenge our OP's status as a partnership for U.S.

federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in treating our OP as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, would cease to qualify as a REIT. Also, the failure of the OP to qualify as a partnership would cause it to become subject to U.S. federal corporate income tax, which would reduce significantly the amount of cash available for distribution to its partners, including us.

Changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have a material and adverse effect on us.

U.S. federal income tax laws governing REITs and other corporations and the administrative interpretations of those laws may be amended at any time, potentially with retroactive effect. Changes to the U.S. federal income tax laws could have a material and adverse effect on us or our stockholders. We cannot predict whether, when, to what extent or with what effective dates new U.S. federal tax laws, regulations, interpretations or rulings will be issued. Prospective investors are urged to consult their tax advisors regarding the effect of potential changes to the U.S. federal tax laws on an investment in our stock.

Risks Related to an Investment in Franklin BSP Realty Trust, Inc.

We may be unable to maintain or increase cash distributions over time, or may decide to reduce the amount of distributions for business reasons.

There are many factors that can affect the amount and timing of cash distributions to stockholders and our board of directors can decide to reduce or eliminate our cash distributions at any time and without prior notice to our stockholders. The amount of cash available for distributions is affected by many factors, such as the cash provided by the Company's investments and obligations to repay indebtedness as well as many other variables. In certain prior periods, including the last ten quarters, quarterly distributions have been in excess of our quarterly GAAP net income. Distributions in excess of earnings decrease the book value per share of common stock. The Company cannot give any assurance that returns from the investments will be sufficient to maintain or increase cash available for distributions to stockholders. Actual results may differ significantly from the assumptions used by the board of directors in establishing the distribution rate to stockholders. The Company may not have sufficient cash from operations to make a distribution required to qualify for or maintain our REIT status, which may materially adversely affect the value of our securities. There is no assurance that the Company will be able to pay or maintain the current level of distributions or that distributions will increase over time.

Our business could suffer in the event our Advisor or any other party that provides us with services essential to our operations experiences system failures or cyber-incidents or a deficiency in cybersecurity.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for the internal information technology systems of our Advisor and other parties that provide us with services essential to our operations, these systems are vulnerable to damage from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business.

As reliance on technology in our industry has increased, so have the risks posed to the systems of our Advisor and other parties that provide us or the Advisor with services essential to our operations, both internal and outsourced. In addition, the risk of a cyber-incident, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. The rapid evolution and increased adoption of artificial intelligence technologies may also heighten our cybersecurity risks by making cyber-attacks more difficult to detect, contain, and mitigate. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted attacks and intrusions evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected.

The remediation costs and lost revenues experienced by a victim of a cyber-incident may be significant and significant resources may be required to repair system damage, protect against the threat of future security breaches or to alleviate problems, including reputational harm, loss of revenues and litigation, caused by any breaches.

Although the Advisor and other parties that provide us with services essential to our operations intend to continue to implement industry-standard security measures, there can be no assurance that those measures will be sufficient. We and the Advisor continue to face ongoing and increasing cybersecurity risks which may materially affect us in the future and there can be no assurance that our or the Advisor’s cybersecurity efforts and measures will be effective or that attempted cybersecurity incidents or disruptions would not be successful or damaging. Any material adverse effect experienced by the Advisor and other parties that provide us with services essential to our operations could, in turn, have an adverse impact on us.

Further information relating to cybersecurity risk management is discussed in Item 1C. “Cybersecurity” in this report.

Our use of or failure to adopt advancements in information technology, such as artificial intelligence, may hinder or prevent us from achieving strategic objectives or otherwise harm our business.

Our use of or inability to safely and effectively adopt and deliver new technological capabilities and enhancements in line with strategic objectives, including artificial intelligence, may put us at a competitive disadvantage, including by failure to achieve efficiencies achieved by our competitors, or by misusing such technologies in ways that result in operational disruptions, reputation damage or legal liability exposure. Although our Advisor has adopted policies with respect to these risks, including related to the development, deployment and monitoring of artificial intelligence tools, we cannot be certain that such policies will be effective.

We are subject to risks from natural disasters such as earthquakes and severe weather, including as the result of global climate changes, which may result in damage to the properties securing our loans.

Natural disasters and severe weather such as earthquakes, tornadoes, hurricanes or floods may result in significant damage to the properties securing our loans or in which we invest. In addition, our investments may be exposed to new or increased risks and liabilities associated with global climate change, such as increased frequency or intensity of adverse weather and natural disasters, which could negatively impact our and our borrowers' businesses and the value of the properties securing our loans or in which we invest. The extent of our or our borrowers' casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. While the geographic distribution of our portfolio somewhat limits our physical climate risk, some physical risk is inherent in the properties of our borrowers, particularly in certain borrowers' locations and in the unknown potential for extreme weather or other events that could occur related to climate change. We may be materially and adversely affected by our exposure to losses arising from natural disasters or severe weather, including those associated with global climate change.

In addition, global climate change concerns could result in additional legislation and regulatory requirements which could increase expenses or otherwise adversely impact our business, results of operations and financial condition, or the business, results of operations and financial condition of our borrowers.

Risks Relating to Regulatory Matters

Failure to maintain certain qualifications and licenses could adversely affect our results of operations.

Current laws and regulations impose qualification and licensing obligations on our business, in addition to imposing requirements and restrictions affecting, among other things: loan originations, interest rates, finance and other fees that we may charge, disclosures to borrowers, the terms of secured transactions, collection, repossession and claims handling procedures, personnel qualifications and other trade practices. Our business is also subject to inspection by certain state regulatory authorities. Any failure to comply with these requirements could result in a variety of consequences, including, but not limited to, the loss of the licensure required to originate, sell, or service loans, the inability to procure additional approvals or licenses, the inability to enforce our contracts, and administrative enforcement actions.

In addition, to maintain our status as an approved lender for Fannie Mae and Freddie Mac and as a HUD-approved mortgagee and issuer of Ginnie Mae securities, we are required to meet and maintain various eligibility criteria established by these entities, such as minimum net worth, operational liquidity and collateral requirements and compliance with reporting requirements. We are required to originate loans and perform our loan servicing functions in accordance with the applicable program requirements and guidelines established by these agencies. If we fail to comply with the requirements of any of these programs, the agencies may terminate or withdraw our licenses and approvals to participate in the GSE or HUD programs. In addition, the agencies have the authority under their guidelines to terminate a lender's authorization to sell loans to them and service their loans. The loss of one or more of these approvals would have a material adverse impact on our operations and could result in further disqualification with other counterparties.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Management and Board Oversight

Our Board oversees risk management for the Company including through its approval of the investment policy and other policies of the Company and its oversight of the Advisor. For certain risks, the Board has delegated oversight responsibilities to committees of the Board. For example, the Compensation Committee oversees and reports to the Board on the assessment and mitigation of risks associated with the Company's and the Advisor's compensation policies and practices, and the Nominating and Corporate Governance Committee assists our Board with assessing risks associated with conflicts of interest and with ESG matters. Cybersecurity risk management is integrated into this broader risk management framework. The Board has delegated to the Audit Committee oversight of management's programs and policies to identify, assess, manage, mitigate and monitor significant business risks of the Company, including privacy, information technology and cybersecurity risks.

Information Technology and Cybersecurity Risks

We rely on the Advisor, a wholly-owned subsidiary of Franklin Templeton, to manage our day-to-day operations pursuant to the Advisory Agreement, including our information technology infrastructure and cybersecurity. Therefore, we rely heavily on Franklin Templeton's information systems and their program for defending against and responding to cybersecurity threats and incidents. Franklin Templeton maintains a robust cybersecurity defense program, including a dedicated cybersecurity team led by its Chief Security Officer ("CISO"). The CISO, who reports directly to the Franklin Templeton Executive Vice President, Chief Risk and Transformation Officer, has 31 years of experience in the information technology and cybersecurity field and has been at Franklin Templeton for 14 years. The CISO provides regular briefings for our senior management team on cybersecurity matters, including threats, events, and program enhancements.

In the event of an incident which jeopardizes the confidentiality, integrity, or availability of the information technology systems the Advisor uses to provide services to us pursuant to the Advisory Agreement, Franklin Templeton's cybersecurity team utilizes a regularly updated cybersecurity incident response plan that was developed based on, and is periodically benchmarked to, applicable third-party cybersecurity standards and frameworks. Pursuant to that plan and its escalation protocols, designated personnel are responsible for assessing the severity of the incident and associated threat, containing the threat, remediating the threat, including recovery of data and access to systems, analyzing the reporting obligations associated with the incident, and performing post-incident analysis and program improvements. While the particular personnel assigned to an incident response team will depend on the particular facts and circumstances, the response team is led by the CISO or his delegee. In addition, the Audit Committee approved a Company policy that supplements the Franklin Templeton incident response plan with respect to cybersecurity incidents that have impacted or are expected to impact the Company, including by impacting the Advisor's ability to provide services to the Company pursuant to the Advisory Agreement. Pursuant to this policy the Advisor and Franklin Templeton are required to notify and brief Company senior management and the Audit Committee with respect to certain matters related to applicable cybersecurity incidents. The policy also designates responsibility to specified members of our senior management for Company disclosure determinations related to the incident.

The Audit Committee oversees, on behalf of the Board, the Company's privacy, information technology and security and cybersecurity risk exposures, including (i) the potential impact of those exposures on the Company's business, financial results, operations and reputation, (ii) the programs and steps implemented by management to monitor and mitigate any exposures, (iii) the Company's information governance and information security policies and programs, and (iv) major legislative and regulatory developments that could materially impact the Company's privacy, data security and cybersecurity risk exposure. Some members of the Audit Committee have completed certifications in cybersecurity, including one from the National Association of Corporate Directors (NACD) in Cyber-Risk Oversight. On a quarterly basis, the CISO or its delegee report to the Board or Audit Committee on information technology and cybersecurity matters, including a detailed threat assessment relating to information technology risks.

Processes for Assessing, Identifying and Managing Material Risks from Cybersecurity Threats

The Franklin Templeton cybersecurity program focuses on (1) preventing and preparing for cybersecurity incidents, (2) detecting and analyzing cybersecurity incidents, and (3) containing, eradicating, recovering from and reporting cybersecurity events. The Company has a policy that supplements the Franklin Templeton cybersecurity incident response plan and addresses reporting and disclosure considerations related to a cybersecurity incident.

Prevention and Preparation

Franklin Templeton undertakes regular internal and external security audits and vulnerability assessments to reduce the risk of a cybersecurity incident and they implement business continuity, contingency and recovery plans to mitigate the impact of an incident. As part of these efforts, Franklin Templeton periodically engages consultants to conduct external reviews of its vulnerabilities, including penetration testing and compromise assessments. Franklin Templeton employs identity and access management including broad adoption of multifactor authentication, geo-location blocking, behavior analytics and controls aligned to a zero trust model.

Franklin Templeton and the Advisor recognize that threat actors frequently target employees to gain unauthorized access to information systems. Therefore, a key element of their prevention efforts is employee training on their data privacy and cyber security procedures. For example, new hires receive mandatory privacy and information security training. In addition, current employees of the Advisor must complete mandatory annual cybersecurity and data trainings, which are supplemented by regular phishing and other cyber-related awareness activities and trainings that we conduct throughout the year.

We recognize that third parties that provide information systems used by the Advisor to provide services to the Company can be subject to cybersecurity incidents that could impact the Company. To mitigate third party risk, Franklin Templeton requires third party vendors to comply with our confidentiality, security, and privacy requirements. Third-party IT vendors are also subject to additional diligence such as questionnaires and inquiries.

As discussed above, to support its preparedness Franklin Templeton has an incident response plan that it periodically updates. In addition, Franklin Templeton performs regularly scheduled tabletop exercises and periodic drills at least once a year to test its incident response procedures, identify improvement opportunities and exercise team preparedness. Franklin Templeton also maintains cybersecurity insurance providing coverage for certain costs related to security failures and specified cybersecurity-related incidents that interrupt our network or networks of our vendors, in all cases up to specified limits and subject to certain exclusions.

Detection and Analysis

Cybersecurity incidents may be detected through a variety of means, which may include, but are not limited to, automated event-detection notifications or similar technologies which are monitored by the Franklin Templeton cyber defense team, notifications from employees, borrowers or service providers, and notifications from third party information technology system providers. Franklin Templeton also has a threat intelligence program that performs proactive analyses leveraging internal, government and third party provided intelligence to identify and mitigate risks to the firm. Once a potential cybersecurity incident is identified, including a third party cybersecurity event, the incident response team designated pursuant to the Franklin Templeton incident response plan follows the procedures set forth in the plan to investigate the potential incident, including determining the nature of the event and assessing the severity of the event.

Containment, Eradication, Recovery, and Reporting

In the event of a cybersecurity incident, the Franklin Templeton incident response team is responsible for deciding on a containment strategy to respond to the cybersecurity incident consistent with the procedures in the incident response plan.

Once a cybersecurity incident is contained the focus shifts to remediation. Eradication and recovery activities depend on the nature of the cybersecurity incident and may include rebuilding systems and/or hosts, replacing compromised files with clean versions or validation of files or data that may have been affected.

Franklin Templeton has relationships with a number of third party service providers to assist with cybersecurity containment and remediation efforts.

Following the conclusion of an incident, the Franklin Templeton incident response team will generally reassess the effectiveness of the cybersecurity program and incident response plan, identify potential adjustments as appropriate and report to our senior management and Audit Committee on these matters.

Cybersecurity Risks

As of December 31, 2025, we have not had any known instances of material cybersecurity incidents, including third-party incidents, during any of the prior three fiscal years. We and our Advisor routinely face risks of potential incidents, whether through cyber-attacks or cyber intrusions over the Internet, ransomware and other forms of malware, computer viruses, attachment to emails, phishing attempts, extortion or other scams; however, we have been able to prevent or sufficiently mitigate harm from such risks. See “Item 1A–Risk Factors–Our business could suffer in the event our Advisor or any other party that provides us with services essential to our operations experiences system failures or cyber-incidents or a deficiency in cybersecurity.”

Item 2. Properties.

Our headquarters are located in a leased space at 1 Madison Avenue, New York, New York 10010.

The Company, through foreclosure, deed-in-lieu of foreclosure, or purchase, possesses certain real estate owned ("REO") as long-lived assets held for investment or as long-lived assets held for sale. See "Note 2. Summary of Significant Accounting Policies" to our consolidated financial statements included in this Annual Report on Form 10-K for additional disclosures on the classification of these assets and "Note 5. Real Estate Owned" for a summary of the Company's real estate owned, held for investment assets as of December 31, 2025.

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the New York Stock Exchange ("NYSE"), under the symbol "FBRT." On February 19, 2026, the last sales price for our common stock on the NYSE was $8.88 per share.

Holders

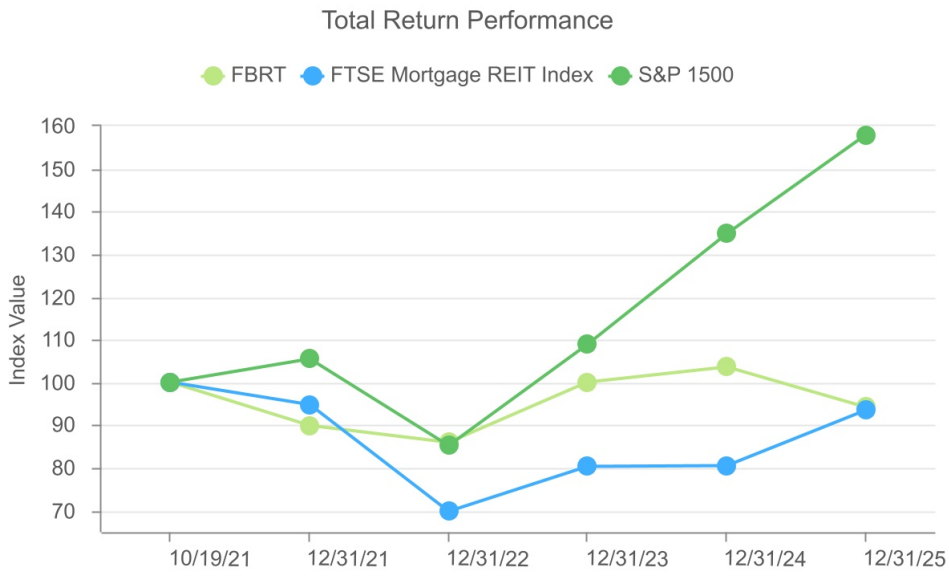
As of February 19, 2026, we had 2,591 registered holders of our common stock. The 2,591 holders of record include Cede & Co., which holds shares as nominee for The Depository Trust Company, which itself holds shares on behalf of the beneficial owners of our common stock. Such information was obtained through our registrar and transfer agent.

Dividends

The Company has 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 the Company meets certain organizational and operational requirements and distributes at least 90% of its' "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to the stockholders in a year, the Company will not be subject to U.S. federal income tax to the extent of the income that we distribute. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its' income and property and U.S. federal income and excise taxes on any undistributed income. Dividends are declared and paid at the discretion of our board of directors and depend on cash available for distribution, financial condition, our ability to maintain our qualification as a REIT, and such other factors that the board of directors may deem relevant. See Item 1A. "Risk Factors," and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Annual Report on Form 10-K, for information regarding the sources of funds used for dividends and for a discussion of factors, if any, which may adversely affect our ability to pay dividends.

Stock Performance Graph

Our common stock began trading on the NYSE under the symbol "FBRT" on October 19, 2021. The following graph is a comparison of the cumulative total stockholder return on shares of our common stock, the Standard & Poor's 1500 (the "S&P 1500"), and the FTSE NAREIT Mortgage REITS Index (the "FTSE Mortgage REIT Index"), a published industry index, from October 19, 2021 to December 31, 2025. The FTSE Mortgage REIT Index is comprised of companies that are similar to us in size with large market capitalizations. The graph assumes that $100 was invested on October 19, 2021 in our common stock, the S&P 1500 and the FTSE Mortgage REIT Index and that all dividends were reinvested without the payment of any commissions. There can be no assurance that the performance of our shares will continue in line with the same or similar trends depicted in the graph below.



	Period Ending					
Index	**10/19/2021**	**12/31/2021**	**12/31/2022**	**12/31/2023**	**12/31/2024**	**12/31/2025**
FBRT	$ 100.00	$ 89.91	$ 85.93	$ 100.10	$ 103.62	$ 94.11
FTSE Mortgage REIT Index	$ 100.00	$ 94.70	$ 69.74	$ 80.34	$ 80.51	$ 93.52
S&P 1500	$ 100.00	$ 105.52	$ 85.11	$ 108.79	$ 134.83	$ 157.75

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company's board of directors has authorized a $65 million 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. In October 2025, the Company's board of directors extended the term of the share repurchase program to December 31, 2026, and on February 10, 2026 the board of directors increased the amount remaining for repurchases under the program to $50.0 million. 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 December 31, 2025 (in thousands, except share and per share amounts):

	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]
October 1, 2025 - October 31, 2025	636,738	10.74	636,738	24,211
November 1, 2025 - November 30, 2025	414,335	10.02	414,335	20,059
December 1, 2025 - December 31, 2025	320,000	10.55	320,000	16,683
Total	**1,371,073**	**$ 10.48**	**1,371,073**	**$ 16,683**

[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 announced on July 26, 2021, including under a Rule 10b5-1 plan adopted by the Company.

Subsequent to December 31, 2025 and through February 19, 2026, the Company repurchased 538,218 shares of common stock at a weighted average cost of $8.85 per share. The Board of Directors reauthorized the Company's share repurchase program, providing $50.0 million available for future share repurchases through December 31, 2026. As of, February 19, 2026, $45.2 million remains available under the Company's share repurchase program.

The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is incorporated herein by reference to Part III, Item 12 of this Form 10-K.

Item 6. [Reserved]

Item 7. 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 Annual Report on Form 10-K.

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. (our "Advisor").

This discussion contains forward-looking statements reflecting the Company's current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections of this Annual Report on Form 10-K entitled "Risk Factors" and "Forward-Looking Statements."

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 91% of the common units of membership interests in the OP as of December 31, 2025.

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 December 31, 2025, we had 223 employees, all of which are employees of NewPoint.

Book Value Per Share

The following table calculates the Company's book value per share as of December 31, 2025 and 2024 (in thousands, except share and per share amounts):

	December 31, 2025	December 31, 2024
Stockholders' equity applicable to common stock	$ 1,182,788	$ 1,253,820
Shares:		
Common stock	80,843,557	81,788,091
Restricted stock and restricted stock units	1,435,383	1,278,698
Total outstanding shares	**82,278,940**	**83,066,789**
Book value per share[1]	**$ 14.38**	**$ 15.09**

The following table calculates the Company's fully-converted book value per share as of December 31, 2025 and 2024 (in thousands, except share and per share amounts):

	December 31, 2025	December 31, 2024
Stockholders' equity applicable to convertible common stock	$ 1,359,363	$ 1,343,568
Shares:		
Common stock	80,843,557	81,788,091
Restricted stock and restricted stock units	1,435,383	1,278,698
Series H convertible preferred stock	5,370,498	5,370,498
Class A OP Units	8,385,951	—
Total outstanding shares	**96,035,389**	**88,437,287**
Fully-converted book value per share[2][3]	**$ 14.15**	**$ 15.19**

[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 convertible preferred stock, the redemption for Company common stock of the Class A Units of the OP (" OP Units") held by third parties, and the vesting of the Company's unvested equity compensation awards.

[3] Excluding the amounts for accumulated depreciation and amortization of real property of $17.5 million and $13.8 million as of December 31, 2025 and 2024, respectively, would result in a fully-converted book value per share of $14.34 and $15.35 as of December 31, 2025 and 2024, 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.

Set forth below is a summary of the critical accounting estimates that management believes are important to the preparation of our financial statements and require complex management judgment. The Company's significant accounting policies, including recently issued accounting pronouncements, are more fully described in Note 2 – Summary of Significant Accounting Policies to the accompanying consolidated financial statements included in this Annual Report on Form 10-K.

Business Combinations

Accounting for business combinations requires us to recognize, separately from goodwill, the assets acquired and the liabilities assumed ("net assets") at their acquisition date fair values. Goodwill is measured as the excess of consideration transferred over the net assets acquired at their respective fair values as of the acquisition date. The estimated fair values require significant estimates and assumptions including, but not limited to, estimating projected revenues and developing appropriate discount rates. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding adjustment to goodwill, based on new information obtained about the facts and circumstances that existed as of the acquisition date. Upon the conclusion of the measurement period or final determination of the values of net assets acquired, whichever comes first, any subsequent adjustments are recorded to our consolidated financial statements. Refer to Note 3 - Business Combinations for critical accounting estimates around the Company's purchase price accounting allocations.

Credit Losses - Estimating Credit Losses

General allowance for credit losses

The general allowance for credit losses for the Company’s financial instruments carried at amortized cost and off-balance sheet credit exposures, such as loans held for investment and unfunded loan commitments, represents a lifetime estimate of expected credit losses. Factors considered by the Company when determining the general allowance for credit losses reserve include loan-specific characteristics such as LTV ratio, vintage year, loan term, property type, occupancy and geographic location, financial performance of the borrower, expected payments of principal and interest, as well as internal or external information relating to past events, current conditions and forward looking information through the use of projected macroeconomic scenarios over the reasonable and supportable forecasts.

The general allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist for multiple financial instruments. If similar risk characteristics do not exist, the Company measures the general allowance for credit losses on an individual instrument basis. The determination of whether a particular financial instrument should be included in a pool can change over time. If a financial asset’s risk characteristics change, the Company evaluates whether it is appropriate to continue to keep the financial instrument in its existing pool or evaluate it individually.

In measuring the general allowance for credit losses for financial instruments, such as loans held for investment and unfunded loan commitments that share similar risk characteristics, the Company primarily applies a probability of default (“PD”)/loss given default (“LGD”) model for instruments that are collectively assessed, whereby the allowance for credit losses is calculated as the product of PD, LGD and exposure at default (“EAD”) estimates. The Company’s model to determine the general allowance for credit losses principally utilizes historical loss rates derived from a commercial mortgage backed securities database with historical losses from 2002 to 2021 provided by a reputable third party, forecasting the loss parameters based on a projected macroeconomic scenario using a probability-based statistical approach over a reasonable and supportable forecast period of twelve months, followed by an immediate reversion to average historical losses.

Specific Allowance for credit losses

For financial instruments where the borrower is experiencing financial difficulty based on the Company’s assessment at the reporting date and the repayment is expected to be provided substantially through the operation or sale of the collateral, the Company may elect to use as a practical expedient the fair value of the collateral at the reporting date when determining the specific allowance for credit losses.

For loans held for investment which the Company identifies reasonable doubt as to whether the collection of contractual components can be satisfied, a loan specific allowance for credit losses analysis is performed. Determining whether a specific allowance for credit losses for a loan is required entails significant judgment from management and is based on several factors including (i) the underlying collateral performance, (ii) discussions with the borrower, (iii) borrower events of default, and (iv) other facts that impact the borrower's ability to pay the contractual amounts due under the terms of the loan. If a loan is determined to have a specific allowance for credit losses, the specific allowance for credit losses is recorded as a component of our Current Expected Credit Loss ("CECL") reserve by applying the practical expedient for collateral dependent loans. The CECL reserve is assessed on an individual basis for such loans by comparing the estimated fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. The estimated fair value of underlying collateral requires judgments, which may include assumptions regarding capitalization rates, discount rates, leasing, creditworthiness of major tenants, occupancy rates, availability and cost of financing, exit plans, loan sponsorship, actions of other lenders, and other factors deemed relevant by the Company. Actual losses, if any, could ultimately differ materially from these estimates. The Company only expects to write-off specific provisions if and when such amounts are deemed non-recoverable. Non-recoverability is generally determined at the time a loan is settled, or in the case of foreclosure, when the underlying asset is sold. Non-recoverability may also be concluded if, in the Company's determination, it is deemed certain that all amounts due will not be collected. If a loan is determined to be impaired based on the above considerations, management records a write-off through a charge to the allowance for credit losses and the respective loan balance.

Risk Rating

In developing the provision for credit losses for its loans held for investment, the Company performs a comprehensive analysis of its loan portfolio and assigns risk ratings to loans that incorporate management's current judgments about their credit quality based on all known and relevant internal and external factors that may affect collectability, using similar factors as those in developing the provision for credit losses. This methodology results in loans being segmented by risk classification into risk rating categories that are associated with estimated probabilities of default and principal loss. Risk rating categories range from "1" to "5" with "1" representing the lowest risk of loss and "5" representing the highest risk of loss with the ratings updated quarterly.

The Company designates loans as non-performing when (i) full payment of principal and coupon interest components become 90-days past due ("non-accrual status"); or (ii) the Company has reasonable doubt as to whether the collection of contractual components can be satisfied ("cost recovery status"). When a loan is designated as non-performing and placed on non-accrual status, interest is only recognized as income when payment has been received. Loans designated as non-performing and placed on non-accrual status are removed from their non-performing designation when collection of principal and coupon interest components have been satisfied. When a loan is designated as non-performing and placed on cost recovery status, the cost-recovery method is applied to which receipt of principal or coupon interest is recorded as a reduction to the amortized cost until collection of all contractual components are reasonably assured.

Allowance for Loss Sharing

When a loan is sold under the Fannie Mae DUS program, the Company undertakes an obligation to partially guarantee the performance of the loan. The Company estimates an allowance for loss-sharing under CECL over the contractual period in which we are exposed to credit risk.

For loans that are pooled and collectively evaluated, the allowance for loss-sharing reserve is determined based on detailed loan-specific characteristics, including loan-to-value (LTV) ratio, vintage year, loan term, property type, occupancy, and geographic location. The evaluation also considers the financial performance of the borrower, expected payments of principal and interest, as well as qualitative factors, utilizing both internal and external information. This approach incorporates past events, current conditions, and forward-looking information through the use of projected macroeconomic scenarios over reasonable and supportable forecasts. 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 on an individual loan basis.

Real Estate Owned - Estimating Fair Value and Holding Period

Real estate owned assets, held for investment are carried at their estimated fair value at acquisition and presented net of accumulated depreciation and impairment charges. The Company allocates the purchase price of acquired real estate assets based on the fair value of the acquired land, building, furniture, fixtures and equipment.

Real estate owned assets, held for investment are depreciated using the straight-line method over estimated useful lives of up to 40 years for buildings and improvements and up to 15 years for furniture, fixtures and equipment. Renovations and/or replacements that improve or extend the life of the real estate owned assets are capitalized and depreciated over their estimated useful lives. Real estate owned revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to a customer. The Company is considered to have satisfied all performance obligation at a point in time.

Real estate owned assets that are probable to be sold within one year are reported as held for sale. Real estate owned assets classified as held for sale are measured at the lower of its carrying value or estimated fair value less cost to sell. Real estate owned assets are not depreciated or amortized while classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be accrued. Upon the disposition of a real estate owned asset, the Company calculates realized gains and losses as net proceeds received less the carrying value of the real estate owned asset. Net proceeds received are net of direct selling costs associated with the disposition of the real estate owned asset.

Real Estate Securities - Estimating Fair Value

On the acquisition date, all of our real estate securities will be classified as available for sale ("AFS") and will be carried at fair value, with any unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. However, we may elect to transfer these assets to trading securities, and as a result, any unrealized gains or losses on such real estate securities will be recorded as unrealized gains or losses on investments in the consolidated statements of operations. Related discounts, premiums, and acquisition expenses on investments are amortized over the life of the investment using the effective interest method. Amortization is reflected as an adjustment to *Interest income* in the consolidated statements of operations.

Credit Impairment Analysis of Real Estate Securities

Real estate securities for which the fair value option has not been elected will be periodically evaluated for credit impairment. AFS real estate securities which have experienced a decline in the fair value below their amortized cost basis (i.e., impairment) are evaluated each reporting period to determine whether the decline in fair value is due to credit-related factors. Any impairment that is not credit-related is recognized in other comprehensive income, while credit-related impairment is recognized as an allowance in the consolidated balance sheets with a corresponding adjustment in the consolidated statements of operations. If the Company intends to sell an impaired real estate security or more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount is recognized in the consolidated statements of operations with a corresponding adjustment to the security's amortized cost basis.

The Company analyzes the AFS security portfolio on a periodic basis for credit losses at the individual security level using the same criteria described above for those amortized cost financial assets subject to an allowance for credit losses including but not limited to; performance of the underlying assets in the security, borrower financial resources and investment in collateral, collateral type, credit ratings, project economics and geographic location as well as national and regional economic factors. The non-credit loss component of the unrealized loss within the Company's AFS portfolio is recognized as an adjustment to the individual security's asset balance with an offsetting entry to *Accumulated other comprehensive income/(loss)* in the consolidated balance sheets.

Real estate securities for which the fair value option has been elected are not evaluated for other-than-temporary impairment as changes in fair value are recorded in the consolidated statement of operations.

NewPoint Acquisition

Our Agency Business is conducted through NewPoint, which we acquired on July 1, 2025. NewPoint is a commercial real estate finance company focused on originating and servicing agency mortgage loans. NewPoint is a multifamily originator and servicer and is approved by four government sponsored entities (Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and U.S. Department of Housing and Urban Development). NewPoint's mortgage servicing rights ("MSRs") are held as an asset on our consolidated balance sheet. As of December 31, 2025, and as of the closing date of the acquisition, NewPoint had a total servicing portfolio of $47.8 billion and $55.4 billion, respectively. The NewPoint business is complimentary to our historical business as it offers our traditional bridge loan borrowers the opportunity to refinance our bridge loans with agency mortgage loans.

The NewPoint acquisition does not have any impact on our arrangements with the Advisor. The Chief Executive Officer and the Chief Financial Officer / Chief Operating Officer of the Company were appointed as Chief Executive Officer and Chief Operating Officer, respectively, of NewPoint and oversee the business and employees of NewPoint in those roles.

As a result of the NewPoint acquisition, we treat our Agency Business as a new business segment. The Agency Business has and will continue to have a number of impacts on our future consolidated financial statements, including the addition of MSRs to our consolidated balance sheet, the addition of servicing income and gains on sales of originated agency mortgages, and the addition of employee expense. These changes may make it difficult to compare our financial results in future periods with our financial results from periods that preceded the acquisition. In addition, gains on sale from originated agency mortgages will largely be driven by origination volumes in the reported period. As a result, the associated gains on sale may vary significantly quarter to quarter, which may make it difficult to compare future quarter to quarter financial results.

With respect to liquidity, we expect the Agency Business will continue to utilize warehouse agreements as the primary form of financing. The warehouse agreements used for the Agency Business generally have 100% financing. We also expect that the MSRs we hold on our balance sheet will increase our ability to expand our revolving credit facilities.

We issued 8,385,951 OP Units of the OP to equity holders of NewPoint in the acquisition. After 12 months from the closing date, holders of the OP Units may elect to have the OP Units redeemed, in which case the Company will have the option to satisfy the redemption consideration with either cash (based on the trading price of the Company's common stock) or the delivery of one share of the Company's common stock for each OP Unit. We expect to pay quarterly per unit cash distributions to holders of OP Units equal to the quarterly per share cash distributions we pay to holders of our common stock.

New Tax Legislation

Effective July 4, 2025, certain changes to U.S. tax law were approved that impact us and our stockholders. Among other changes, this legislation (i) permanently extended the 20% deduction for "qualified REIT dividends" for individuals and other non-corporate taxpayers under Section 199A of the Internal Revenue Code (the "Code"), (ii) increased the percentage limit under the REIT asset test applicable to taxable REIT subsidiaries ("TRSs") from 20% to 25% for taxable years beginning after December 31, 2025, and (iii) increased the base on which the 30% interest deduction limit under Section 163(j) of the Code applies by excluding depreciation, amortization and depletion from the definition of "adjusted taxable income" (i.e. based on EBITDA rather than EBIT) for taxable years beginning after December 31, 2024.

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 Year Ended December 31, 2025 to the Year Ended December 31, 2024

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 programs.

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 years ended December 31, 2025 and 2024 (dollars in thousands):

	Year Ended									
	December 31, 2025				December 31, 2024					
	Average Carrying Value[1]		Interest Income/Expense[2][3]		Avg Yield/Financing Cost[4]		Average Carrying Value[1]		Interest Income/Expense[2][3]		Avg Yield/Financing Cost[4]	
Interest-earning assets:												
Real estate debt	$	4,590,492	$	399,360	8.7	%	$	5,176,062	$	502,298	9.7	%
Agency debt		224,107		12,797	5.7	%		—		—	—	%
Real estate conduit		66,304		6,126	9.2	%		37,081		5,469	14.7	%
Real estate securities		110,813		8,192	7.4	%		214,881		17,128	8.0	%
Total	**$**	**4,991,716**	**$**	**426,475**	**8.5**	**%**	**$**	**5,428,024**	**$**	**524,895**	**9.7**	**%**
Interest-bearing liabilities:												
Repurchase Agreements - commercial mortgage loans	$	796,048	$	56,687	7.1	%	$	457,916	$	41,516	9.1	%
Other financing and loan participation - commercial mortgage loans		12,865		782	6.1	%		16,336		968	5.9	%
Repurchase Agreements - real estate securities		153,243		8,075	5.3	%		216,082		13,214	6.1	%
Collateralized loan obligations		3,079,418		209,975	6.8	%		3,595,162		275,289	7.7	%
Unsecured debt		148,585		12,808	8.6	%		81,345		7,484	9.2	%
Total	**$**	**4,190,159**	**$**	**288,327**	**6.9**	**%**	**$**	**4,366,841**	**$**	**338,471**	**7.8**	**%**
Net interest income/spread			**$**	**138,148**	**1.6**	**%**			**$**	**186,424**	**1.9**	**%**
Average leverage %[5]	83.9	%					80.4	%				
Weighted average levered yield[6]					17.2	%					17.6	%

[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 years ended December 31, 2025 and 2024, 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) Calculated by dividing total average interest-bearing liabilities by total average interest-earning assets.
(6) Calculated by dividing net interest income/spread by the average interest-earning assets less average interest-bearing liabilities.

Interest Income

Interest income for the years ended December 31, 2025 and 2024, totaled $430.3 million and $526.1 million, respectively, a decrease of $95.8 million. The decrease was primarily due to an approximate 91 basis point decrease in daily average SOFR and SOFR equivalent rates coupled with a decrease of $585.6 million in the average carrying balance of our real estate debt. As of December 31, 2025, our portfolio consisted of (i) 169 commercial mortgage loans, held for investment, (ii) 10 real estate securities, available for sale, measured at fair value, and (iii) 17 commercial mortgage loans, held for sale, measured at fair value. As of December 31, 2024, our portfolio consisted of (i) 155 commercial mortgage loans, held for investment and (ii) eleven real estate securities, available for sale, measured at fair value and (iii) three commercial mortgage loans, held for sale, measured at fair value.

Interest Expense

Interest expense for the years ended December 31, 2025 and 2024 totaled $288.3 million and $338.5 million, respectively, a decrease of $50.2 million. The decrease was primarily due to an approximate 91 basis point decrease in daily average SOFR and SOFR equivalent rates coupled with a decrease of $515.7 million in the average carrying value of our collateralized loan obligations.

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

Gain on sales, including fee-based services, net for the years ended December 31, 2025 and 2024 totaled $57.6 million and $13.1 million, respectively, which was comprised of our Agency Business and conduit segments.

Gain on sales, including fee-based services, net from our Agency Business segment, which we acquired though the NewPoint acquisition on July 1, 2025, was $37.3 million for the year ended December 31, 2025. This was due to agency loans acquired of $422.0 million, originations post acquisition of $3.2 billion and sales of $3.3 billion. The Company did not have the Agency Business segment during the year ended December 31, 2024.

Gain on sales, including fee-based services, net from our conduit segment for the years ended December 31, 2025 and 2024 totaled $20.3 million and $13.1 million, respectively. The increase was primarily due to $464.4 million in principal amount of commercial real estate loans sold by the Company into the CMBS securitization market resulting in proceeds of $482.4 million for the year ended December 31, 2025. This is compared to the sale of $271.2 million in principal amount of commercial real estate loans sold into the CMBS securitization market resulting in proceeds of $284.3 million for the year ended December 31, 2024.

Mortgage Servicing Rights

Income from mortgage servicing rights for the year ended December 31, 2025 was $28.6 million which related to the fair value on originated MSR's loans rate locked under programs with Fannie Mae, Freddie Mac and HUD. The Company did not have income from mortgage servicing rights for the year ended December 31, 2024.

Servicing Revenue

Servicing revenue for the year ended December 31, 2025 was $12.5 million which was comprised of $23.1 million of servicing fee income and $15.1 million in placement fees on borrower escrows and reserves, partially offset by $25.7 million in reductions to the MSR for amortization, payoffs and impairment. The Company did not have servicing revenue for the year ended December 31, 2024.

Gain/(Loss) on Derivatives

Loss on derivatives for the years ended December 31, 2025 and 2024 totaled $0.2 million and $0.2 million, respectively. For the year ended December 31, 2025, the loss was composed of a $1.1 million unrealized loss related to mark to market on credit default swaps, treasury note futures, and options, partially offset by a $0.9 million realized gain. For the year ended December 31, 2024, loss was composed of a realized loss of $1.3 million due primarily to the termination and settlement of credit default swaps and treasury yields, partially offset by an unrealized gain of $1.1 million.

Revenue from Real Estate Owned

Revenue from real estate owned for the years ended December 31, 2025 and 2024 totaled $29.6 million and $22.8 million, respectively. The $6.8 million increase was primarily the result of rental income from obtaining possession of additional multifamily and office properties brought on as real estate owned, through foreclosure or deed-in-lieu of foreclosure, for the year ended December 31, 2025.

Provision/(Benefit) for Credit losses

Benefit for credit losses for the year ended December 31, 2025 totaled $11.9 million. This is compared to a provision for credit losses for the year ended December 31, 2024 of $35.7 million.

General benefit for credit losses was $13.5 million for the year ended December 31, 2025 compared to a general benefit of $0.3 million for the year ended December 31, 2024. The $13.2 million decrease in general reserve was primarily due to performance improvement of our portfolio and portfolio turnover since the end of the prior year.

For the year ended December 31, 2025, the increase in specific reserve of $5.7 million was primarily related to (i) two non-performing loans secured by multifamily properties in Texas which we foreclosed on during the second and fourth quarter, respectively, and (ii) three non-performing loans secured by multifamily properties in Pennsylvania, Arizona and North Carolina, partially offset by the reversal of a specific reserve on a non-performing loan secured by an office property in Georgia. For the year ended December 31, 2024, the increase in specific reserve of $36.0 million, compared to the prior year, was primarily related to two non-performing loans collateralized by office properties located in Colorado and Georgia.

For the year ended December 31, 2025, allowance for loss sharing was established from our Agency Business segment, which we acquired though the NewPoint acquisition on July 1, 2025. The $4.1 million change in reserve from the NewPoint acquisition date related to a $1.8 million decrease to the general CECL reserve due to an increased overall economic outlook coupled with a $2.3 million decrease in the specific loan reserve due to improvement in the performance of at risk loans.

Realized Gain/(Loss) on Extinguishment of Debt

The Company realized a loss on extinguishment of debt of $7.7 million for the year ended December 31, 2025 which related to the redemption of the outstanding notes issued by BSPRT 2021-FL6 Issuer, Ltd., BSPRT 2021-FL7 Issuer, Ltd. and BSPRT 2022-FL9 Issuer, Ltd. The Company did not realize a gain or loss on extinguishment of debt for the year ended December 31, 2024.

Realized Gain/(Loss) on Real Estate Securities, Available for Sale

Realized gain on real estate securities, available for sale for the year ended December 31, 2025 of $0.1 million related to eight sales of our CRE CLO bonds. Realized gain on real estate securities, available for sale for the year ended December 31, 2024 of $0.1 million was primarily related to the sale of six CMBS bonds.

Realized Gain/(Loss) on Sale of Commercial Mortgage Loans, Held for Investment

The Company did not realize any gains or losses on dispositions of commercial mortgage loans, held for investment for the year ended December 31, 2025. Realized gain on commercial mortgage loans, held for investment, for the year ended December 31, 2024 of $0.1 million was related to the disposition of two senior and one mezzanine commercial mortgage loans.

Realized Gain/(Loss) on Sale of Commercial Mortgage Loans, Held for Sale

Realized loss on commercial mortgage loans, held for sale, for the year ended December 31, 2025 of $0.2 million was related to the disposition one senior loan collateralized by a portfolio of retail properties. The Company did not realize any gains or losses on dispositions of commercial mortgage loans, held for sale for the year ended December 31, 2024.

Gain/(Loss) on Other Real Estate Investments

Loss on other real estate investments for the year ended December 31, 2025 was $3.4 million primarily due to sales of our multifamily and retail properties and fair value write downs of our multifamily properties, partially offset by settled litigation regarding the Walgreens Portfolio. This is compared to a loss of $8.0 million for the year ended December 31, 2024 primarily due to sales and write offs related to the Walgreens Portfolio coupled with the onboarding of real estate owned, held for sale multifamily properties.

Income/(loss) from equity method investments

Income from equity method investments for the year ended December 31, 2025 was $3.6 million related to the Company's net allocated percentage of income generated by our equity method investments. The Company did not have any equity method investment income during the year ended December 31, 2024.

(Provision)/Benefit for Income Tax

Provision for income tax for the year ended December 31, 2025 was $3.9 million compared to a provision of $1.1 million for the year ended December 31, 2024. The difference is related to changes in taxable earnings in our TRS segment.

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

Net income attributable to non-controlling interest in our consolidated joint ventures for the year ended December 31, 2025 was $1.8 million, compared to a net loss attributable to non-controlling interest in our consolidated joint ventures of $3.5 million for the year ended December 31, 2024.

Preferred Share Dividends

Preferred share dividends were $27.0 million for the years ended December 31, 2025 and 2024.

Expenses from Operations

Expenses from operations for the years ended December 31, 2025 and 2024 consisted of the following (dollars in thousands):

	Year Ended	
	December 31, 2025	December 31, 2024
Compensation and benefits	$ 53,739	$ —
Asset management and subordinated performance fee	24,497	25,958
Acquisition expenses	951	996
Administrative services expenses	13,346	9,707
Professional fees	29,207	14,508
Other expenses	45,919	21,472
Depreciation and amortization	9,593	5,630
Share-based compensation	9,118	8,173
Total expenses from operations	**$ 186,370**	**$ 86,444**

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.

The increase in operating expense for the year ended December 31, 2025 compared to 2024 was primarily due to (i) our incurrence of compensation and benefits cost of $53.7 million compared to no such expenses in 2024, resulting from our acquisition of NewPoint and the fact we now have employees and were responsible for six months of associated compensation expense, (ii) a significant increase in professional fees related to the NewPoint acquisition, (iii) an increase in other expenses related to property operating expenses and third party management fees incurred in order to operate various real estate owned investments in our portfolio, coupled with other expenses related to the NewPoint acquisition and (iv) an increase in administrative service expense due to the time spent on the NewPoint acquisition. While the increase in professional fees primarily related to the completed NewPoint acquisition, we will be responsible for NewPoint compensation and benefits for the full year in 2026 and we will continue to be responsible for property operating expenses and third party management fees related to operating our real estate owned assets.

Comparison of the Three Months Ended December 31, 2025 to the Three Months Ended September 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 programs.

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 December 31, 2025 and three months ended September 30, 2025 (dollars in thousands):

	Three Months Ended									
	December 31, 2025				September 30, 2025					
	Average Carrying Value[1]		Interest Income/Expense[2][3]	Avg Yield/Financing Cost[4][5]		Average Carrying Value[1]		Interest Income/Expense[2][3]	Avg Yield/Financing Cost[4][5]	
Interest-earning assets:										
Real estate debt	$ 4,285,953		$ 87,168	8.1	%	$ 4,499,821		$ 96,121	8.5	%
Agency debt	468,433		6,511	5.6	%	421,760		6,286	6.0	%
Real estate conduit	150,212		2,840	7.6	%	49,285		1,298	10.5	%
Real estate securities	110,774		1,947	7.0	%	83,466		1,577	7.6	%
Total	**$ 5,015,372**		**$ 98,466**	**7.9**	**%**	**$ 5,054,332**		**$ 105,282**	**8.3**	**%**
Interest-bearing liabilities:										
Repurchase Agreements - commercial mortgage loans	$ 1,236,471		$ 20,488	6.6	%	$ 1,020,416		$ 18,188	7.1	%
Other financing and loan participation - commercial mortgage loans	12,865		197	6.1	%	12,865		197	6.1	%
Repurchase Agreements - real estate securities	153,349		1,914	5.0	%	130,688		1,767	5.4	%
Collateralized loan obligations	2,804,731		44,392	6.3	%	2,940,226		52,130	7.1	%
Unsecured debt	188,482		4,038	8.6	%	188,457		4,210	8.9	%
Total	**$ 4,395,898**		**$ 71,029**	**6.5**	**%**	**$ 4,292,652**		**$ 76,492**	**7.1**	**%**
Net interest income/spread			**$ 27,437**	**1.4**	**%**			**$ 28,790**	**1.2**	**%**
Average leverage %[6]	87.6	%				84.9	%			
Weighted average levered yield[7]				17.7	%				15.1	%

(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 December 31, 2025 and September 30, 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 three months ended December 31, 2025 and September 30, 2025 totaled $99.0 million and $106.2 million, respectively, a decrease of $7.2 million. The decrease was primarily due to an approximate 32 basis point decrease in daily average SOFR and SOFR equivalent rates coupled with a $213.9 million decrease in the average carrying value of our real estate debt. As of December 31, 2025, our portfolio consisted of (i) 169 commercial mortgage loans, held for investment, (ii) 10 real estate securities, available for sale, measured at fair value, and (iii) 17 commercial mortgage loans, held for sale, measured at fair value. As of September 30, 2025, our portfolio consisted of (i) 147 commercial mortgage loans, held for investment, (ii) 36 commercial mortgage loans, held for sale, measured at fair value, (iii) two commercial mortgage loans, held for sale and (iv) five real estate securities, available for sale, measured at fair value.

Interest Expense

Interest expense for the three months ended December 31, 2025 and September 30, 2025 totaled $71.0 million and $76.5 million, respectively, a decrease of $5.5 million due primarily to a decrease of $216.1 million in the carrying value of our repurchase agreements - commercial mortgage loans coupled with an approximate 32 basis point decrease in daily average SOFR and SOFR equivalent rates.

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

Gain on sales, including fee-based services, net for the three months ended December 31, 2025 and September 30, 2025 was $22.9 million and $29.4 million, respectively, which was comprised of our Agency Business and conduit segments.

Gain on sales, including fee-based services, net from our Agency Business segment for the three months ended December 31, 2025 and September 30, 2025 was $11.3 million and $26.0 million, respectively. The $14.7 million decrease was primarily due to an approximate 50% reduction in rate locked loans in our Agency Business segment for the three months ended December 31, 2025 compared to the three months ended September 30, 2025.

Gain on sales, including fee-based services, net from our conduit segment for the three months ended December 31, 2025 and September 30, 2025 was $11.6 million and $3.4 million, respectively. The increase was primarily due to $290.6 million in principal amount of commercial real estate loans sold by the Company into the CMBS securitization market resulting in proceeds of $299.8 million for the three months ended December 31, 2025. This is compared to the sale of $59.4 million in principal amount of commercial real estate loans sold into the CMBS securitization market resulting in proceeds of $62.8 million for the three months ended September 30, 2025.

Mortgage servicing rights

Income for mortgage servicing rights for the three months ended December 31, 2025 and September 30, 2025 was $8.8 million and $19.7 million, respectively. The $10.9 million decrease is due to lower origination volume of the underlying loans for the three months ended December 31, 2025 compared to the three months ended September 30, 2025.

Servicing Revenue

Servicing revenue for the three months ended December 31, 2025 and September 30, 2025 was $8.9 million and $3.6 million, respectively. The $5.3 million quarter over quarter increase is primarily due to approximately $4.4 million of MSR impairment during the three months ended September 30, 2025 arising from increased CPR assumption. The Company did not have MSR impairment during the three months ended December 31, 2025.

(Gain)/Loss on derivatives

Gain on derivatives for the three months ended December 31, 2025 was $0.3 million composed of a $0.4 million realized gain related to the termination and settlement of credit default swaps and treasury note futures, partially offset by a $0.1 million unrealized loss. This is compared to a loss on derivatives for the three months ended September 30, 2025 of $0.1 million composed of a $0.4 million realized loss related to the termination and settlement of credit default swaps and treasury note futures, partially offset by a $0.3 million unrealized gain.

Revenue from Real Estate Owned

For the three months ended December 31, 2025 and September 30, 2025, revenue from real estate owned was $7.3 million and $7.2 million, respectively, staying relatively consistent quarter-over-quarter.

(Provision)/Benefit for Credit losses

Benefit for credit losses was $7.9 million during the three months ended December 31, 2025 compared to a benefit of $0.6 million during the three months ended September 30, 2025.

For the three months ended December 31, 2025 and September 30, 2025, general benefit for credit losses was $7.8 million and $1.5 million, respectively, an increase in benefit of $6.3 million primarily due to performance improvement of our portfolio since the end of the prior quarter.

For the three months ended December 31, 2025 and September 30, 2025, specific provision for credit losses was $3.0 million and $1.9 million, respectively. For the three months ended December 31, 2025, the specific provision was primarily related to three non-performing loans secured by multifamily properties in Pennsylvania, Arizona and North Carolina, coupled with a non-performing loan secured by a multifamily property in Texas which we foreclosed on during the fourth quarter. For the three months ended September 30, 2025, the increase in specific reserve was primarily related to a non-performing loan secured by a multifamily property in Pennsylvania.

For the three months ended December 31, 2025, allowance for loss sharing decreased $3.1 million related to a $4.1 million decrease to the specific loan reserve due to improvement in the performance of at risk loans. This is offset by a $1.0 million increase to the general CECL reserve due to growth in the Fannie Mae loss sharing portfolio.

Realized Gain/(Loss) on Extinguishment of Debt

The Company realized a loss on extinguishment of debt of $7.7 million for the three months ended December 31, 2025 which related to the redemption of the outstanding notes issued by BSPRT 2021-FL6 Issuer, Ltd., BSPRT 2021-FL7 Issuer, Ltd. and BSPRT 2022-FL9 Issuer, Ltd. The Company did not realize a gain or loss on extinguishment of debt for the three months ended September 30, 2025.

Realized Gain/(Loss) on Sale of Commercial Mortgage Loans, Held for Sale

Realized loss on commercial mortgage loans, held for sale, for the three months ended December 31, 2025 of $0.2 million was related to the disposition one senior loan collateralized by a portfolio of retail properties. The Company did not realize any gains or losses on dispositions of commercial mortgage loans held for sale for the three months ended September 30, 2025.

Gain/(Loss) on Other Real Estate Investments

Loss on other real estate investments for the three months ended December 31, 2025 was $1.7 million primarily due to the sales of real estate owned, held for sale, multifamily and retail properties coupled with the fair value write down on one multifamily property located in North Carolina. This is compared to a loss of $2.1 million for the three months ended September 30, 2025 primarily due to the sales of real estate owned, held for sale, multifamily and retail properties coupled with the fair value write down on one multifamily property located in Ohio.

Income/(loss) from equity method investments

For the three months ended December 31, 2025 and September 30, 2025, income from equity method investments was $3.4 million and $6.0 thousand, respectively. The increase was primarily related to the Company's share of increases to the fair value of the assets held by our equity method investments.

(Provision)/Benefit for Income Tax

Provision for income tax for the three months ended December 31, 2025 was $6.3 million compared to a benefit of $2.9 million for the three months ended September 30, 2025. The difference is related to changes in taxable earnings in our TRS segment.

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 December 31, 2025 and September 30, 2025 totaled $0.7 million and $0.3 million, respectively.

Expenses from operations

Expenses from operations for the three months ended December 31, 2025 and September 30, 2025 consisted of the following (dollars in thousands):

	Three Months Ended	
	December 31, 2025	**September 30, 2025**
Compensation and benefits	$ 19,306	$ 34,434
Asset management and subordinated performance fee	6,323	6,082
Acquisition expenses	212	265
Administrative services expenses	2,659	3,455
Professional fees	8,599	9,334
Other expenses	10,361	14,052
Depreciation and amortization	3,400	3,432
Share-based compensation	2,319	2,237
Total expenses from operations	**$ 53,179**	**$ 73,291**

For the three months ended December 31, 2025, we incurred asset management and subordinated performance fees and administrative services expenses of $6.3 million and $2.7 million, respectively, which are payable to our Advisor under our asset management agreement. For the three months ended December 31, 2025 compared to September 30, 2025, asset management and incentive fees increased due to increases in applicable average equity between periods, while administrative services expenses decreased due to less personnel time spent in the current three months compared to the prior three months. 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.

The decrease in operating expense for the three months ended December 31, 2025 was primarily related to (i) a decrease in compensation and benefits related to NewPoint employees as a result of lower commission expense resulting from a decrease in agency loan production during the quarter, and (ii) a decrease in other expenses related to the NewPoint acquisition.

Comparison of the Year Ended December 31, 2024 to the Year Ended December 31, 2023

See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 26, 2025, for a discussion of the comparison of the year ended December 31, 2024 to the year ended December 31, 2023.

Portfolio

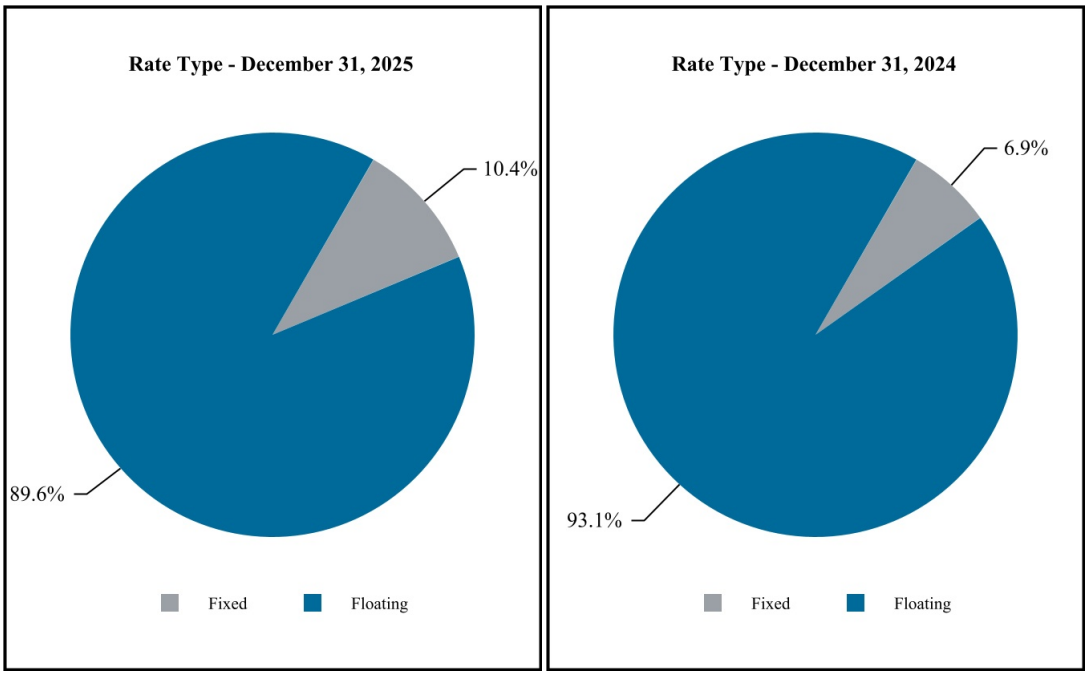
As of December 31, 2025 and 2024, our Commercial Real Estate Financing portfolio consisted of 169 and 155 commercial mortgage loans, held for investment, respectively. The commercial mortgage loans held for investment, net of allowance for credit losses, as of December 31, 2025 and 2024, had a total carrying value of $4,383.1 million and $4,908.7 million, respectively. 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 December 31, 2024, our commercial mortgage loans, held for sale, measured at fair value, were comprised of three senior loans with a total fair value of $87.3 million. As of December 31, 2025 and 2024, we had $151.7 million and $203.0 million, respectively, of real estate securities, available for sale, measured at fair value. As of December 31, 2025 and 2024, our real estate owned, held for investment portfolio was composed of two and three properties with carrying values of $99.3 million and $113.2 million, respectively. As of December 31, 2025 and 2024, we had six and twelve positions classified as real estate owned, held for sale with combined carrying values of $198.9 million and $222.9 million, respectively. As of December 31, 2025 and 2024, our equity method investments consisted of four investments and one investment with carrying values of $71.7 million and $13.4 million, respectively.

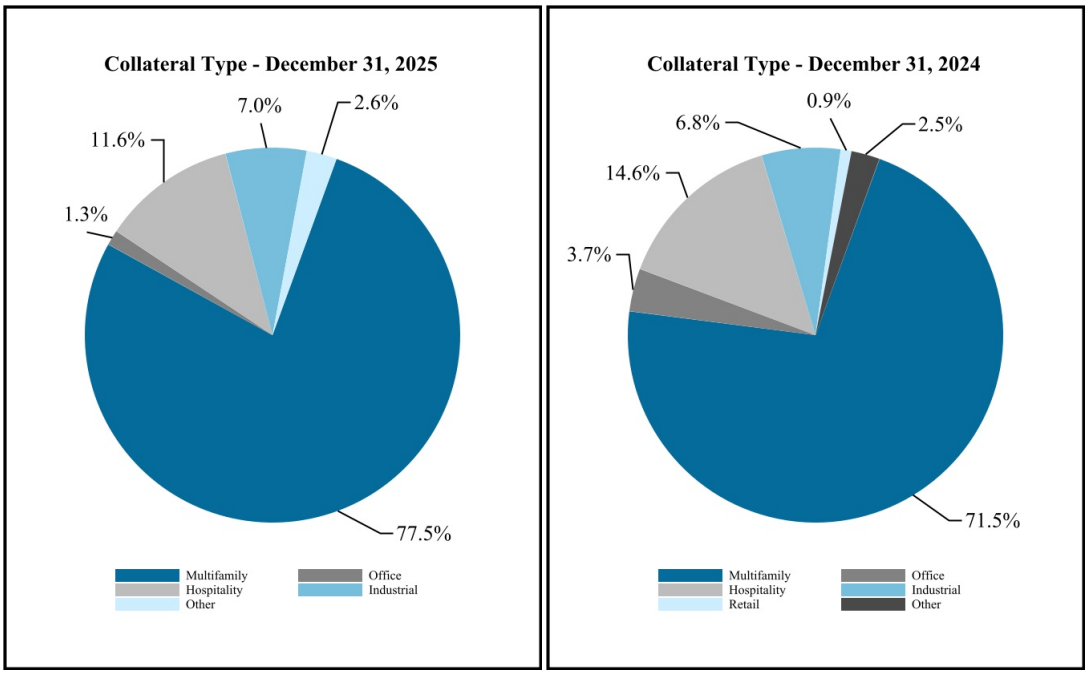
As of December 31, 2025, we had seven loans (six secured by a multifamily properties and one secured by an office property), designated as non-performing status with a total amortized cost of $214.0 million. As of December 31, 2024, we had three loans designated as non-performing status with a total amortized cost of $133.2 million. 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. During the year ended December 31, 2024, three loans designated as non-performing and put on cost recovery status were determined to have a combined $31.2 million specific allowance for credit losses.

As of December 31, 2025 and 2024, our commercial mortgage loans, held for investment, excluding commercial mortgage loans on non-performing status, had a weighted average coupon of 7.1% and 8.0%, respectively, and a weighted average remaining life of 1.1 years and 1.1 years, respectively.

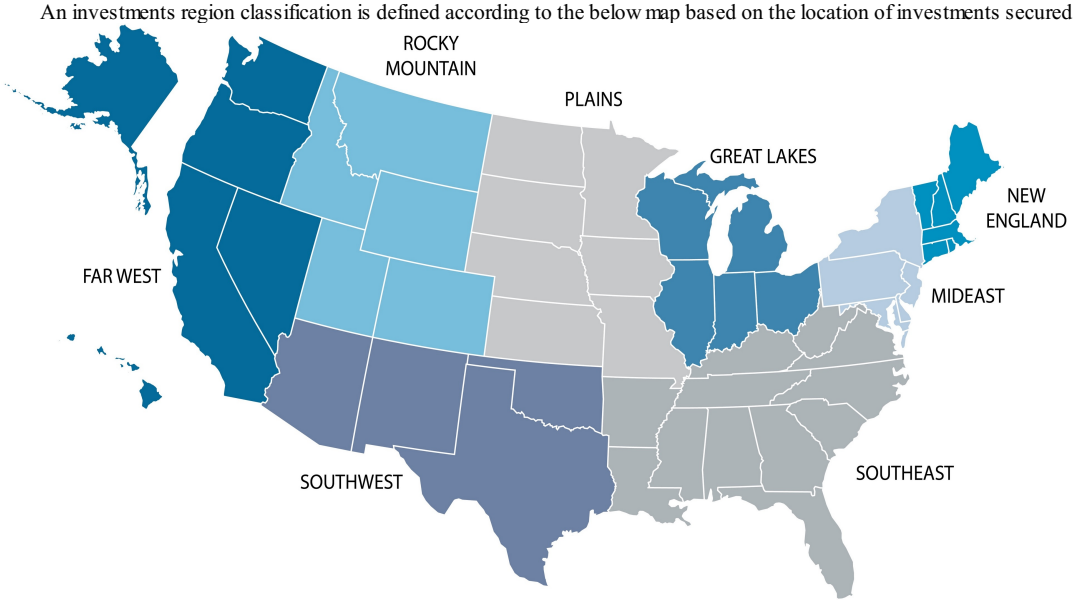
As of December 31, 2025, the Company had a total servicing portfolio consisting of 1,596 loans with an unpaid principal balance of $47.8 billion. As of December 31, 2025, the Company owned MSRs of $212.2 million, which consisted of 1,042 loans with an unpaid principal balance of $21.6 billion.

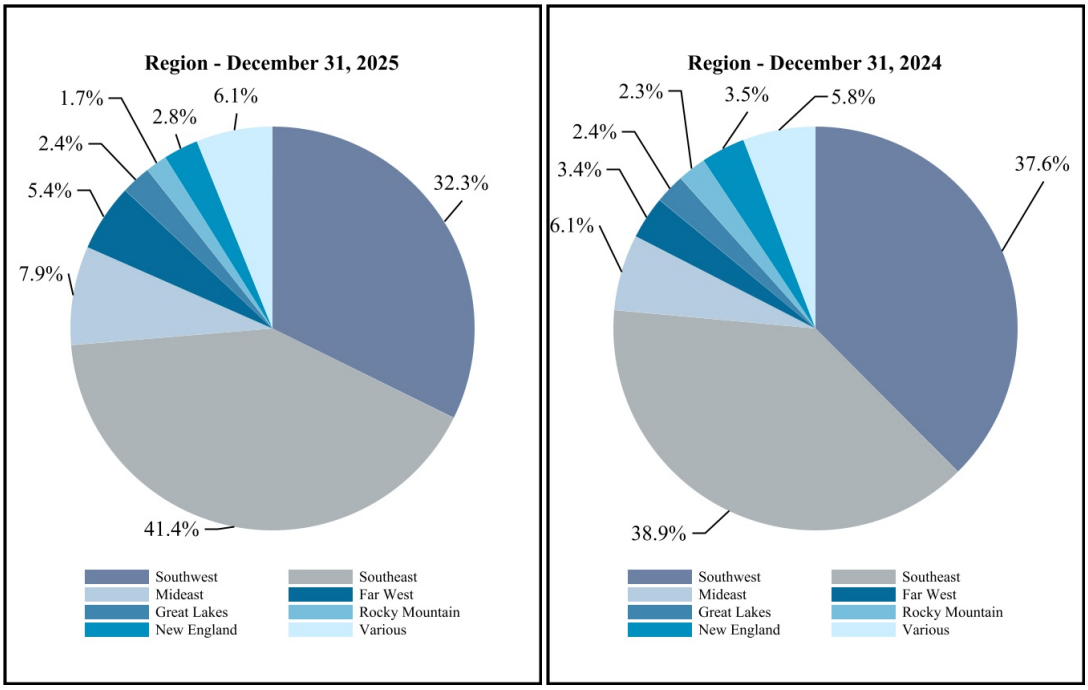
The following charts summarize our commercial mortgage loans, held for investment, by coupon rate type, collateral type geographical region and state as of December 31, 2025 and 2024:

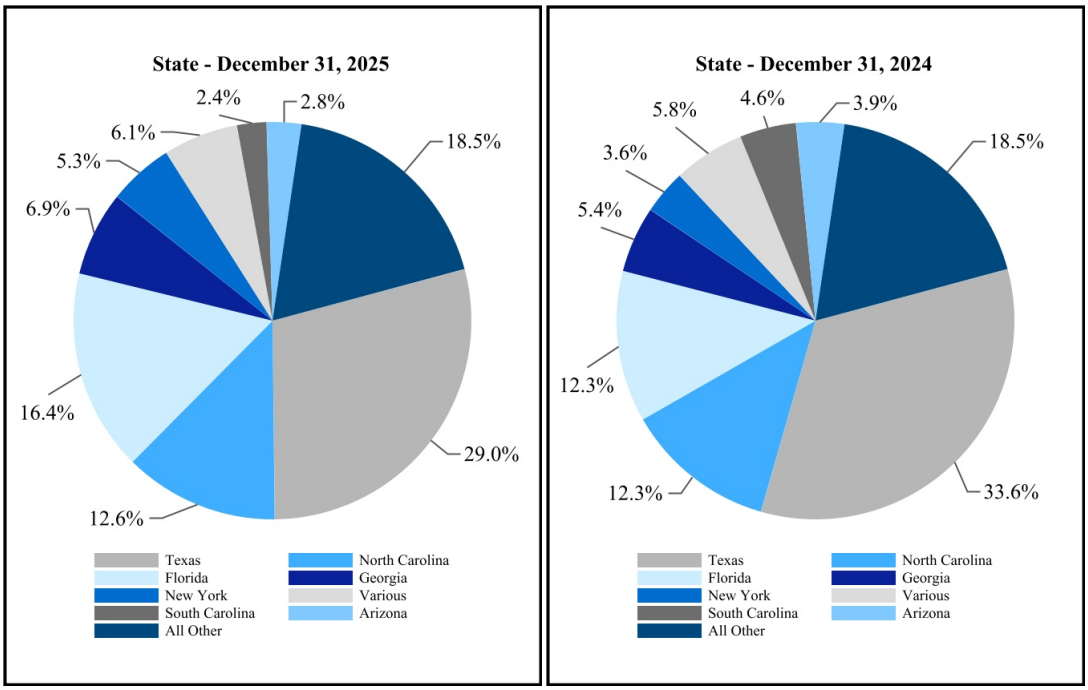



Collateral Type - December 31, 2025
7.0%
2.6%
11.6%
1.3%
77.5%
Multifamily
Hospitality
Other
Office
Industrial
Collateral Type - December 31, 2024
0.9%
6.8%
2.5%
14.6%
3.7%
71.5%
Multifamily
Hospitality
Retail
Office
Industrial
Other

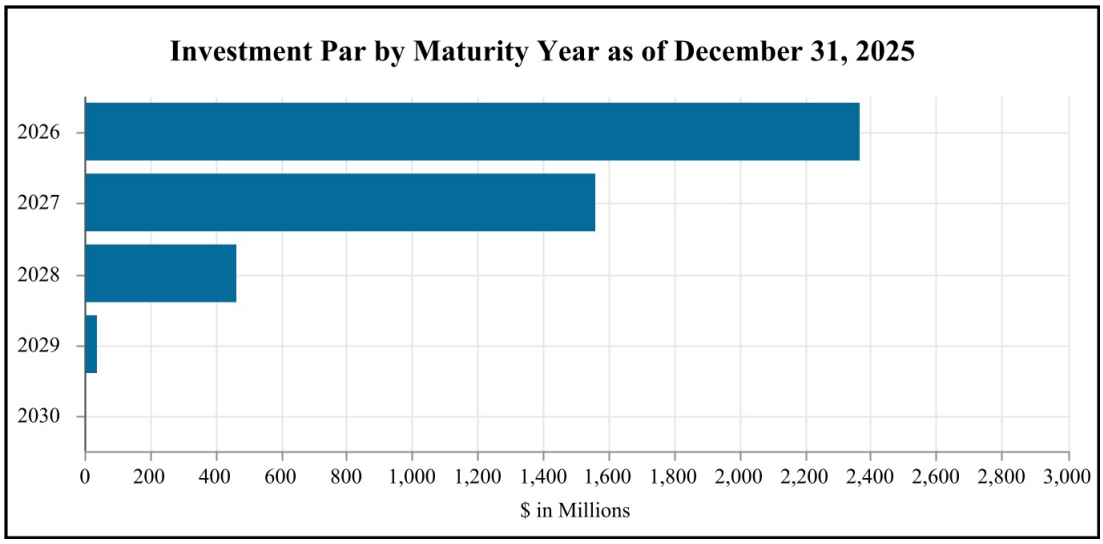
An investments region classification is defined according to the below map based on the location of investments secured property.

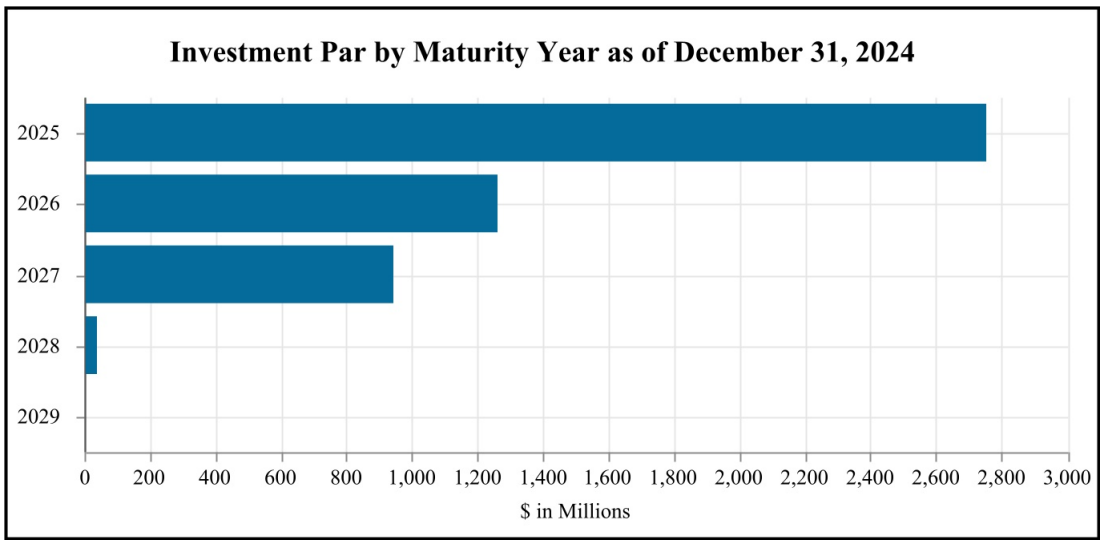





State - December 31, 2025
2.4%
2.8%
6.1%
18.5%
5.3%
6.9%
16.4%
29.0%
12.6%
Texas
North Carolina
Florida
Georgia
New York
Various
South Carolina
Arizona
All Other
State - December 31, 2024
5.8%
4.6%
3.9%
3.6%
18.5%
5.4%
12.3%
12.3%
33.6%
Texas
North Carolina
Florida
Georgia
New York
Various
South Carolina
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 December 31, 2025 and 2024:





The following table shows selected data from our commercial mortgage loans, held for investment in our portfolio as of December 31, 2025 (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	22,944	21,095	12/17/2019	1/9/2026	1M SOFR Term + 2.25%	5.94%	64.9%
Senior Debt 2	3	Office	Texas	14,756	14,756	10/6/2020	10/9/2027	Adj. 1M SOFR Term + 4.50%	8.30%	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	33,871	33,871	3/5/2021	3/9/2026	1M SOFR Term + 4.10%	7.79%	78.2%
Senior Debt 5	2	Mixed Use	Washington	32,500	32,500	6/30/2021	1/9/2026	Adj. 1M SOFR Term + 3.70%	7.50%	69.7%
Senior Debt 6	4	Multifamily	Texas	73,922	73,919	3/31/2021	4/9/2026	1M SOFR Term + 2.20%	5.89%	72.6%
Senior Debt 7	3	Multifamily	Texas	20,100	20,100	4/22/2021	5/9/2026	Adj. 1M SOFR Term + 3.35%	7.15%	67.7%
Senior Debt 8	3	Multifamily	Texas	35,466	35,465	4/1/2021	4/9/2026	Adj. 1M SOFR Term + 2.95%	6.75%	71.7%
Senior Debt 9	3	Multifamily	Texas	33,299	33,299	9/20/2021	4/9/2026	Adj. 1M SOFR Term + 3.64%	7.44%	66.0%
Senior Debt 10	3	Multifamily	Georgia	9,388	9,388	9/22/2021	10/9/2026	Adj. 1M SOFR Term + 3.75%	7.55%	70.0%
Senior Debt 11	2	Multifamily	Texas	25,926	25,926	9/30/2021	10/9/2026	Adj. 1M SOFR Term + 3.20%	7.00%	77.3%
Senior Debt 12	2	Multifamily	Texas	55,313	55,313	11/23/2021	8/9/2026	Adj. 1M SOFR Term + 3.10%	6.90%	67.2%
Senior Debt 13	5	Multifamily	Arizona	36,789	36,789	11/16/2021	12/9/2026	Adj. 1M SOFR Term + 2.00%	5.80%	72.0%
Senior Debt 14	2	Multifamily	Texas	55,680	55,680	12/10/2021	1/9/2027	Adj. 1M SOFR Term + 3.00%	6.80%	74.8%
Senior Debt 15	2	Multifamily	Kentucky	13,639	13,639	11/19/2021	6/9/2026	Adj. 1M SOFR Term + 2.75%	6.55%	62.4%
Senior Debt 16	5	Multifamily	Pennsylvania	21,961	21,715	12/16/2021	1/9/2027	1M SOFR Term + 2.96%	6.65%	79.4%
Senior Debt 17	2	Multifamily	Texas	30,256	30,256	12/16/2021	1/9/2027	1M SOFR Term + 3.20%	6.89%	74.2%
Senior Debt 18	2	Multifamily	Florida	77,250	77,163	12/21/2021	1/9/2027	1M SOFR Term + 3.45%	7.14%	78.8%
Senior Debt 19	3	Multifamily	North Carolina	80,247	80,247	12/15/2021	3/9/2027	4.25%	4.25%	76.1%
Senior Debt 20	2	Multifamily	North Carolina	23,250	23,250	12/17/2021	1/9/2027	1M SOFR Term + 3.10%	6.79%	72.7%
Senior Debt 21	3	Hospitality	North Carolina	10,116	10,116	1/19/2022	2/9/2027	1M SOFR Term + 5.30%	8.99%	68.2%
Senior Debt 22	3	Multifamily	Florida	78,500	78,500	2/10/2022	2/9/2027	1M SOFR Term + 3.20%	6.89%	74.5%
Senior Debt 23	2	Industrial	Arizona	54,283	54,283	3/15/2022	3/9/2027	1M SOFR Term + 3.50%	7.19%	70.1%
Senior Debt 24	2	Multifamily	Texas	37,071	37,071	3/14/2022	3/9/2028	7.00%	7.00%	74.1%
Senior Debt 25	4	Multifamily	Arizona	34,859	34,859	3/2/2022	3/9/2027	1M SOFR Term + 2.95%	6.64%	63.1%
Senior Debt 26	2	Multifamily	North Carolina	31,327	31,327	2/24/2022	3/9/2026	1M SOFR Term + 3.15%	6.84%	69.6%
Senior Debt 27	2	Multifamily	North Carolina	31,300	31,300	3/29/2022	4/9/2027	1M SOFR Term + 3.30%	6.99%	76.9%
Senior Debt 28	2	Hospitality	Georgia	49,592	49,592	3/30/2022	4/9/2027	1M SOFR Term + 4.90%	8.59%	61.1%
Senior Debt 29	3	Multifamily	Nevada	35,880	35,880	6/3/2022	11/9/2027	1M SOFR Term + 3.15%	6.84%	62.4%
Senior Debt 30	4	Multifamily	Virginia	56,543	56,543	4/29/2022	5/9/2026	1M SOFR Term + 3.95%	7.64%	73.2%
Senior Debt 31	4	Multifamily	Texas	30,648	30,648	10/21/2022	11/9/2026	6.50%	6.50%	70.9%
Senior Debt 32	3	Multifamily	North Carolina	57,159	57,159	8/23/2022	1/9/2026	1M SOFR Term + 6.70%	10.39%	46.5%
Senior Debt 33	2	Industrial	Florida	18,724	18,724	9/13/2022	9/9/2027	1M SOFR Term + 4.90%	8.59%	64.6%
Senior Debt 34	4	Multifamily	Texas	16,839	16,839	5/26/2022	6/9/2027	1M SOFR Term + 3.65%	7.34%	73.9%
Senior Debt 35	5	Multifamily	North Carolina	44,483	44,483	6/1/2022	6/9/2027	1M SOFR Term + 2.75%	6.44%	75.9%
Senior Debt 36	2	Multifamily	Georgia	64,400	64,400	6/14/2022	6/9/2027	1M SOFR Term + 3.45%	7.14%	71.6%
Senior Debt 37	3	Hospitality	District of Columbia	38,434	38,434	8/2/2022	8/9/2027	1M SOFR Term + 5.00%	8.69%	71.2%
Senior Debt 38	2	Multifamily	North Carolina	50,551	50,551	12/29/2022	1/9/2029	1M SOFR Term + 4.20%	7.89%	70.1%
Senior Debt 39	2	Multifamily	South Carolina	50,300	50,300	12/2/2022	12/9/2028	1M SOFR Term + 3.75%	7.44%	64.6%
Senior Debt 40	2	Hospitality	Various	94,047	93,928	2/9/2023	5/9/2028	1M SOFR Term + 4.00%	8.00%	53.6%
Senior Debt 41	2	Multifamily	Texas	14,750	14,730	6/28/2024	7/9/2029	1M SOFR Term + 2.80%	6.49%	71.5%
Senior Debt 42	3	Multifamily	District of Columbia	21,038	21,038	6/30/2023	7/9/2026	1M SOFR Term + 4.45%	8.14%	29.4%
Senior Debt 43	2	Manufactured Housing	Florida	24,784	24,784	7/28/2023	8/9/2028	1M SOFR Term + 4.25%	8.00%	43.2%
Senior Debt 44	2	Multifamily	New York	19,793	19,844	6/28/2023	7/9/2028	4.75%	4.75%	85.7%
Senior Debt 45	3	Multifamily	Texas	78,996	78,996	8/1/2023	8/9/2028	1M SOFR Term + 3.20%	6.89%	58.7%
Senior Debt 46	3	Hospitality	Georgia	18,086	18,058	8/17/2023	9/9/2028	1M SOFR Term + 4.85%	8.54%	53.5%
Senior Debt 47	2	Industrial	South Carolina	24,535	24,468	3/21/2024	10/9/2027	1M SOFR Term + 4.75%	9.50%	—%
Senior Debt 48	2	Multifamily	Texas	38,037	38,037	10/18/2023	5/9/2027	1M SOFR Term + 4.50%	9.00%	62.4%
Senior Debt 49	2	Hospitality	Florida	31,300	31,227	10/17/2023	11/9/2028	1M SOFR Term + 4.25%	8.59%	48.9%
Senior Debt 50	2	Multifamily	Texas	42,750	42,750	10/17/2023	11/9/2026	1M SOFR Term + 3.85%	7.54%	61.4%
Senior Debt 51	2	Multifamily	Texas	24,819	24,773	10/12/2023	10/9/2028	1M SOFR Term + 3.20%	6.89%	55.1%
Senior Debt 52	2	Multifamily	Texas	21,400	21,400	12/6/2023	12/9/2026	1M SOFR Term + 3.75%	8.50%	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 53	2	Multifamily	Texas	35,880	35,880	2/14/2024	2/9/2026	9.00%	9.00%	84.4%
Senior Debt 54	3	Hospitality	Colorado	32,750	32,684	2/5/2024	2/9/2029	1M SOFR Term + 4.50%	8.82%	41.6%
Senior Debt 55	2	Hospitality	Nevada	25,750	25,748	12/15/2023	1/9/2028	1M SOFR Term + 3.95%	7.95%	42.4%
Senior Debt 56	2	Industrial	California	36,926	36,840	3/19/2024	10/6/2026	11.99%	11.99%	8.6%
Senior Debt 57	2	Multifamily	Florida	24,312	24,122	2/12/2024	8/9/2028	1M SOFR Term + 5.50%	9.50%	—%
Senior Debt 58	2	Multifamily	Florida	50,750	50,735	2/9/2024	8/9/2026	1M SOFR Term + 3.75%	7.50%	56.7%
Senior Debt 59	3	Multifamily	Texas	79,515	79,465	2/16/2024	3/9/2029	1M SOFR Term + 3.65%	7.34%	53.3%
Senior Debt 60	2	Multifamily	Florida	67,000	66,967	2/29/2024	3/9/2029	1M SOFR Term + 3.25%	7.25%	58.7%
Senior Debt 61	2	Industrial	North Carolina	75,000	74,920	3/7/2024	3/9/2029	1M SOFR Term + 2.70%	6.39%	58.6%
Senior Debt 62	2	Multifamily	Texas	23,118	23,034	3/7/2024	3/9/2029	1M SOFR Term + 3.75%	7.75%	57.2%
Senior Debt 63	2	Multifamily	Texas	40,000	39,963	4/24/2024	5/9/2028	1M SOFR Term + 2.95%	6.64%	70.4%
Senior Debt 64	2	Multifamily	Ohio	44,669	44,556	4/29/2024	5/9/2029	1M SOFR Term + 2.90%	6.59%	72.2%
Senior Debt 65	2	Multifamily	Texas	18,745	18,674	4/30/2024	5/9/2029	1M SOFR Term + 3.75%	7.75%	55.8%
Senior Debt 66	2	Multifamily	California	40,000	39,954	5/24/2024	6/9/2028	1M SOFR Term + 2.77%	6.46%	60.9%
Senior Debt 67	2	Multifamily	Connecticut	116,500	116,269	5/10/2024	5/9/2029	1M SOFR Term + 2.50%	6.19%	50.7%
Senior Debt 68	3	Hospitality	Florida	49,950	49,823	5/9/2024	6/9/2029	1M SOFR Term + 4.50%	8.19%	62.8%
Senior Debt 69	2	Hospitality	Various	27,375	27,395	6/6/2024	6/9/2029	1M SOFR Term + 4.43%	8.12%	44.6%
Senior Debt 70	2	Multifamily	Florida	9,323	9,291	6/3/2024	6/9/2029	1M SOFR Term + 2.95%	6.64%	56.0%
Senior Debt 71	2	Multifamily	Texas	23,980	23,903	6/7/2024	6/9/2029	1M SOFR Term + 2.85%	6.54%	64.5%
Senior Debt 72	2	Multifamily	Indiana	17,781	17,757	6/28/2024	7/9/2028	1M SOFR Term + 3.05%	6.74%	68.2%
Senior Debt 73	2	Retail	Wisconsin	1,986	1,988	6/20/2024	7/9/2026	5.50%	5.50%	73.0%
Senior Debt 74	2	Hospitality	Oregon	9,902	9,885	6/28/2024	7/9/2028	1M SOFR Term + 3.95%	7.64%	53.1%
Senior Debt 75	2	Multifamily	New Jersey	3,493	3,226	7/1/2024	7/9/2029	1M SOFR Term + 5.50%	9.55%	10.3%
Senior Debt 76	2	Multifamily	North Carolina	26,145	26,049	6/28/2024	7/9/2029	1M SOFR Term + 3.75%	7.75%	69.3%
Senior Debt 77	3	Hospitality	Texas	17,000	17,026	7/25/2024	8/9/2027	8.50%	8.50%	90.0%
Senior Debt 78	2	Multifamily	North Carolina	16,640	16,589	9/16/2024	10/9/2027	1M SOFR Term + 2.75%	6.75%	78.1%
Senior Debt 79	2	Multifamily	Tennessee	21,420	21,377	9/18/2024	10/9/2029	1M SOFR Term + 3.10%	6.79%	59.4%
Senior Debt 80	2	Multifamily	Florida	12,327	12,267	7/30/2024	8/9/2027	1M SOFR Term + 8.30%	12.05%	31.3%
Senior Debt 81	3	Multifamily	Florida	39,299	39,245	9/6/2024	9/9/2028	1M SOFR Term + 2.75%	6.44%	71.0%
Senior Debt 82	3	Multifamily	Florida	72,910	72,807	9/6/2024	9/9/2028	1M SOFR Term + 2.75%	6.44%	72.7%
Senior Debt 83	2	Multifamily	Florida	24,124	24,087	9/6/2024	9/9/2028	1M SOFR Term + 2.75%	6.44%	71.3%
Senior Debt 84	2	Multifamily	New York	15,593	15,593	8/7/2024	8/9/2029	1M SOFR Term + 5.25%	9.25%	53.6%
Senior Debt 85	3	Hospitality	Texas	14,130	14,107	8/9/2024	8/9/2028	1M SOFR Term + 4.00%	9.00%	63.7%
Senior Debt 86	2	Industrial	Texas	12,405	12,284	10/9/2024	10/9/2029	1M SOFR Term + 3.75%	7.44%	71.7%
Senior Debt 87	2	Multifamily	New York	20,588	20,535	11/22/2024	12/9/2027	1M SOFR Term + 3.75%	8.50%	29.2%
Senior Debt 88	2	Multifamily	Texas	18,523	18,463	11/12/2024	11/9/2029	1M SOFR Term + 2.95%	6.64%	66.9%
Senior Debt 89	2	Hospitality	Florida	17,562	17,472	11/6/2024	11/9/2029	1M SOFR Term + 4.75%	8.50%	75.8%
Senior Debt 90	2	Multifamily	New York	34,866	34,777	11/19/2024	12/9/2029	1M SOFR Term + 2.95%	6.64%	80.8%
Senior Debt 91	2	Multifamily	Florida	29,808	29,735	12/5/2024	12/9/2027	1M SOFR Term + 3.50%	7.19%	67.7%
Senior Debt 92	2	Multifamily	Georgia	53,973	53,854	11/1/2024	11/9/2029	1M SOFR Term + 2.95%	6.64%	71.1%
Senior Debt 93	2	Multifamily	Georgia	31,889	31,747	11/8/2024	11/9/2029	1M SOFR Term + 2.75%	6.44%	63.5%
Senior Debt 94	2	Multifamily	North Carolina	18,100	18,049	11/25/2024	12/9/2028	5.50%	5.50%	70.6%
Senior Debt 95	2	Industrial	Tennessee	13,441	13,404	12/6/2024	12/9/2027	1M SOFR Term + 3.50%	7.19%	59.7%
Senior Debt 96	2	Multifamily	South Carolina	24,359	24,276	12/9/2024	12/9/2028	1M SOFR Term + 3.25%	6.94%	76.3%
Senior Debt 97	2	Multifamily	North Carolina	31,162	30,208	12/20/2024	1/9/2028	4.25%	4.25%	87.3%
Senior Debt 98	2	Hospitality	Texas	14,409	14,371	12/27/2024	1/9/2028	1M SOFR Term + 3.25%	6.94%	40.3%
Senior Debt 99	2	Multifamily	North Carolina	17,263	17,181	12/30/2024	1/9/2030	1M SOFR Term + 3.25%	7.00%	69.5%
Senior Debt 100	2	Multifamily	Tennessee	19,355	19,300	2/13/2025	2/9/2029	1M SOFR Term + 2.90%	6.59%	69.6%
Senior Debt 101	2	Multifamily	Texas	22,180	22,118	1/16/2025	2/9/2029	1M SOFR Term + 3.25%	6.94%	57.7%
Senior Debt 102	2	Multifamily	Texas	15,089	15,047	1/16/2025	2/9/2028	1M SOFR Term + 3.25%	6.94%	75.0%
Senior Debt 103	2	Multifamily	Florida	14,200	13,888	1/15/2025	2/9/2030	1M SOFR Term + 4.00%	7.69%	—%
Senior Debt 104	2	Multifamily	Texas	60,000	59,832	1/24/2025	2/9/2029	1M SOFR Term + 2.50%	6.19%	86.7%
Senior Debt 105	2	Hospitality	New York	49,620	49,614	1/10/2025	1/9/2029	1M SOFR Term + 3.41%	7.09%	48.4%
Senior Debt 106	2	Multifamily	Oklahoma	20,782	20,833	6/27/2025	7/9/2029	1M SOFR Term + 3.75%	7.50%	69.1%
Senior Debt 107	2	Multifamily	Texas	56,500	55,004	2/12/2025	2/9/2029	4.75%	4.75%	88.6%
Senior Debt 108	2	Multifamily	Texas	32,000	31,423	3/31/2025	4/9/2028	5.25%	5.25%	76.7%

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 109	2	Multifamily	Texas	6,371	6,065	3/26/2025	10/9/2029	1M SOFR Term + 6.00%	10.00%	—%
Senior Debt 110	2	Multifamily	North Carolina	6,279	6,243	5/30/2025	6/9/2030	1M SOFR Term + 3.25%	6.94%	69.1%
Senior Debt 111	2	Industrial	Virginia	6,144	6,107	6/4/2025	6/9/2030	1M SOFR Term + 3.25%	6.94%	36.0%
Senior Debt 112	2	Multifamily	Texas	19,250	19,326	6/20/2025	1/9/2028	6.65%	6.65%	75.5%
Senior Debt 113	2	Multifamily	South Carolina	9,150	9,112	7/1/2025	7/9/2030	1M SOFR Term + 3.25%	6.94%	72.1%
Senior Debt 114	2	Multifamily	Texas	12,000	12,051	8/1/2025	8/9/2028	6.75%	6.75%	80.5%
Senior Debt 115	2	Multifamily	Florida	6,681	6,652	9/5/2025	9/9/2028	1M SOFR Term + 3.35%	7.04%	68.2%
Senior Debt 116	2	Multifamily	Tennessee	3,043	2,015	8/18/2025	9/9/2030	1M SOFR Term + 6.25%	9.94%	—%
Senior Debt 117	2	Mixed Use	North Carolina	9,663	9,617	8/19/2025	9/9/2029	1M SOFR Term + 3.25%	6.94%	60.7%
Senior Debt 118[8]	2	Multifamily	Various	—	—	8/15/2025	2/9/2028	1M SOFR Term + 5.05%	—%	—%
Senior Debt 119	2	Multifamily	Texas	6,848	6,811	8/21/2025	9/9/2030	1M SOFR Term + 2.75%	6.44%	68.6%
Senior Debt 120	2	Multifamily	Florida	38,250	38,089	8/27/2025	9/9/2029	1M SOFR Term + 3.08%	6.77%	73.8%
Senior Debt 121	2	Multifamily	Various	43,534	43,344	9/16/2025	10/9/2029	1M SOFR Term + 2.90%	6.59%	72.8%
Senior Debt 122	2	Multifamily	Nevada	10,000	9,954	9/29/2025	10/9/2030	1M SOFR Term + 2.65%	6.34%	72.2%
Senior Debt 123	2	Multifamily	New Jersey	7,850	7,793	9/30/2025	10/9/2029	1M SOFR Term + 5.05%	8.74%	69.3%
Senior Debt 124	2	Industrial	Georgia	10,124	10,039	10/29/2025	11/9/2030	1M SOFR Term + 4.00%	7.69%	56.1%
Senior Debt 125	2	Multifamily	New York	6,191	6,162	11/14/2025	11/9/2030	1M SOFR Term + 2.72%	6.41%	56.5%
Senior Debt 126	2	Multifamily	North Carolina	17,770	17,654	11/7/2025	11/9/2030	1M SOFR Term + 2.25%	5.94%	73.7%
Senior Debt 127	2	Multifamily	Ohio	10,000	9,954	10/22/2025	11/9/2028	1M SOFR Term + 2.52%	6.21%	66.2%
Senior Debt 128	2	Multifamily	Ohio	6,110	6,082	10/22/2025	11/9/2028	1M SOFR Term + 2.50%	6.19%	66.0%
Senior Debt 129	2	Multifamily	Georgia	25,750	25,692	10/29/2025	11/9/2030	1M SOFR Term + 2.50%	6.19%	72.9%
Senior Debt 130	2	Multifamily	Various	61,500	61,364	10/28/2025	11/9/2030	1M SOFR Term + 2.30%	5.99%	72.1%
Senior Debt 131	2	Multifamily	Texas	8,513	8,472	11/12/2025	11/9/2030	1M SOFR Term + 2.73%	6.42%	63.6%
Senior Debt 132	2	Multifamily	Texas	7,388	7,354	10/31/2025	11/9/2030	1M SOFR Term + 2.55%	6.24%	65.8%
Senior Debt 133	2	Senior Housing	New York	8,628	8,572	11/7/2025	12/9/2029	1M SOFR Term + 4.25%	7.94%	69.0%
Senior Debt 134	2	Multifamily	Texas	11,000	11,051	11/13/2025	11/9/2028	6.75%	6.75%	90.9%
Senior Debt 135	2	Multifamily	Colorado	7,754	7,716	12/3/2025	12/9/2030	1M SOFR Term + 2.60%	6.29%	61.2%
Senior Debt 136	2	Multifamily	Texas	11,370	11,315	11/14/2025	12/9/2030	1M SOFR Term + 2.47%	6.16%	56.6%
Senior Debt 137	2	Multifamily	Texas	11,432	11,376	11/21/2025	12/9/2028	1M SOFR Term + 3.75%	7.44%	81.2%
Senior Debt 138	2	Multifamily	New York	45,256	45,036	12/1/2025	12/9/2030	1M SOFR Term + 2.00%	5.69%	57.5%
Senior Debt 139	2	Multifamily	Florida	8,400	8,358	12/3/2025	12/9/2030	1M SOFR Term + 3.25%	6.94%	65.1%
Senior Debt 140	2	Multifamily	New York	7,500	7,464	11/21/2025	12/9/2029	1M SOFR Term + 2.95%	6.64%	70.1%
Senior Debt 141	2	Multifamily	Colorado	35,674	35,503	11/25/2025	12/9/2030	1M SOFR Term + 2.30%	5.99%	67.7%
Senior Debt 142	2	Multifamily	Florida	18,000	17,912	11/20/2025	12/9/2030	1M SOFR Term + 2.50%	6.19%	70.4%
Senior Debt 143	2	Industrial	Florida	5,890	5,844	12/29/2025	1/9/2031	1M SOFR Term + 3.15%	6.84%	62.8%
Senior Debt 144	2	Multifamily	Georgia	18,000	17,912	11/21/2025	12/9/2028	1M SOFR Term + 2.25%	5.94%	72.7%
Senior Debt 145	2	Multifamily	North Carolina	6,381	6,337	12/30/2025	1/9/2031	1M SOFR Term + 4.00%	7.69%	74.6%
Senior Debt 146	2	Multifamily	Texas	6,439	6,398	11/20/2025	12/9/2030	1M SOFR Term + 2.85%	6.54%	56.1%
Senior Debt 147	2	Multifamily	Nevada	23,394	23,282	11/25/2025	12/9/2030	1M SOFR Term + 2.85%	6.54%	76.2%
Senior Debt 148	2	Industrial	Illinois	6,990	6,948	12/8/2025	12/9/2030	1M SOFR Term + 2.80%	6.49%	45.5%
Senior Debt 149	2	Healthcare	Various	20,872	20,770	12/1/2025	12/9/2029	1M SOFR Term + 3.75%	7.44%	76.1%
	2	Multifamily	Nevada	15,588	15,511	12/16/2025	1/9/2031	1M SOFR Term + 2.90%	6.59%	70.7%
Senior Debt 151	2	Industrial	California	5,936	5,890	12/19/2025	1/9/2030	1M SOFR Term + 3.55%	7.24%	50.1%
Senior Debt 152	2	Industrial	Texas	9,014	8,944	12/19/2025	1/9/2031	1M SOFR Term + 3.00%	6.69%	56.2%
Senior Debt 153	2	Senior Housing	New York	10,000	9,951	12/19/2025	1/9/2029	1M SOFR Term + 3.50%	7.19%	68.4%
Senior Debt 154	2	Industrial	Various	25,000	24,876	12/23/2025	1/9/2031	1M SOFR Term + 2.93%	6.62%	60.8%
Senior Debt 155	2	Hospitality	Florida	7,500	7,463	12/19/2025	1/9/2031	1M SOFR Term + 3.85%	7.54%	64.8%
Senior Debt 156	2	Industrial	Texas	5,112	5,063	12/16/2025	1/9/2031	1M SOFR Term + 3.50%	7.19%	65.4%
Senior Debt 157	2	Healthcare	Massachusetts	9,482	9,435	12/29/2025	1/9/2029	1M SOFR Term + 4.70%	8.39%	62.3%
Senior Debt 158	2	Multifamily	North Carolina	6,424	6,381	12/30/2025	1/9/2031	1M SOFR Term + 3.45%	7.14%	71.3%
Mezzanine Loan 1	3	Multifamily	District of Columbia	11,700	11,700	6/30/2023	7/9/2026	1M SOFR Term + 4.45%	8.14%	45.2%
Mezzanine Loan 2	2	Multifamily	California	4,000	3,995	5/24/2024	6/9/2028	1M SOFR Term + 3.67%	7.36%	60.9%
Mezzanine Loan 3	2	Multifamily	New Jersey	9,264	9,132	7/1/2024	7/9/2029	1M SOFR Term + 11.90%	15.95%	10.3%
Mezzanine Loan 4	2	Multifamily	New York	1,870	1,870	8/7/2024	8/9/2029	1M SOFR Term + 12.75%	16.75%	59.6%

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]
Mezzanine Loan 5	2	Multifamily	New York	2,100	2,094	11/19/2024	12/9/2029	1M SOFR Term + 8.23%	11.92%	85.6%
Mezzanine Loan 6	2	Hospitality	Texas	1,417	1,412	12/27/2024	1/9/2028	1M SOFR Term + 10.51%	14.20%	44.3%
Mezzanine Loan 7	2	Hospitality	New York	6,202	6,202	1/10/2025	1/9/2029	1M SOFR Term + 11.00%	14.69%	4.3%
Mezzanine Loan 8	2	Multifamily	Texas	1,230	1,169	3/26/2025	10/9/2029	1M SOFR Term + 15.25%	19.25%	—%
Mezzanine Loan 9	2	Multifamily	Tennessee	652	218	8/18/2025	9/9/2030	1M SOFR Term + 13.33%	17.02%	—%
Mezzanine Loan 10	2	Multifamily	New York	6,116	6,086	12/1/2025	12/9/2030	1M SOFR Term + 4.52%	8.21%	65.3%
Mezzanine Loan 11	2	Multifamily	New York	688	685	11/14/2025	11/9/2030	1M SOFR Term + 7.02%	10.71%	62.8%
Total/Weighted Average				**$4,435,511**	**$4,421,436**				**7.13%**	**64.5%**

(1) For a discussion of risk ratings, see Note 4 - Commercial Mortgage Loans, Held for Investment in our Consolidated Financial Statements included in this Form 10-K.

(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 December 31, 2025, all of our commercial mortgage loans, held for investment which had been indexed at LIBOR were converted to SOFR utilizing the 11.448 basis points adjustment 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) 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.

(8) Commitment on the loan was unfunded as of December 31, 2025.

The following table shows selected data from our commercial mortgage loans, held for sale, measured at fair value as of December 31, 2025 (dollars in thousands):

Type	Investment Type	State	Fair Value	Interest Rate	Effective Yield
TRS Conduit Debt 1	Non-Agency	Pennsylvania	$ 24,500	6.42%	6.42%
TRS Conduit Debt 2	Non-Agency	New York	5,000	7.25%	7.25%
Fannie Mae[2]	Agency Loan	Various	321,346	4.87%	4.87%
Ginnie Mae[2]	Agency Loan	Various	9,872	5.65%	5.65%
Total/Weighted Average			**$ 360,718**	**5.03%**	**5.03%**

(1) Loan to value percentage (LTV) represents the ratio of the loan amount to the appraised value of the property at the time of origination.

(2) 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 December 31, 2025 (dollars in thousands):

Type	Location	Property Type	Carrying Value	Undepreciated / Unamortized Value	Accounting Classification
REO 1[(1)]	Jeffersonville, GA	Industrial	$ 117,795	$ 139,816	Held for investment
REO 2	Portland, OR	Office	18,424	18,544	Held for investment
REO 3	Roseboro, NC	Retail	2,669	2,669	Held for sale
REO 4	Raleigh, NC	Multifamily	79,282	79,282	Held for sale
REO 5	Cleveland, OH	Multifamily	37,430	37,430	Held for sale
REO 6	Denver, CO	Office	16,954	16,954	Held for sale
REO 7	Austin, TX	Multifamily	34,968	34,968	Held for sale
REO 8	Fort Worth, TX	Multifamily	27,580	27,580	Held for sale
Total			**$ 335,102**	**$ 357,243**	

(1) Includes intangible lease assets

The following table shows selected data from our equity method investments, in our portfolio as of December 31, 2025 (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	$ 13,543
Equity Method Investment 2	May 2025	Commerce, CA	Industrial Property	8,592
Equity Method Investment 3	July 2025	N/A	Multifamily Bridge Lending	24,220
Equity Method Investment 4	July 2025	N/A	Multifamily Affordable Debt Lending	25,327
Total				**$ 71,682**

The following table shows selected data from our real estate securities, available for sale, measured at fair value as of December 31, 2025 (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	$ 5,181	5.43%
CMBS 2	1 month SOFR + 2.94%	6/15/2030	17,490	17,588	6.63%
CMBS 3	1 month SOFR + 2.95%	10/15/2030	10,000	10,005	6.64%
CMBS 4	1 month SOFR + 2.14%	11/15/2030	5,775	5,801	5.83%
CMBS 5	1 month SOFR + 2.64%	11/15/2030	9,265	9,253	6.33%
CMBS 6	1 month SOFR + 2.35%	7/21/2043	30,659	30,685	6.04%
CMBS 7	1 month SOFR + 2.75%	7/21/2043	15,000	15,013	6.44%
CMBS 8	1 month SOFR + 2.94%	1/15/2030	22,309	22,361	6.63%
CMBS 9	1 month SOFR + 3.95%	6/15/2030	21,304	21,381	7.64%
CMBS 10	1 month SOFR + 3.00%	6/15/2030	14,370	14,394	6.69%
Total/Weighted Average			**$ 151,362**	**$ 151,662**	**6.55%**

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 the table under *Contractual Obligations and Commitments*.

We may from time to time purchase or retire outstanding debt securities and 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 12 months and beyond.

Debt-to-Equity Ratio and Total Leverage Ratio

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

	December 31, 2025	December 31, 2024
Net debt-to-equity ratio[1]	2.5x	2.6x
Total leverage ratio[2]	2.5x	2.7x

[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 0.8x and 0.3x as of December 31, 2025 and 2024, 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 0.9x and 0.4x as of December 31, 2025 and 2024, respectively.

Sources of Liquidity

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

Our current sources of near-term liquidity as of December 31, 2025 and 2024 are set forth in the following table (dollars in millions):

	December 31, 2025	December 31, 2024
Unrestricted cash	$ 167	$ 184
CLO reinvestment available[1]	30	12
Financings available & in progress[2]	624	339
Total	**$ 821**	**$ 535**

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

[2] Represents cash available to invest at a market advance rate utilizing 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

During the year ended December 31, 2025, the Company raised $1.1 billion through the issuance of our CLO, BSPRT 2025-FL12 Issuer, LLC. Additionally, as of December 31, 2025, the Company had $29.5 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
2022-FL8 Issuer	$ 370.3	Ended
2023-FL10 Issuer	$ 553.2	Ended
2024-FL11 Issuer	$ 886.2	10/08/27
2025-FL12 Issuer	$ 947.2	05/08/28

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 years ended December 31, 2025, 2024, and 2023, respectively:

	As of December 31, 2025							
	Amount Outstanding				Average Outstanding Balance			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repurchase Agreements and Revolving Credit Facilities - Commercial Mortgage Loans	$ 429,314	$ 573,093	$ 1,176,808	$ 1,087,087	$ 426,898	$ 588,457	$ 1,076,364	$ 1,318,607
Repurchase Agreements, Real Estate Securities	206,164	128,890	131,657	187,371	249,374	253,388	195,847	190,842
Total	**$ 635,478**	**$ 701,983**	**$ 1,308,465**	**$ 1,274,458**	**$ 676,272**	**$ 841,845**	**$ 1,272,211**	**$ 1,509,449**

	As of December 31, 2024							
	Amount Outstanding				Average Outstanding Balance			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repurchase Agreements and Revolving Credit Facilities - Commercial Mortgage Loans	$ 412,556	$ 762,437	$ 183,761	$ 329,811	$ 382,313	$ 671,561	$ 799,861	$ 237,888
Repurchase Agreements, Real Estate Securities	194,769	243,646	241,266	236,608	217,012	249,442	259,977	264,514
Total	**$ 607,325**	**$ 1,006,083**	**$ 425,027**	**$ 566,419**	**$ 599,325**	**$ 921,003**	**$ 1,059,838**	**$ 502,402**

	As of December 31, 2023							
	Amount Outstanding				Average Outstanding Balance			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repurchase Agreements and Revolving Credit Facilities - Commercial Mortgage Loans	$ 604,421	$ 695,039	$ 249,345	$ 299,707	$ 725,300	$ 796,659	$ 816,929	$ 278,168
Repurchase Agreements, Real Estate Securities	107,934	176,993	240,010	174,055	217,389	209,025	349,878	263,769
Repurchase Agreements, Real Estate Securities held as trading	121,000	113,000	—	—	149,387	117,159	57,242	—
Total	**$ 833,355**	**$ 985,032**	**$ 489,355**	**$ 473,762**	**$ 1,092,076**	**$ 1,122,843**	**$ 1,224,049**	**$ 541,937**

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 twelve months ended December 31, 2025, the maximum monthly average outstanding balance was $1.5 billion, of which $1.3 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 twelve months ended December 31, 2024, the maximum monthly average outstanding balance was $1.1 billion, of which $0.8 billion was related to repurchase agreements on our commercial mortgage loans and $0.3 billion for repurchase agreements on our real estate securities.

During the twelve months ended December 31, 2023, the maximum monthly average outstanding balance was $1.2 billion, of which $0.9 billion was related to repurchase agreements on our commercial mortgage loans and $0.3 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 December 2025, the Company's board of directors declared the following: (i) a fourth quarter 2025 dividend of $0.355 per share on the Company's common stock (equivalent to $1.42 per annum), (ii) a fourth quarter 2025 dividend of $106.216 per share on the Company's Series H Preferred Stock, and (iii) a fourth quarter 2025 dividend of $0.46875 per share on the Company's Series E Preferred Stock and (iv) a fourth quarter 2025 dividend of $0.355 per unit on the OP Units, all of which were paid in January 2026 to holders of record as of December 31, 2025.

Under the ("DRIP"), the Company may elect to supply shares for reinvestment via newly issued shares of common stock under the DRIP or via shares of common stock acquired by the DRIP administrator on the open market. For the year ended December 31, 2025, 0 and 160,137 shares of common stock were issued by the Company and purchased in the open market by the DRIP administrator and allocated to DRIP participants, respectively, under the dividend reinvestment component of DRIP.

During the year ended December 31, 2025 and 2024, the Company paid an aggregate of $118.6 million and $117.9 million, respectively, of common stock distributions. In addition, during the year ended December 31, 2025, the Company's operating partnership paid $3.0 million of distributions to holders of OP Units. There were no OP Units outstanding in 2024.

Cash Flows

The following table sets forth changes in cash, cash equivalents and restricted cash for the years ended December 31, 2025 2024, and 2023, respectively

	For the Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities	$ 291,940	$ 57,233	$ 197,387
Cash flows from investing activities	380,806	(155,475)	380,807
Cash flows from financing activities	(684,429)	(48,581)	(424,994)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (11,683)	$ (146,823)	$ 153,200

Cash Flows from Operating Activities

During the year ended December 31, 2025, cash inflows of $291.9 million from operating activities were primarily driven by (i) net income of $84.1 million, (ii) net cash proceeds of $166.7 million related to originations, sales and repayment of commercial mortgage loans, held for sale, measured at fair value and (iii) certain non-cash expenses.

During the year ended December 31, 2024, cash inflows of $57.2 million from operating activities were primarily driven by (i) net income of $92.4 million and (ii) certain non-cash expenses, partially offset by net cash outlay of $74.1 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 year ended December 31, 2025 cash inflows of $380.8 million from investing activities were primarily driven by (i) proceeds from principal repayments of $1.5 billion received on commercial mortgage loans, held for investment, (ii) proceeds received from the sale or paydown of real estate securities, available for sale of $184.0 million, (iii) proceeds from the sale of real estate owned, held for sale assets of $60.9 million and (iv) proceeds from the sale of commercial mortgage loans, held for investment of $35.2 million. Inflows were partially offset by (i) the origination and purchase of commercial mortgage loans, held for investment for $924.4 million, (ii) the purchase of real estate securities, available for sale for $132.3 million and (iii) the payment of the cash portion of the consideration in the acquisition of NewPoint, which was $297.3 million.

During the year ended December 31, 2024, cash outflows of $155.5 million from investing activities were primarily driven by (i) the origination and purchase of commercial mortgage loans, held for investment for $1.8 billion, (ii) the purchase of real estate securities, available for sale for $79.5 million and (iii) the purchase of equity method investment in real estate for $13.4 million. Outflows were partially offset by (i) proceeds from principal repayments of $1.5 billion received on commercial mortgage loans, held for investment, (ii) proceeds from the sale or paydown of real estate securities, available for sale of $120.0 million, (iii) proceeds from the sale of real estate owned, held for sale assets of $34.4 million and (iv) proceeds from the sale of commercial mortgage loans, held for investment of $33.4 million.

Cash Flows from Financing Activities

During the year ended December 31, 2025 cash outflows of $684.4 million from financing activities were primarily driven by (i) net repayments from borrowings on collateralized loan obligations of $900.2 million, (ii) $145.6 million of distributions paid to shareholders, (iii) $7.4 million of distributions paid to non-controlling interest, (iv) payments of deferred financing costs of $15.9 million, (v) net repayments on repurchase agreements for real estate securities of $49.2 million and (vi) $14.4 million of common stock repurchases. Outflows were partially offset by (i) net borrowings on repurchase agreements and revolving credit facilities for commercial mortgage loans of $343.5 million and (ii) borrowings from new issuance of unsecured debt of $107.0 million.

During the year ended December 31, 2024, cash outflows of $48.6 million from financing activities were primarily driven by (i) repayments on our other financings of $23.7 million, (ii) $144.9 million of distributions paid to shareholders, (iii) $16.2 million of distributions paid to non-controlling interest, (iv) payments of deferred financing costs of $9.3 million and (v) $4.9 million of common stock repurchases. Outflows were partially offset by (i) net borrowings on collateralized loan obligations of $59.1 million, (ii) net borrowings on repurchase agreements for real estate securities of $62.6 million and (iii) net borrowings on repurchase agreements and revolving credit facilities for commercial mortgage loans of $30.1 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 December 31, 2025 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]	$ 77,167	$ 336,712	$ —	$ —	$ 413,879
Repurchase agreements - commercial mortgage loans	778,569	308,518	—	—	1,087,087
Repurchase agreements - real estate securities	187,371	—	—	—	187,371
CLOs [2]	—	—	—	2,756,927	2,756,927
Mortgage note payable	23,998	—	—	—	23,998
Unsecured debt	—	25,000	82,000	82,500	189,500
Other financings	—	12,865	—	—	12,865
Total	**$ 1,067,105**	**$ 683,095**	**$ 82,000**	**$ 2,839,427**	**$ 4,671,627**

[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 $366.1 million of CLO notes, held by the Company, which are eliminated in *Collateralized loan obligations* in the consolidated balance sheets as of December 31, 2025.

In addition to its cash requirements, the Company pays a quarterly dividend and has an existing share repurchase authorization. As of December 31, 2025, the Company's quarterly cash dividend was $0.355 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. The Company's Board of Directors also has authorized a $65 million share repurchase program, of which $16.7 million remained available as of December 31, 2025. The authorization does not obligate the Company to acquire any specific number of shares.

Related Party Arrangements

Benefit Street Partners L.L.C.

Amended Advisory Agreement

Refer to "Note 18 - Related Party Transactions and Arrangements" for a summary of the Company's Advisory Agreement with the Advisor and amounts paid to the Advisor pursuant to the Advisory Agreement for the years ended December 31, 2025 and December 31, 2024.

The Nominating and Corporate Governance Committee (the "Committee") of the Company's board of directors, which consists solely of the Company's independent directors, negotiated, approved and recommended that the board of directors approve, the amended Advisory Agreement. The Committee engaged independent legal counsel to assist the Committee in negotiating the amended Advisory Agreement.

Pursuant to the amended Advisory Agreement, the Advisor provides the daily management for the Company and the Operating Partnership, including an investment program consistent with the investment objectives and policies of the Company as determined and adopted from time to time by the board of directors. The initial term of the amended Advisory Agreement was three-years and was automatically renewed for an additional one-year period on January 19, 2026 and will continue to automatically renew for additional one-year periods unless either party elects not to renew.

The Company may terminate the amended Advisory Agreement for a Cause Event (as defined in the amended Advisory Agreement) without payment of a termination fee. Following the expiration of a term, and upon 180 days' prior written notice, the Company may, without cause, elect not to renew the amended Advisory Agreement upon the determination by two-thirds of the Company's independent directors that (i) there has been unsatisfactory performance by the Advisor or (ii) that the asset management fee and annual subordinated performance fee payable to the Advisor are not fair, subject to certain conditions. In such case, the Company shall be obligated to pay a termination fee.

During the term of the amended Advisory Agreement, the Advisor shall not, directly or indirectly, manage or advise another REIT that is engaged in the business of the Company in any geographical region in which the Company has a significant investment, or provide any services related to fixed-rate conduit lending to any other person, subject to certain conditions.

Loan Referral Agreement

Effective July 1, 2025, NewPoint shall refer prospective clients to the Advisor on a non-exclusive basis. If any loan referred to the Advisor during the term of the agreement successfully closes, and the Advisor actually receives a fee in connection therewith, the Advisor shall pay NewPoint a referral fee (the "Referral Fee") equal to 0.10% of the total amount of the loan. The Advisor or NewPoint may terminate this arrangement at any time, without notice and without cause.

Off Balance Sheet Arrangements

We had no off balance sheet arrangements as of December 31, 2025 and through the date of the filing of this Form 10-K.

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. 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 and Distributable Earnings to Common provide meaningful information to consider in addition to the disclosed GAAP results. The Company believes Distributable Earnings 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 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 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 and Distributable Earnings to Common for the years ended December 31, 2025, 2024, and 2023 (dollars in thousands):

	Year Ended December 31,		
	2025	**2024**	**2023**
GAAP Net Income (Loss)	$ 84,085	$ 92,403	$ 144,509
Adjustments:			
CLO amortization acceleration[1]	—	—	(5,521)
Unrealized (gain)/loss on financial instruments[2]	4,444	6,933	7,185
Unrealized (gain)/loss - ARMs	—	—	415
(Reversal of)/provision for credit losses	(11,850)	35,699	33,738
Non-cash compensation expense	13,070	8,173	4,762
Depreciation and amortization, net	9,570	5,630	7,128
Subordinated performance fee[3]	(1,080)	(7,551)	6,171
Transaction-related and non-recurring items[4]	8,818	—	—
Realized (gain)/loss on debt extinguishment / CLO call	7,660	—	(2,201)
Loan workout charges/(loan workout recoveries)[5]	—	—	(5,105)
Income from mortgage servicing rights	(28,570)	—	—
Amortization and write-offs of MSRs	25,625	—	—
Deferred tax adjustment	3,030	—	—
Fair value adjustments on equity investments	(1,707)	—	—
Distributable Earnings before Realized Loss	**$ 113,095**	**$ 141,287**	**$ 191,081**
Realized gain / (loss) on debt extinguishment	(7,660)	—	—
Realized gain/(loss) adjustment on loans and REO[6]	(38,114)	(40,605)	(1,571)
Distributable Earnings	**$ 67,321**	**$ 100,682**	**$ 189,510**
7.5% series E cumulative redeemable preferred stock dividend	(19,367)	(19,367)	(19,367)
Non-controlling interests in joint ventures net (income) / loss	(1,814)	3,475	(602)
Non-controlling interests in joint ventures adjusted net (income) / loss DE adjustments	(265)	(3,717)	(31)
Distributable Earnings to Common	**$ 45,875**	**$ 81,073**	**$ 169,510**
Average common stock & common stock equivalents[7]	1,354,842	1,363,621	1,403,558
GAAP net income/(loss) ROE	4.6 %	5.6 %	8.9 %
Distributable earnings ROE	3.4 %	5.9 %	12.1 %
GAAP net income/(loss) per share, diluted	$ 0.64	$ 0.82	$ 1.42
GAAP net income/(loss) per share, fully converted[8]	$ 0.68	$ 0.87	$ 1.42
Distributable earnings per share, fully converted[8]	$ 0.49	$ 0.92	$ 1.92
Distributable earnings per share before realized loss, fully converted[6]	$ 0.99	$ 1.38	$ 1.93

(1) Before Q1 2024, we adjusted GAAP income for non-cash CLO amortization acceleration to effectively amortize the issuance costs of our CLOs over the expected lifetime of the CLOs. We assume our CLOs will be outstanding for approximately four years and amortized the financing costs over approximately four years in our distributable earnings as compared to effective yield methodology in our GAAP earnings. Starting in Q1 2024, we amortized the issuance costs incurred on our CLOs over the expected lifetime of the CLOs in our GAAP presentation, making our previous adjustment no longer necessary.

(2) 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.

(3) Represents accrued and unpaid subordinated performance fee. In addition, reversal of subordinated performance fee represents cash payment obligations during the period.

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

(5) 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 2022.

(6) 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 December 31, 2025, the Company has $8.1 million of GAAP loss adjustments that would run through distributable earnings if and when cash losses are realized.

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

(8) 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 7A. 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 will be 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 December 31, 2025 and 2024, our portfolio included 162 and 149 variable rate investments, respectively, based on LIBOR and SOFR (or "indexing rates") for various terms. As of June 2023, the Company 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 Indexing Rates	**December 31, 2025**	**December 31, 2024**
(-) 100 Basis Points	8.51 %	(1.09) %
(-) 50 Basis Points	2.26 %	(1.47) %
Base Interest Rate	— %	— %
(+) 50 Basis Points	0.24 %	2.38 %

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 $7.4 million at December 31, 2025, while a 100 basis point decrease would increase the fair value by $7.9 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 8. Financial Statements and Supplementary Data.

The information required by this Item 8 is hereby incorporated by reference to our Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in reports we file and submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures in reaching that level of reasonable assurance.

In accordance with Rules 13a-15(b) and 15d-15(b) of 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 Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of December 31, 2025, that our disclosure controls and procedures are effective to provide the reasonable assurance described above.

Internal Control Over Financial Reporting

Management's Annual Reporting on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making that assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Management has accordingly excluded processes and controls of NewPoint that have not yet been converted to the Company's systems or processes from its assessment of internal control over financial reporting for the year ended December 31, 2025. Assets and revenues associated with those processes and procedures as of December 31, 2025 include 12% and 16% of total assets and revenues, respectively.

Based on its assessment, our management concluded that, as of December 31, 2025, our internal control over financial reporting was effective.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), audited the effectiveness of our internal control over financial reporting as of December 31, 2025. Their report dated February 25, 2026, which is included herein, expressed an unqualified opinion on the effectiveness of our internal control over financial reporting

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2025, 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. As noted above, Management has excluded processes and controls of NewPoint that have not yet been converted to the Company's systems or processes from its assessment of internal control over financial reporting for the year ended December 31, 2025.

Item 9B. Other Information.

During the quarter ended December 31, 2025, no director or officer of the Company adopted, modified, 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 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The Board of Directors maintains a Code of Ethics that is applicable to our directors, officers, our Advisor and employees of the Advisor performing substantial services for the Company. It covers topics including, but not limited to, conflicts of interest, confidentiality of information, full and fair disclosure, reporting of violations and compliance with laws and regulations.

The Code of Ethics is available on the Company's website at www.fbrtreit.com by clicking on "Governance – Governance Documents – Code of Ethics." We intend to disclose on this website any amendment to, or waiver of, any provision of this Code of Ethics applicable to our directors and executive officers that would otherwise be required to be disclosed under the rules of the SEC. You may also obtain a copy of the Code of Ethics by writing to our secretary at: Franklin BSP Realty Trust, Inc., 1 Madison Avenue, Suite 1600, New York, New York 10010, Attention: Micah Goodman, Secretary. A waiver of the Code of Ethics for our Chief Executive Officer may be made only by the Board of Directors or the appropriate committee of the Board and will be promptly disclosed to the extent required by law. A waiver of the Code of Ethics for all other person may be made only by our Chief Executive Officer and shall be discussed with the Board or a committee of the Board as appropriate.

The other information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement for the 2026 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Exchange Act.

Item 11. Executive Compensation.

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement for the 2026 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Exchange Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Except as set forth below, the information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement for the 2026 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Exchange Act.

Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued under our equity compensation plans as of December 31, 2025:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights [1]	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans [2]
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	1,435,383	—	2,880,113
Total	**1,435,383**	**—**	**2,880,113**

[1] Represents unvested and outstanding restricted stock units issued under the Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan. One share of the Company's common stock will be issued for each restricted stock unit that vests.

[2] The number of securities remaining available for future issuance consists of shares issuable under the Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan, which was adopted and approved by our Board of Directors prior to the listing of our common stock on the NYSE.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement for the 2026 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Exchange Act.

Item 14. Principal Accounting Fees and Services.

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement for the 2026 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Exchange Act.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statement Schedules

See the Index to Consolidated Financial Statements on page F-1 of this report.

(b) Exhibits

See the Index to Exhibit below.

INDEX TO EXHIBITS

The following exhibits are included in this Annual Report on Form 10-K for the year ended December 31, 2025 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
3.1	Articles of Amendment and Restatement, effective March 10, 2021 (incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 11, 2021).
3.2	Articles of Amendment to the Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on October 8, 2021).
3.3	Articles Supplementary of Franklin BSP Realty Trust, Inc., effective October 19, 2021, relating to Series E Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on October 21, 2021).
3.4	Articles Supplementary of Franklin BSP Realty Trust, Inc., dated June 21, 2022, relating to Series H Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 24, 2022).
3.5	Amendment No. 1 to Articles Supplementary of Franklin BSP Realty Trust, Inc., effective January 19, 2023, relating to Series H Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on January 20, 2023).
3.6	Amendment No. 2 to Articles Supplementary of Franklin BSP Realty Trust, Inc., effective January 10, 2024, relating to Series H Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on January 12, 2024)
3.7	Amendment No. 3 to Articles Supplementary of Franklin BSP Realty Trust, Inc., effective January 16, 2025, relating to Series H Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on January 17, 2025).
3.8	Amendment No. 4 to Articles Supplementary of Franklin BSP Realty Trust, Inc., dated January 20, 2026, relating to Series H Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on January 21, 2026).
3.9	Amended and Restated Bylaws of Franklin BSP Realty Trust, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on June 16, 2022)
4.1	Description of Securities of the Registrant (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 16, 2023).
4.2*	Second Amended and Restated Limited Liability Company Agreement of FBRT OP LLC, dated as of July 1, 2025.
10.1	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 filed with the SEC on November 14, 2016).
10.2†	Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 filed with the SEC on November 12, 2021).
10.3†	Form of Restricted Share Unit Award Agreement pursuant to the Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan.(incorporated by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 25, 2022).
10.4	Amended and Restated Advisory Agreement, dated as of January 19, 2018, by and among Benefit Street Partners Realty Trust, Benefit Street Partners Realty Operating Partnership, L.P. and Benefit Street Partners, L.L.C (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 23, 2018).
10.5	Amendment No. 1 to Amended and Restated Advisory Agreement, dated August 18, 2021, by and among Benefit Street Partners Realty Trust, Inc., Benefit Street Partners Realty Operating Partnership, L.P. and Benefit Street Partners L.L.C. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 18, 2021).
10.6	Indenture, dated as of February 15, 2022, by and among BSPRT 2022-FL8 Issuer, Ltd., BSPRT 2022-FL8 Co-Issuer, LLC, Benefit Street Partners Realty Operating Partnership, L.P., as advancing agent, and U.S. Bank National Association, as trustee, note administrator and custodian (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 18, 2022).
10.7†	Form of Director Restricted Stock Award Agreement under Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 3, 2023).

10.8	Indenture, dated as of September 28, 2023, by and among BSPRT 2023-FL10 Issuer, LLC, Benefit Street Partners Realty Operating Partnership, L.P., as advancing agent, U.S. Bank Trust Company, National Association, as trustee and note administrator, and U.S. Bank National Association as custodian (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on October 3, 2023)
10.9	Indenture, dated as of September 26, 2024, by and among BSPRT 2024-FL11 Issuer, LLC, Benefit Street Partners Realty Operating Partnership, L.P., as advancing agent, U.S. Bank Trust Company, National Association, as trustee and note administrator, and U.S. Bank National Association as custodian (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on September 27, 2024)
10.10	Indenture, dated as of October 15, 2025, by and among BSPRT 2025-FL12 Issuer, LLC, Benefit Street Partners Realty Operating Partnership, L.P., as advancing agent, U.S. Bank Trust Company, National Association, as trustee and note administrator, and U.S. Bank National Association as custodian (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on October 17, 2025)
10.11	Purchase and Sale Agreement, dated as of March 9, 2025, by and among New Point Holdings JV LLC, each of the members of NewPoint Holdings JV LLC, FBRT OP LLC, FBRT Sub REIT TRS LLC, Franklin BSP Realty Trust, Inc., and certain other parties named therein (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 10, 2025).
19.1	Insider Trading Policy (incorporated by reference to Exhibit 19.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 26, 2025)
21*	Subsidiaries of the Registrant
23.1*	Consent of PricewaterhouseCoopers LLP
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.
97.1†	Compensation Recovery Policy (incorporated by reference to Exhibit 97.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 26, 2024).
101*	XBRL (eXtensible Business Reporting Language). The following materials from Benefit Street Partners Realty Trust, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2025 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.

† Indicates management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Franklin BSP Realty Trust, Inc.

Date: February 25, 2026

By /s/ Michael Comparato
Michael Comparato
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ Michael Comparato Michael Comparato	Chief Executive Officer	February 25, 2026
/s/ Richard J. Byrne Richard J. Byrne	Chairman	February 25, 2026
/s/ Jerome S. Baglien Jerome S. Baglien	Chief Financial Officer and Chief Operating Officer (Principal Financial and Accounting Officer)	February 25, 2026
/s/ Elizabeth K. Tuppeny Elizabeth K. Tuppeny	Lead Independent Director	February 25, 2026
/s/ Pat Augustine Pat Augustine	Director	February 25, 2026
/s/ Joe Dumars Joe Dumars	Director	February 25, 2026
/s/ Jamie Handwerker Jamie Handwerker	Director	February 25, 2026
/s/ Peter McDonough Peter McDonough	Director	February 25, 2026
/s/ Buford Ortale Buford Ortale	Director	February 25, 2026

FRANKLIN BSP REALTY TRUST, INC.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Franklin BSP Realty Trust, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Franklin BSP Realty Trust, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes and financial statement schedule listed in the accompanying index as of December 31, 2025 (collectively referred to as the "consolidated financial statements. We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Reporting on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Annual Reporting on Internal Control over Financial Reporting, management has excluded NewPoint Holdings JV LLC from its assessment of internal control over financial reporting as of December 31, 2025, because it was acquired by the Company in a purchase business combination during 2025. We have also excluded NewPoint Holdings JV LLC from our audit of internal control over financial reporting. NewPoint Holdings JV LLC is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 12% and 16%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2025.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain

to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses – Commercial Mortgage Loans Held for Investment

As described in Notes 2 and 4 to the consolidated financial statements, the allowance for credit losses on the Company's commercial mortgage loans held for investment was $38.3 million as of December 31, 2025, inclusive of the general and specific allowances for credit losses of $34.2 million and $4.1 million, respectively. The general allowance for credit losses for the Company's loans carried at amortized cost, such as loans held for investment, represents a lifetime estimate of expected credit losses. In measuring the general allowance for credit losses for loans held for investment, the Company primarily applies a probability of default ("PD")/loss given default ("LGD") model for loans that are collectively assessed and the allowance for credit losses is calculated as the product of the PD, LGD and exposure at default ("EAD") estimates. The Company's model to determine the general allowance for credit losses principally utilizes historical loss rates, forecasting loss parameters based on a projected macroeconomic scenario using a probability-based statistical approach over a reasonable and supportable forecast period of twelve months, followed by an immediate reversion to average historical losses. For loans held for investment which management identifies reasonable doubt as to whether the collection of contractual components can be satisfied, a specific allowance for credit losses analysis is performed. If a loan is determined to have a specific allowance for credit losses, it is recorded by applying the practical expedient for collateral dependent loans. The specific allowance for credit losses is assessed on an individual basis for such loans by comparing the estimated fair value of the underlying collateral, less costs to sell to the book value of the respective loan. The estimated fair value of the underlying collateral requires judgments such as, assumptions regarding capitalization rates, discount rates, leasing, creditworthiness of major tenants, occupancy rates, availability and cost of financing, exit plans, loan sponsorship, actions of other lenders, and other factors deemed relevant by management.

The principal considerations for our determination that performing procedures relating to the allowance for credit losses for commercial mortgage loans held for investment is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the underlying collateral used to determine the specific allowance for credit losses for commercial mortgage loans held for investment; (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to capitalization rates and discount rates; (iii) a high degree of audit effort in performing procedures related to the general allowance for credit losses; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for credit losses for commercial mortgage loans held for investment, including controls over management's significant assumptions related to capitalization rates and discount rates used when developing the fair value estimate of the underlying collateral used to determine the specific allowance for credit losses. These procedures also included, among others, (i) testing management's process for developing the allowance for credit losses for commercial mortgage loans held for investment; (ii) testing the completeness and accuracy of certain data used when developing the allowance for credit losses; and (iii) the involvement of professionals with specialized skill and knowledge to assist in evaluating (a) the appropriateness of the PD and LGD model used by management when developing the general allowance for credit losses, (b) the appropriateness of the methodology used by management when developing the fair value estimate of the underlying collateral used when determining the

specific allowance for credit losses, (c) the probability of default and loss given default estimates, including management's selected projected macroeconomic scenario when estimating the general allowance for credit losses, and (d) the reasonableness of the capitalization rates and discount rates assumptions used when developing the fair value estimate of the underlying collateral used when determining the specific allowance for credit losses.

Acquisition of NewPoint Holdings JV LLC – Valuation of Agency Licenses

As described in Notes 2 and 3 to the consolidated financial statements, on July 1, 2025, the Company completed the acquisition of NewPoint Holdings JV LLC ("NewPoint") for an aggregate purchase price of $427.8 million. Of the acquired intangible assets, $73 million of agency licenses were recorded. The fair value of the acquired agency licenses was 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.

The principal considerations for our determination that performing procedures relating to the valuation of the agency licenses acquired in the acquisition of NewPoint is a critical audit matter are (i) the significant judgement by management when developing the fair value estimate of the agency licenses acquired; (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating management's significant unobservable input related to the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the agency licenses acquired. These procedures also included, among others, (i) reading the purchase agreement; (ii) testing management's process for developing the fair value estimate of the agency licenses acquired; and (iii) testing the completeness and accuracy of certain underlying data used in the discounted cash flow method. Professionals with specialized skill and knowledge were used to assist in evaluating (a) the appropriateness of the discounted cash flow method and (b) the reasonableness of the discount rate unobservable input used when developing the fair value estimate of the agency licenses acquired.

/s/ PricewaterhouseCoopers LLP
Atlanta, Georgia
February 25, 2026

We have served as the Company's auditor since 2023.

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

	December 31, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	$ 167,292	$ 184,443
Restricted cash	17,889	12,421
Investment securities, held to maturity[1]	20,483	—
Commercial mortgage loans, held for investment, net of allowance for credit losses of $38,302 and $78,083 as of December 31, 2025 and 2024, respectively[2]	4,383,134	4,908,667
Commercial mortgage loans, held for sale, measured at fair value[3]	360,718	87,270
Real estate securities, available for sale, measured at fair value, amortized cost of $151,946 and $202,894 as of December 31, 2025 and 2024, respectively[4]	151,662	202,973
Mortgage servicing rights, net	212,216	—
Accrued interest receivable	41,468	42,225
Receivable for loan repayment[5]	50,619	157,582
Prepaid expenses and other assets	45,112	17,526
Real estate owned, net of depreciation	99,265	113,160
Real estate owned, held for sale	198,883	222,890
Equity method investments	71,682	13,395
Intangible assets, net of amortization	115,553	39,834
Goodwill	92,048	—
Derivative instruments, measured at fair value	11,315	—
Loans eligible for repurchase	17,911	—
Total assets	**$ 6,057,250**	**$ 6,002,386**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Collateralized loan obligations	$ 2,735,582	$ 3,628,270
Repurchase agreements and revolving credit facilities - commercial mortgage loans	1,087,087	329,811
Repurchase agreements - real estate securities	187,371	236,608
Other financings	12,865	12,865
Unsecured debt	185,466	81,395
Mortgage note payable	23,998	23,998
Allowance for loss sharing	19,484	—
Accrued compensation	43,662	—
Liability for loans eligible for repurchase	17,911	—
Interest payable	16,110	12,844
Distributions payable	38,935	36,237
Accounts payable and accrued expenses	18,892	4,081
Due to affiliates	12,054	14,106
Derivative instruments, measured at fair value	6,951	713
Other liabilities	29,657	11,653
Total liabilities	**$ 4,436,025**	**$ 4,392,581**
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 December 31, 2025 and 2024, respectively	$ 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 December 31, 2025 and 2024, respectively	$ 258,742	$ 258,742
Common stock, $0.01 par value, 900,000,000 shares authorized, 81,553,982 and 83,066,789 issued and outstanding as of December 31, 2025 and 2024, respectively	808	818
Additional paid-in capital	1,593,365	1,600,997
Accumulated other comprehensive income (loss)	(284)	79
Accumulated deficit	(411,101)	(348,074)
Total stockholders' equity	**$ 1,441,530**	**$ 1,512,562**
Non-controlling interest	89,947	7,495
Total equity	**$ 1,531,477**	**$ 1,520,057**
Total liabilities, redeemable convertible preferred stock and equity	**$ 6,057,250**	**$ 6,002,386**

(1) Includes pledged assets of $20.2 million as of December 31, 2025.

(2) Includes pledged assets of $855.2 million and $268.7 million as of December 31, 2025 and 2024, respectively.

(3) Includes pledged assets of $329.2 million and $61.1 million as of December 31, 2025 and 2024, respectively.

(4) Includes pledged assets of $151.7 million and $180.7 million as of December 31, 2025 and 2024, respectively.

(5) Includes $50.5 million and $157.0 million of cash held by the servicer related to the CLOs as of December 31, 2025 and 2024, respectively.

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

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

	Year Ended December 31,		
	2025	**2024**	**2023**
Income			
Interest income	$ 430,280	$ 526,076	$ 552,506
Less: Interest expense	288,327	338,471	305,577
Net interest income	141,953	187,605	246,929
Gain/(loss) on sales, including fee-based services, net	57,599	13,125	3,917
Mortgage servicing rights	28,570	—	—
Servicing revenue, net	12,516	—	—
Gain/(loss) on derivatives	(200)	(211)	858
Revenue from real estate owned	29,633	22,849	17,021
Total income	**$ 270,071**	**$ 223,368**	**$ 268,725**
Expenses			
Compensation and benefits	$ 53,739	$ —	$ —
Asset management and subordinated performance fee	24,497	25,958	33,847
Acquisition expenses	951	996	1,241
Administrative services expenses	13,346	9,707	14,440
Professional fees	29,207	14,508	15,270
Other expenses	45,919	21,472	11,135
Depreciation and amortization	9,593	5,630	7,128
Share-based compensation	9,118	8,173	4,761
Total expenses	**$ 186,370**	**$ 86,444**	**$ 87,822**
Other income/(loss)			
(Provision)/benefit for credit losses	$ 11,850	$ (35,699)	$ (33,738)
Realized gain/(loss) on sale of commercial mortgage loans, held for investment	—	138	—
Realized gain/(loss) on sale of commercial mortgage loans, held for sale	(246)	—	—
Realized gain/(loss) on real estate securities, available for sale	112	143	80
Realized gain/(loss) on extinguishment of debt	(7,660)	—	2,201
Gain/(loss) on other real estate investments	(3,371)	(7,983)	(7,089)
Income/(loss) from equity method investments	3,583	—	—
Trading gain/(loss)	—	—	(605)
Total other income/(loss)	**$ 4,268**	**$ (43,401)**	**$ (39,151)**
Income/(loss) before taxes	87,969	93,523	141,752
(Provision)/benefit for income tax	(3,884)	(1,120)	2,757
Net income/(loss)	**$ 84,085**	**$ 92,403**	**$ 144,509**
Net (income)/loss attributable to non-controlling interest	(1,814)	3,475	706
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	**$ 82,271**	**$ 95,878**	**$ 145,215**
Less: Preferred stock dividends	26,993	26,993	26,993
Net income/(loss) attributable to common stock	**$ 55,278**	**$ 68,885**	**$ 118,222**
Basic earnings per share	$ 0.65	$ 0.82	$ 1.42
Diluted earnings per share	$ 0.64	$ 0.82	$ 1.42
Basic weighted average shares outstanding	81,965,156	81,846,170	82,307,970
Diluted weighted average shares outstanding	86,192,595	81,846,170	82,307,970

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

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

	Year Ended December 31,		
	2025	**2024**	**2023**
Net income/(loss)	$ 84,085	$ 92,403	$ 144,509
Amounts related to available for sale real estate securities:			
Change in net unrealized gain/(loss)	$ (406)	$ 447	$ (330)
Reclassification adjustment for amounts included in net income/(loss)	43	335	(763)
	$ (363)	$ 782	$ (1,093)
Comprehensive (income)/loss attributable to non-controlling interest	(1,814)	3,475	706
Comprehensive income/(loss) attributable to Franklin BSP Realty Trust, Inc.	**$ 81,908**	**$ 96,660**	**$ 144,122**

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

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

	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, 2022	**82,992,784**	**$ 826**	**$1,602,247**	**$ 390**	**$ (299,225)**	**$258,742**	**$ 1,562,980**	**$ 15,408**	**$1,578,388**
Common stock repurchases	(1,026,105)	(10)	(12,495)	—	—	—	(12,505)	—	(12,505)
Common stock issued through distribution reinvestment plan	61,866	1	768	—	—	—	769	—	769
Share-based compensation	481,189	—	4,761	—	—	—	4,761	—	4,761
Shares canceled for tax withholding on vested equity rewards	(57,021)	—	(812)	—	—	—	(812)	—	(812)
Series I Preferred stock converted into common stock	299,200	3	4,997	—	—	—	5,000	—	5,000
Offering costs	—	—	(269)	—	—	—	(269)	—	(269)
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	145,215	—	145,215	—	145,215
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	(706)	(706)
Distributions declared	—	—	—	—	(144,932)	—	(144,932)	—	(144,932)
Other comprehensive income/(loss)	—	—	—	(1,093)	—	—	(1,093)	—	(1,093)
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	12,393	12,393
Balance, December 31, 2023	**82,751,913**	**$ 820**	**$1,599,197**	**$ (703)**	**$ (298,942)**	**$258,742**	**$ 1,559,114**	**$ 27,095**	**$1,586,209**
Common stock repurchases	(391,863)	(4)	(4,863)	—	—	—	(4,867)	—	(4,867)
Share-based compensation	819,710	2	8,171	—	—	—	8,173	—	8,173
Shares canceled for tax withholding on vested equity rewards	(112,971)	—	(1,508)	—	—	—	(1,508)	—	(1,508)
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	95,878	—	95,878	—	95,878
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	(3,475)	(3,475)
Distributions declared	—	—	—	—	(145,010)	—	(145,010)	—	(145,010)
Other comprehensive income/(loss)	—	—	—	782	—	—	782	—	782
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	(16,125)	(16,125)
Balance, December 31, 2024	**83,066,789**	**$ 818**	**$1,600,997**	**$ 79**	**$ (348,074)**	**$258,742**	**$ 1,512,562**	**$ 7,495**	**$1,520,057**
Common stock repurchases	(1,371,073)	(14)	(14,353)	—	—	—	(14,367)	—	(14,367)
Share-based compensation	54,286	4	9,114	—	—	—	9,118	—	9,118
Shares canceled for tax withholding on vested equity rewards	(196,020)	—	(2,393)	—	—	—	(2,393)	—	(2,393)
Net income/(loss) attributable to Franklin BSP Realty Trust, Inc.	—	—	—	—	82,271	—	82,271	—	82,271
Net income/(loss) attributable to non-controlling interest	—	—	—	—	—	—	—	1,814	1,814
Distributions declared	—	—	—	—	(145,298)	—	(145,298)	—	(145,298)
Other comprehensive income/(loss)	—	—	—	(363)	—	—	(363)	—	(363)
Contributions/(distributions) in non-controlling interest, net	—	—	—	—	—	—	—	80,638	80,638
Balance, December 31, 2025	**81,553,982**	**$ 808**	**$1,593,365**	**$ (284)**	**$ (411,101)**	**$258,742**	**$ 1,441,530**	**$ 89,947**	**$1,531,477**

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

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

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Cash flows from operating activities:			
Net income/(loss)	$ 84,085	$ 92,403	$ 144,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Premium amortization and (discount accretion), net	$ (9,716)	$ (9,622)	$ (13,072)
Accretion of deferred commitment fees	(4,503)	(6,584)	(7,577)
Amortization of deferred financing costs	12,959	13,035	7,779
Share-based compensation	9,118	8,173	4,761
Realized (gain)/loss on extinguishment of debt	7,660	—	(2,201)
Realized (gain)/loss on sale of available for sale securities, measured at fair value	(113)	(143)	(80)
Realized (gain)/loss on sale of commercial mortgage loans, held for sale, measured at fair value	(18,109)	(13,125)	(3,873)
Realized (gain)/loss on sale of commercial mortgage loans, held for sale	246	—	—
Realized (gain)/loss on sale of commercial mortgage loans, held for investment	—	(138)	—
Unrealized (gain)/loss on commercial mortgage loans, held for sale, measured at fair value	—	—	(44)
(Income)/loss from equity method investments	(3,583)	—	—
Unrealized (gain)/losses on derivative instruments	200	(1,050)	140
(Gain)/loss on other real estate investments	3,371	7,983	7,089
Trading (gain)/loss	—	—	605
Depreciation and amortization	9,593	5,630	8,412
Straight line rental income	946	(3,518)	(3,785)
Provision/(benefit) for credit losses	(11,850)	35,699	33,738
Origination of commercial mortgage loans, held for sale, measured at fair value	(3,637,236)	(358,445)	(102,500)
Proceeds from sale or repayment of commercial mortgage loans, held for sale, measured at fair value	3,803,908	284,300	121,976
Origination and purchase of commercial mortgage loans, held for sale	(7,000)	—	—
Proceeds from sale of commercial mortgage loans, held for sale	40,710	—	—
Distributions from equity method investments	1,876	—	—
MSR impairment and amortization	22,035	—	—
Mortgage banking activities	(23,544)	—	—
Changes in assets and liabilities:			
Accrued interest receivable	9,147	6,756	(906)
Prepaid expenses and other assets	(893)	(2,857)	700
Accounts payable and accrued expenses	2,845	6,485	(5,081)
Due to affiliates	(2,052)	(5,210)	3,887
Interest payable	2,112	(2,539)	2,910
Accrued compensation	9,012	—	—
Other liabilities	(9,284)	—	—
Net cash provided by operating activities	**$ 291,940**	**$ 57,233**	**$ 197,387**
Cash flows from investing activities:			
Origination and purchase of commercial mortgage loans, held for investment	$ (924,400)	$ (1,759,291)	$ (936,271)
Principal repayments received on commercial mortgage loans, held for investment	1,468,430	1,507,438	1,065,538
Purchase of equity method investments	(9,800)	(13,395)	—
Distributions from equity method investments	834	—	—
Proceeds from sale of real estate owned, held for sale	60,931	34,375	39,755

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

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Purchase of real estate owned and capital expenditures	(1,587)	(324)	(1,151)
Proceeds from sale of commercial mortgage loans, held for investment	35,184	33,420	—
Purchase of NewPoint Holdings JV LLC	(297,308)	—	—
Payment of software development costs	(360)	—	—
Purchase of real estate securities, available for sale	(132,313)	(79,503)	(223,768)
Proceeds from sale or paydown of real estate securities, available for sale	183,966	120,042	418,791
Purchases of investment securities, held to maturity	(11,400)	—	—
Proceeds from sale of investment securities, held to maturity	8,800	—	—
Principal collateral on mortgage investments	—	—	17,702
Proceeds from sale/(purchase) of derivative instruments	(171)	1,763	211
Net cash (used in)/provided by investing activities	**$ 380,806**	**$ (155,475)**	**$ 380,807**
Cash flows from financing activities:			
Payments for common stock repurchases	$ (14,367)	$ (4,867)	$ (12,505)
Shares canceled for tax withholding on vested equity awards	(2,393)	(1,508)	(812)
Payments of offering costs	—	—	(269)
Borrowings on collateralized loan obligations	947,189	914,125	689,294
Repayments of collateralized loan obligations	(1,847,379)	(854,979)	(241,223)
Borrowings on repurchase agreements and revolving credit facilities - commercial mortgage loans	5,015,177	892,675	600,164
Repayments of repurchase agreements and revolving credit facilities - commercial mortgage loans	(4,671,698)	(862,571)	(981,317)
Net borrowings (paydowns) on repurchase agreements - real estate securities, less than 90 days maturity	(49,237)	62,553	(265,953)
Borrowings on other financings	—	—	59,707
Repayments on other financings	—	(23,669)	(99,474)
Borrowings on unsecured debt	107,000	—	—
Repayments of unsecured debt	—	—	(13,367)
Payments of deferred financing costs	(15,855)	(9,309)	(12,905)
Distributions to non-controlling interest	(7,417)	(16,189)	(1,987)
Contributions from non-controlling interest	128	64	—
Distributions paid to common and preferred shareholders	(145,577)	(144,906)	(144,347)
Net cash used in financing activities:	**$ (684,429)**	**$ (48,581)**	**$ (424,994)**
Net change in cash, cash equivalents and restricted cash	(11,683)	(146,823)	153,200
Cash, cash equivalents and restricted cash, beginning of period	196,864	343,687	190,487
Cash, cash equivalents and restricted cash, end of period	**$ 185,181**	**$ 196,864**	**$ 343,687**
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents, beginning of period	184,443	337,595	179,314
Restricted cash, beginning of period	12,421	6,092	11,173
Cash, cash equivalents and restricted cash, beginning of period	**$ 196,864**	**$ 343,687**	**$ 190,487**
Cash and cash equivalents, end of period	167,292	184,443	337,595
Restricted cash, end of period	17,889	12,421	6,092
Cash, cash equivalents and restricted cash, end of period	**$ 185,181**	**$ 196,864**	**$ 343,687**

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

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Supplemental disclosures of cash flow information:			
Cash payments for income taxes	$ 1,098	$ 1,035	$ 325
Cash payments for interest	275,816	324,568	295,130
Supplemental disclosures of non-cash flow information:			
Common stock issued through distribution reinvestment plan	$ —	$ —	$ 769
Distribution payable	38,935	36,237	36,133
Loans transferred from commercial mortgage loans, held for investment to commercial mortgage loans, held for sale	33,909	—	—
Loans transferred from commercial mortgage loans, held for investment to real estate owned, held for sale	197,397	307,546	77,305
Modification accounted for as repayment and new loan	60,000	42,235	—
Seller-based financing on sales of real estate owned, held for sale	168,899	94,917	—
Reclassification of real estate owned assets held for investment to held for sale	11,494	—	114,512
Reclassification of real estate owned liabilities held for investment to held for sale	—	—	13,664
Conversion of preferred stock to common stock	—	—	5,000

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

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

Note 1 - Organization and Business Operations

Franklin BSP Realty Trust, Inc., (the "Company") is a real estate finance company that is organized as a Maryland corporation. 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, 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 since 2013 and intends to continue to meet the requirements for qualification and taxation as a REIT. As of December 31, 2025, substantially all of the Company's business is conducted through FBRT OP LLC (the "OP"), a Delaware limited liability company. As of December 31, 2025, the Company is the managing member of the OP and directly or indirectly holds 91% 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."

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Company's 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") and pursuant to the requirements for reporting on Form 10-K and Regulation S-X, as appropriate.

Reclassifications

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

For the year ended December 31, 2024 and 2023, $222.8 million and $870.0 million, of *Borrowings on repurchase agreements - real estate securities* and $160.3 million and $1,136.0 million of *Repayments of repurchase agreements - real estate securities* were combined to be presented as a net result in *Net borrowings (paydowns) on repurchase agreements - real estate securities, less than 90 days maturity* in the consolidated statements of cash flows.

For the year ended December 31, 2024 $1.3 million was reclassified from *Intangible lease liability, held for sale* to *Other Liabilities* on the consolidated balance sheets.

For the year ended December 31, 2024 $10.4 million was reclassified from *Accrued Expenses and Accounts Payable* to *Other Liabilities* on the consolidated balance sheets.

For the years ended December 31, 2024 and 2023 $13.1 million, and $3.9 million, respectively, 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 years ended December 31, 2024 and 2023, *Unrealized gain/(loss) on derivatives* and *Realized gain/(loss) on derivatives* were combined and reclassified to *Gain/(loss) on derivatives,* resulting in net $0.2 million, and $0.9 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.

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.

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.*

Acquisition Expenses

For commercial mortgage loans, held for investment the Company capitalizes certain direct costs relating to loan origination activities. The cost is amortized over the life of the loan and recognized in *Interest income* in the consolidated statements of operations. Acquisition expenses paid on future funding amounts are expensed within the *Acquisition expenses* in the consolidated statements of operations.

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.

Restricted Cash

Restricted cash primarily consists of cash pledged as margin on repurchase agreements and derivative transactions, the duration of which generally matches the duration of the related repurchase agreements or derivative transactions, and cash reserves that are a requirement of Fannie Mae Delegated Underwriting and Servicing (DUS) program.

Investment Securities, held to maturity

Investment securities, held to maturity, consist of U.S. Treasury securities. These investment securities are pledged as collateral to satisfy reserve requirements of the Fannie Mae DUS program. The Company classifies these debt securities as held-to-maturity (“HTM”). HTM debt securities are those debt securities in which the Company has the ability and intent to hold the security until maturity. HTM debt securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts, less allowance for credit losses. The Company includes accrued interest as part of the HTM debt security amortized cost basis.

Commercial Mortgage Loans

Held for Investment - Commercial mortgage loans that are held for investment purposes and are anticipated to be held until maturity, are carried at cost, net of unamortized acquisition expenses, discounts or premiums and unfunded commitments. Commercial mortgage loans, held for investment purposes, are carried at amortized cost less an allowance for credit losses. Interest income is recorded on the accrual basis and related discounts, premiums and acquisition expenses on investments are amortized over the life of the investment using the effective interest method. Amortization or accretion is reflected as an adjustment to interest income in the consolidated statements of operations. Guaranteed loan commitment fees payable by the borrower upon maturity are accreted over the life of the investment using the effective interest rate method. The accretion of guaranteed loan commitment fees is recognized in *Interest income* in the consolidated statements of operations.

Held for Sale - Commercial mortgage loans that are intended to be sold in the foreseeable future are reported as held for sale and are recorded at the lower of cost or fair value with changes recorded through the statements of operations. Unamortized loan origination costs for commercial mortgage loans held for sale that are carried at the lower of cost or fair value are capitalized as part of the carrying value of the loans and recognized upon the sale of such loans. Amortization of origination costs ceases upon transfer of commercial mortgage loans to held for sale.

*Held for Sale, Measured at Fair Valu*e - The fair value option provides an option to irrevocably elect fair value as an alternative measurement for selected financial assets, financial liabilities, and written loan commitments. The Company has elected to measure commercial mortgage loans held for sale in the Company's Agency and Conduit business under the fair value option. These commercial mortgage loans are included in *Commercial mortgage loans, held for sale, measured at fair value* in the consolidated balance sheets. Interest income received on these loans is recorded on the accrual basis of accounting and is included in *Interest income* in the consolidated statements of operations. Costs to originate these investments are expensed when incurred.

For loans issued to GSE's and Agencies (“Agency Loans”), the Company also retains the rights to service the loans ("MSRs"), and receives fees for such servicing during the life of the loans, which generally last seven years or more. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the adjusted value of the related mortgage loans sold.

Sales of Agency Loans are considered transfers of financial assets, which are accounted for as sales when control over the assets have been transferred. The criteria for control to be transferred are (1) the assets have been isolated, put presumptively beyond the reach of the Company, even in bankruptcy, (2) the transferee has the right to pledge or exchange the transferred financial assets, and (3) the Company does not maintain effective control over the transferred financial assets. The Company has determined that all loans sold have met these specific conditions.

Mortgage Servicing Rights, net

The Company originates, sells, and services multifamily, healthcare, and senior-living related loans under programs offered by government and government-sponsored enterprises. These loans are generally held for short periods and minimal interest income is earned from these activities. Instead, the Company receives origination fees when it closes the loans and sale premiums when it sells the loans. Upon sale, the Company typically retains the MSRs and earns servicing fees over the life of the loans, which often extend seven years or longer.

When the Company commits to originate a loan with a borrower and sell it to an investor, income for the related MSR is recognized as a derivative asset. The asset is recognized at fair value based on the discounted expected net cash flows associated with the servicing of the loan. Once funded, the holding period for mortgage loans originated by the Company is approximately 30 days. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the adjusted value of the related mortgage loans sold. Once sold, the Company retains the servicing rights and the value allocated to the associated MSR is reclassed and capitalized as an individual originated MSR ("OMSR") asset on the consolidated balance sheets. The Company utilizes the amortization method to account for MSRs, under which the MSRs are amortized over the period of net servicing income or loss. Amortization of MSRs is recorded as a reduction of Servicing revenues, net in the consolidated statements of operations.

MSRs are initially recorded at fair value and subsequently carried at amortized cost. The following assumptions were used in estimating the fair value of the capitalized MSRs:

- Discount Rate: We used discount rates ranging from 8% to 14%, representing a weighted average discount rate of 10%, based on management's best estimate of the market to determine the present value of MSRs.
- Servicing Cost: The difference between estimated future cash flows and future cost to service a loan by a market participant for the estimated life of the MSR.
- Estimated Life: Estimated MSR life is based on stated yield-maintenance or prepayment-protection terms of the underlying loans.

The fair value of MSRs from loans we originate and sell are estimated considering market prices for similar MSRs, when available, and by estimating the present value of the future net cash flows of the capitalized MSRs, net of adequate compensation for servicing. Adequate compensation is based on the market rate of similar servicing contracts.

The MSR portfolio is evaluated for impairment at each reporting period by comparing the aggregate carrying amount of the MSRs to their aggregate fair value. For purposes of impairment evaluation, the MSRs are stratified based on the predominant risk characteristics of the underlying loans, which the Company has identified as loan type, and prepayment or default behavior, which vary by Agency. If the carrying value of an MSRs strata exceeds fair value, a valuation allowance is established. The Company utilizes an independent third-party valuation expert to assist in determining the estimated fair value of our MSR portfolio on a quarterly basis.

The Company writes off MSRs related to loans that were repaid prior to their expected maturity and loans that are determined to be unrecoverable. The write-off is recorded as a direct, permanent, reduction to the carrying value of MSRs and is included as a component of *Servicing revenue, net* in the consolidated statements of operations.

Revenue Recognition

Interest Income

Interest income is accrued based on the actual coupon rate adjusted for accretion of any purchase discounts, the amortization of any purchase premiums and the accretion of any deferred fees, in accordance with GAAP. The Company may place loans as non-performing when the loan becomes 90 days past due or there is reasonable doubt about collection. When a loan is designated as non-performing status and put on non-accrual or cost recovery status, interest is only recorded as interest income or applied against the amortized cost basis of the loan, respectively, when received. A loan may be placed back on accrual status if we determine it is probable that we will collect all payments which are contractually due.

Revenue from Real Estate Owned

Revenue from real estate owned represents income associated with the operations of commercial real estate properties, primarily base rent and reimbursements from property operating expenses. We recognize fixed rental income on a straight line basis over the non-cancelable lease term. Income for these activities is recognized when collection is reasonably assured and as the services under the arrangement have been provided.

Servicing Fees, net

Servicing fees are earned for servicing mortgage loans, including all activities related to servicing the loans, and are recognized as services are provided over the life of the related mortgage loan. Servicing fees include the net fees earned on borrower prepayment penalties, other ancillary fees, and any write-offs related to loans repaid prior to their expected maturity.

Gain on sales, including fee-based service, net

Gains on sales include loan origination fees, gain on the sale of loans, changes to the fair value of mortgage loans held for sale and derivative financial instruments attributable to the loan commitments and forward sale commitments, and other miscellaneous loan fees. Loan origination fees and gain on the sale of loans originated are recognized when the Company commits to make a loan to a borrower.

Goodwill and Other Intangible Assets

The Company typically uses independent third party valuation specialists to assist us in estimating the fair value and estimated useful lives of intangible assets.

The Company has intangible assets consisting of both finite and indefinite lived intangibles. Finite lived intangibles include above-market and below-market in-place leases, developed technology, and non-compete agreements. Indefinite lived intangibles include agency licenses.

Intangible lease assets or liabilities related to above-market and below-market in-place leases are recorded based on the present value of the difference between the contractual rent amounts and management’s estimate of market rates measured over a period equal to the remaining terms of the leases, including lease renewals where applicable. Key assumptions in the estimated fair values of in-place leases includes estimated direct costs to obtain the "in place" tenant, such as commissions and tenant improvements, and opportunity costs associated with lost rentals, which are calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease.

Developed technology intangible assets are recorded based on the cost the Company would incur in rebuilding the technology. Key assumptions include the costs to replace the technology plus the developer's profit and entrepreneurial incentive.

Non-compete intangible assets are recorded based on the present value of the projected revenue differences tied to such arrangement. Key assumptions in calculating the value of such intangible asset include projected revenue, the selected discount rate, and the terms of the agreement.

The Company's agency licenses are deemed to have an indefinite life due to their continuous economic value. The key assumptions in the determination of the value of the licenses include the projected revenue and servicing fees, the selected discount rate, and the time period over which revenue would be generated.

Finite lived intangibles are amortized over their estimated useful lives on a straight-line basis. Intangible assets deemed to have indefinite lives are not amortized and instead are assessed for impairment annually when events or circumstances indicate that the carrying value may be impaired.

Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. The Company does not amortize goodwill and tests for impairment at least annually. The Company tests for impairment by assessing qualitative factors to determine whether it is more likely than not that the fair value of the Company is less than its carrying amount. Such qualitative factors include macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of the Company and other relevant Company specific factors. Key assumptions considered in assessing overall financial performance include, but are not limited to rate lock volume, forecasted or actual EBITDA, forecasted or actual revenue, net cash generated and growth in MSR value.

If the Company determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company will perform the goodwill impairment test. A goodwill impairment will be recorded if the carrying value of the Company exceeds its fair value as a result of the goodwill impairment test.

Allowance for Loss Sharing

Mortgage loans originated and sold by the Company to Fannie Mae under the Fannie Mae DUS program are subject to the terms and conditions of the Loss Sharing Addendum to the Multifamily Selling and Servicing Agreement, effective August 1, 2019 and amended effective June 15, 2021. Under the Loss Sharing Agreement, the Company is responsible for absorbing certain losses incurred by Fannie Mae with respect to loans originated under the DUS program. The compensation for this risk of loss is a component of servicing fees on the loan.

When a loan is sold under the Fannie Mae DUS program, the Company undertakes an obligation to partially guarantee the performance of the loan. On the date the Company commits to make a loan to a borrower, a liability for the current expected credit losses related to the loan is recognized in *Allowance for loss sharing* on the consolidated balance sheets.

The estimate of expected credit losses is determined based on detailed loan-specific characteristics, including loan-to-value (LTV) ratio, vintage year, loan term, property type, occupancy, and geographic location. The evaluation also considers the financial performance of the borrower, expected payments of principal and interest, as well as qualitative factors, utilizing both internal and external information. This approach incorporates past events, current conditions, and forward-looking information through the use of projected macroeconomic scenarios over reasonable and supportable forecasts.

Subsequent changes (favorable and unfavorable) in expected credit losses each period are recognized immediately in *(Provision)/benefit for credit losses* in the consolidated statement of operations as allowance for loss sharing expense or a reversal of provision for loss sharing.

Mortgage Loan Repurchase

When a loan is sold under the Fannie Mae DUS and Ginnie Mae programs, the Company retains an option to repurchase individual delinquent loans that meet certain criteria. Loans are considered delinquent when a payment has been missed for four consecutive months. At the Company's option, and without Fannie Mae's or Ginnie Mae's prior authorization, the Company may repurchase the delinquent loan for an amount equal to 100% of the remaining unpaid principal balance of the loan plus applicable interest and the Company's share of delinquency resolution costs. Under FASB ASC Topic 860, Transfers and Servicing, ("ASC 860"), once the Company has the unilateral ability to repurchase the delinquent loan and that ability has a more-than-trivial benefit to the Company, the Company is deemed to have regained effective control of the loan and is required to recognize the loan on its consolidated balance sheets with an offsetting liability, regardless of the Company's intent to repurchase the loan. Historically the Company has not elected the option to repurchase eligible loans.

At December 31, 2025, there were three delinquent Ginnie Mae loans with an unpaid principal balance of $17.9 million eligible to be repurchased by the Company. During the year ended December 31, 2025, the Company did not exercise its option to repurchase any delinquent loans and it is not probable that the Company will be required to repurchase these delinquent loans. Loans meeting the criteria for the repurchase option are included in the *Loan repurchase option* asset with an offsetting *Loan repurchase option* liability on the consolidated balance sheets.

Servicing Fee Payable

The Company provides additional payments to certain employees, both current and former, and third-party consultants by providing them with a percentage of the servicing fee revenue that is earned by the Company, which is initially recorded as a liability when the Company commits to make a loan to a borrower ("the servicing fee payable"). The initial fair value of the liability represents the expected net cash payments over the life of the related mortgage loan that are discounted at a rate that reflects the credit and liquidity risk of the related MSR. The Company incurs an expense over the life of each loan as long as the related loan is performing. If a particular loan is not performing, the recipient will not receive any additional compensation on that loan, and if a loss sharing event is triggered, the recipient will not receive any portion of the additional compensation on other loans.

The servicing fee payable to current employees is included within *Accrued compensation* on the consolidated balance sheets. The initial fair value of the related expense and the changes in the fair value of the servicing fee payable over the life of the related mortgage loan for current employees is included within *Compensation and benefits*, on a net basis, in the consolidated statement of operations in the period in which the change occurs. The changes in the fair value of the servicing fee payable over the life of the related mortgage loan for former employees and third-party consultants is included within *Professional fees,* on a net basis, in the consolidated statement of operations in the period in which the change occurs.

Deferred Compensation Plans (Nonqualified)

The nonqualified deferred compensation plans are liability-classified cash based plans that are intended to promote the interest of the Company by creating incentives for employees in the form of long term compensation awards. Awards may be

granted annually and generally vest over a period of four years. Certain employees participate in the Deferred Cash Plan ("DC Plan") and the Profit Incentive Plan provided by the Company.

All long-term incentive ("LTI") plans attribute expected future benefits to a period of service greater than one year. The Company accrues the cost of such awards issued under the LTI plans over the period of the employee's service in a systematic and rational manner such that at the end of the period the aggregate amount accrued equals the value of the benefits expected to be provided to the employee in exchange for the employee's service to that date.

Operating Leases

The Company's lease portfolio primarily contains real estate operating leases, which are accounted for in accordance with Topic 842, Leases. The Company determines if an arrangement is or contains a lease at contract inception. When a lease exists, The Company records a right-of-use ("ROU") asset and lease liability, which are initially recognized based on the discounted future lease payments over the term of the lease. Variable lease payments are not included in the measurement of ROU assets and lease liabilities.

As the rate implicit in the Company's leases is not easily determinable, the Company's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments. Tenant improvement allowances are netted against the associated ROU asset and accreted over the leasehold period.

Our leases generally include options to extend or terminate use of the underlying assets. These options are included in the lease term used to determine ROU assets and lease liability when The Company is reasonably certain they will be exercised.

The Company elected the practical expedient related to lease and non-lease components, which allows a lessee to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component.

Operating lease expense is recognized on a straight-line basis over the lease term with the expense recorded in *Other expenses* the consolidated statements of operations.

Real estate owned

The Company classifies its real estate owned as long-lived assets held for investment or as long-lived assets held for sale. Held for investment assets are stated at cost, as adjusted for any impairment loss, less accumulated depreciation. Held for sale assets are stated at fair value, less costs to sell.

The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets may not be recoverable. When indicators of potential impairment are present, management assesses whether the respective carrying values will be recovered from the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition for assets held for use, or from the estimated fair values, less costs to sell, for assets held for sale. In the event that the expected undiscounted future cash flows for assets held for use or the estimated fair value, less costs to sell, for assets held for sale do not exceed the respective asset carrying value, management adjusts such assets to the respective estimated fair values and recognizes an impairment loss. Estimated fair values are calculated based on the following information, depending upon availability, in order of preference: (i) recent market prices from third-party purchasers (ii) market prices for comparable properties, or (iii) the present value of undiscounted cash flows, including estimated sales value (which is based on key assumptions such as estimated market rents, lease-up periods, estimated lease terms, and capitalization and discount rates) less estimated selling costs.

Real estate owned, held for investment **-** Amounts capitalized to real estate owned, held for investment consist of the cost of acquisition or construction, any tenant improvements or major improvements, betterments that extend the useful life of the related asset, and transaction costs associated with the acquisition of the asset. All repairs and maintenance are expensed as incurred. Additionally, the Company capitalizes interest while the development, or redevelopment, of a real estate owned asset is in progress. No developments or redevelopments of real estate owned assets are in progress as of December 31, 2025.

The Company's real estate owned, held for investment assets are depreciated or amortized using the straight-line method over the following useful lives:

Building	40 years
Furniture, fixtures, and equipment	15 years
Site Improvements	5 - 25 years
Intangible Lease Assets and Liabilities	Lease Term

Real estate owned, held for sale - Real estate owned is classified as held for sale in the period in which the following six criteria under ASC Topic 360, "Property, Plant, and Equipment" are met: (i) we commit to a plan and have the authority to sell the asset; (ii) the asset is available for sale in its current condition; (iii) we have initiated an active marketing plan to locate a buyer for the asset; (iv) the sale of the asset is both probable and expected to qualify for full sales recognition within a period of 12 months; (v) the asset is being actively marketed for sale at a price that is reflective of its current fair value; and (vi) we do not anticipate changes to our plan to sell the asset. Held for sale assets are carried at the lower of depreciated cost or estimated fair value, less estimated costs to sell.

Real estate owned assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be accrued. Upon the disposition of a real estate owned asset, the Company calculates realized gains and losses as net proceeds received less the carrying value of the real estate owned asset. Net proceeds received are net of direct selling costs associated with the disposition of the real estate owned asset.

Intangible Lease Assets and Liabilities of Acquired Properties

The estimated fair values of above-market and below-market in-place leases are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of market rates for the corresponding in-place leases, measured over a period equal to the remaining terms of the leases, taking into consideration the probability of renewals for any below-market leases. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental revenues over the remaining terms of the respective leases.

The estimated fair values of in-place leases include an estimate of the direct costs associated with obtaining the acquired or "in place" tenant and estimates of opportunity costs associated with lost rentals that are avoided by acquiring an in-place lease. The amount capitalized as direct costs associated with obtaining a tenant include commissions, tenant improvements, and other direct costs and are estimated based on management's consideration of current market costs to execute a similar lease. These direct lease origination costs are included in deferred lease costs in the accompanying consolidated balance sheets and are amortized over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized over the remaining terms of the respective leases.

Credit Losses

The allowance for credit losses, required under ASU 2016-13, is deducted from the amortized cost basis of loans that are held-to-maturity in the consolidated balance sheets.

General allowance for credit losses

The general allowance for credit losses for the Company's financial instruments carried at amortized cost and off-balance sheet credit exposures, such as loans held for investment and unfunded loan commitments represents a lifetime estimate of expected credit losses. Factors considered by the Company when determining the general provision for credit losses reserve include loan-specific characteristics such as loan-to-value ("LTV") ratio, vintage year, loan term, property type, occupancy and geographic location, financial performance of the borrower, expected payments of principal and interest, as well as internal or external information relating to past events, current conditions and forward looking information through the use of projected macroeconomic scenarios over the reasonable and supportable forecasts.

The general allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist for multiple financial instruments. If similar risk characteristics do not exist, the Company measures the general allowance for credit losses on an individual instrument basis. The determination of whether a particular financial instrument should be included in a pool can change over time. If a financial asset's risk characteristics change, the Company evaluates whether it is appropriate to continue to keep the financial instrument in its existing pool or evaluate it individually.

In measuring the general allowance for credit losses for financial instruments such as loans held for investment and unfunded loan commitments that share similar risk characteristics, the Company primarily applies a probability of default ("PD")/loss given default ("LGD") model for instruments that are collectively assessed, whereby the allowance for credit losses is calculated as the product of PD, LGD and exposure at default ("EAD") estimates. The Company's model to determine the general allowance for credit losses principally utilizes historical loss rates derived from a commercial mortgage backed securities database with historical losses from 2002 to 2021 provided by a reputable third party, forecasting the loss parameters based on a projected macroeconomic scenario using a probability-based statistical approach over a reasonable and supportable forecast period of twelve months, followed by an immediate reversion to average historical losses.

Specific allowance for credit losses

For financial instruments where the borrower is experiencing financial difficulty based on the Company's assessment at the reporting date and the repayment is expected to be provided substantially through the operation or sale of the collateral, the Company may elect to use as a practical expedient the fair value of the collateral at the reporting date when determining the provision for credit losses.

For loans held for investment which the Company identifies reasonable doubt as to whether the collection of contractual components can be satisfied, a loan specific allowance for credit losses analysis is performed. Determining whether a specific allowance for credit losses for a loan is required entails significant judgment from management and is based on several factors including (i) the underlying collateral performance, (ii) discussions with the borrower, (iii) borrower events of default, and (iv) other facts that impact the borrower's ability to pay the contractual amounts due under the terms of the loan. If a loan is determined to have a specific allowance for credit losses, the specific allowance for credit losses is recorded as a component of our Current Expected Credit Loss ("CECL") reserve by applying the practical expedient for collateral dependent loans. The CECL reserve is assessed on an individual basis for such loans by comparing the estimated fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. The estimated fair value of the underlying collateral requires judgments, which may include assumptions regarding capitalization rates, discount rates, leasing, creditworthiness of major tenants, occupancy rates, availability and cost of financing, exit plans, loan sponsorship, actions of other lenders, and other factors deemed relevant by the Company. Actual losses, if any, could ultimately differ materially from these estimates. The Company only expects to write-off specific provisions if and when such amounts are deemed non-recoverable. Non-recoverability is generally determined at the time a loan is settled, or in the case of foreclosure, when the underlying asset is sold. Non-recoverability may also be concluded if, in the Company's determination, it is deemed certain that all amounts due will not be collected. If a loan is determined to be impaired based on the above considerations, management records a write-off through a charge to the allowance for credit losses and the respective loan balance.

Risk Rating

In developing the provision for credit losses for its loans held for investment, the Company performs a comprehensive analysis of its loan portfolio and assigns risk ratings to loans that incorporate management's current judgments about their credit quality based on all known and relevant internal and external factors that may affect collectability, using similar factors as those in developing the provision for credit losses. This methodology results in loans being segmented by risk classification into risk rating categories that are associated with estimated probabilities of default and principal loss. Risk rating categories range from "1" to "5" with "1" representing the lowest risk of loss and "5" representing the highest risk of loss with the ratings updated quarterly. At the time of origination or purchase, loans held for investment are ranked as a "2" and will move accordingly going forward based on the ratings which are defined as follows:

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/Loss Likely*- Underperforming investment with expected loss of interest and some principal.

The Company also considers qualitative and environmental factors, including, but not limited to, economic and business conditions, nature and volume of the loan portfolio, lending terms, volume and severity of past due loans, concentration of credit and changes in the level of such concentrations in its determination of the provision for credit losses.

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 or as a component of *Accounts payable and accrued expenses,* in the consolidated balance sheets, for unfunded loan commitments.

The Company has elected to not measure a provision for credit losses for accrued interest receivable as balances are written off in a timely manner when loans, real estate securities or preferred equity investments are designated as non-performing and placed on non-accrual or cost recovery status within 90 days of becoming past due.

Non-performing status

The Company designates loans as non-performing when (i) full payment of principal and coupon interest components become 90-days past due ("non-accrual status") or (ii) the Company has reasonable doubt as to whether the collection of contractual components can be satisfied ("cost recovery status"). When a loan is designated as non-performing and placed on non-accrual status, interest is only recognized as income when payment has been received. Loans designated as non-performing and placed on non-accrual status are removed from their non-performing designation when collection of principal and coupon interest components have been satisfied. When a loan is designated as non-performing and placed on cost recovery status, the cost-recovery method is applied to which receipt of principal or coupon interest is recorded as a reduction to the amortized cost until collection of all contractual components are reasonably assured.

Real Estate Securities

Available For Sale

The Company's real estate securities are classified as available for sale ("AFS") and carried at fair value. Changes in fair value of available for sale real estate securities are recognized in the consolidated statements of comprehensive income. Related discounts, premiums and acquisition expenses on investments are amortized or accreted over the life of the investment using the effective interest method. Amortization and accretion are reflected as an adjustment to interest income in the consolidated statements of operations. The Company uses the specific identification method in determining the cost relief for real estate securities sold. Realized gains and losses from the sale of available for sale securities are included in the consolidated statements of operations.

AFS real estate securities which have experienced a decline in the fair value below their amortized cost basis (i.e., impairment) are evaluated each reporting period to determine whether the decline in fair value is due to credit-related factors. Any impairment that is not credit-related is recognized in accumulated other comprehensive income, while credit-related impairment is recognized as an allowance in the consolidated balance sheets with a corresponding adjustment in the consolidated statements of operations. If the Company intends to sell an impaired real estate security or more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount is recognized in the consolidated statements of operations with a corresponding adjustment to the security's amortized cost basis.

The Company analyzes the AFS real estate securities portfolio on a periodic basis for credit losses at the individual security level using the same criteria described above for those amortized cost financial assets subject to a provision for credit losses including, but not limited to: performance of the underlying assets in the security, borrower financial resources and investment in collateral, collateral type, credit ratings, project economics and geographic location as well as national and regional economic factors.

The non-credit loss component of the unrealized loss within the Company's AFS portfolio is recognized as an adjustment to the individual security's asset balance with an offsetting entry to *Accumulated other comprehensive income/(loss)* in the consolidated balance sheets.

Equity Method Investments

The Company's investments are accounted for under the equity method when (i) requirements for consolidation are not met, and (ii) we have significant influence over the operations of the investee. Under this method, the investments are initially recorded at cost and subsequently adjusted for the Company's share of net income or loss and cash contributions or distributions made during the reporting period.

Net income or loss is allocated based on the ownership interest that is controlled by the Company. The agreements may designate different percentage allocations among investors for profits and losses; however, our recognition generally follows the entity's distribution priorities, which may change upon the achievement of certain investment return thresholds.

Equity method investments are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impairment is identified, a loss is recognized for the amount by which the carrying value exceeds the estimated fair value. Our impairment analyses can include current plans, intended holding periods, and other relevant facts and circumstances that exist at the time the analysis is performed.

Repurchase Agreements

Commercial mortgage loans and real estate securities sold under repurchase agreements have been treated as collateralized financing transactions because the Company maintains effective control over the transferred securities. Commercial mortgage loans and real estate securities financed through repurchase agreements remain in the consolidated balance sheets as an asset and cash received from the purchaser is recorded as a liability. Interest paid in accordance with repurchase agreements is recorded in *Interest expense* in the consolidated statements of operations.

Deferred Financing Costs

The deferred financing costs related to the Company's various Master Repurchase Agreements as well as certain prepaid subscription costs are included in *Prepaid expenses and other assets* in the consolidated balance sheets. Deferred financing cost on the Company's CLO are netted against the Company's CLO payable in *Collateralized loan obligations* in the consolidated balance sheets. Deferred financing costs are amortized over the terms of the respective financing agreement using the effective interest rate method and included in *Interest expense* in the consolidated statements of operations. Unamortized deferred financing costs are generally realized in *Gain/(loss) on other real estate investments* in the consolidated statements of operations when the associated debt is refinanced or repaid before maturity.

Offering and Related Costs

The Company has from time to time offered, shares of the Company’s common stock or one or more series of its preferred stock, in private placements exempt from the registration requirements of the Securities Act of 1933, as amended. In connection with these offerings, the Company incurred various offering costs. These offering costs include but are not limited to legal, accounting, printing, mailing and filing fees, and diligence expenses of broker-dealers. Offering costs for the common stock are recorded in the Company’s stockholders’ equity. Offering costs for the preferred stock were expensed in the consolidated statement of operations.

Equity Incentive Plan

The Company maintains the Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan (the "2021 Incentive Plan"), pursuant to which the Company has granted and may grant in the future, from time to time, equity awards to the Company's directors, officers and employees, employees of the Advisor and its affiliates, or certain of the Company's consultants, advisors or other service providers to the Company or an affiliate of the Company. The 2021 Incentive Plan, which is administered by the Compensation Committee of the board of directors, provides for the grant of awards of share options, share appreciation rights, restricted shares, restricted share units, deferred share units, unrestricted shares, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards, long-term incentive plan units and cash bonus awards.

Since 2022, the Company has been issuing annual awards of restricted stock units ("RSUs") under the 2021 Incentive Plan to its officers, and certain other personnel of the Advisor who provide services to the Company. These awards are service-based and vest in equal annual installments beginning on the anniversary of the date of grant over a period of three years for RSUs. One share of the Company's common stock is issued for each RSU that vests. In addition, the Company issues annual awards of restricted stock under the 2021 Incentive Plan to its directors, which vest in full on the earlier of the first anniversary of the grant date and the date immediately prior to the Annual Meeting of Stockholders in the subsequent year, subject to continuing service. The RSUs grant non-forfeitable dividend equivalent rights equal to the cash dividend paid in the ordinary course on a common share to the Company's common shareholders, while holders of restricted stock receive cash dividends in the ordinary course in the same manner as other common shares. Upon termination for any reason, all unvested RSUs and restricted stock will be forfeited by the grantee, who will be given no further rights to such awards. The fair value of the RSUs and restricted stock are expensed over the vesting period and included in Share-based compensation in the consolidated statements of operations.

Distribution Reinvestment Plan

The Company maintains a dividend reinvestment plan ("DRIP") pursuant to which stockholders may reinvest dividends into shares of the Company's common stock. Shares of common stock purchased through the DRIP for dividend reinvestments are supplied either directly by the Company as newly issued shares or via purchases by the DRIP administrator of shares of common stock on the open market, at the Company's option. If the shares are purchased in the open market, the purchase price is the average price per share of shares purchased; if the shares are purchased directly from the Company, the purchase price is generally the average of the daily high and low sales prices for a share of common stock reported by the NYSE on the dividend payment date authorized by the Company's board of directors. The Company may suspend, modify or terminate the DRIP at any time in its sole discretion.

Income Taxes

The Company has conducted its operations to qualify as a REIT for U.S. federal income tax purposes beginning with its taxable year ended December 31, 2013. As a REIT, if the Company meets certain organizational and operational requirements and distributes at least 90% of its "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to its stockholders in a year, it will not be subject to U.S. federal income tax to the extent of the income that it distributes. However, even if the Company qualifies for taxation as a REIT, it may be subject to certain state and local taxes on income in addition to U.S. federal income and excise taxes on its undistributed income. The Company, through its TRSs, is indirectly subject to U.S. federal, state and local income taxes. The Company's TRSs are not consolidated for U.S. federal income tax purposes, but are instead taxed as C corporations. For financial reporting purposes, the TRSs are consolidated and a provision for current and deferred taxes is established for the portion of earnings recognized by the Company with respect to its interest in its TRS. Total income tax (provision)/benefit for the years ended December 31, 2025, 2024, and 2023 were $(3.9) million, $(1.1) million, and $2.8 million, respectively.

The Company uses a more-likely-than-not threshold for recognition and derecognition of tax positions taken or to be taken in a tax return. The Company has assessed its tax positions for all open tax years beginning with December 31, 2017 and concluded that there were no uncertainties to be recognized. The Company's accounting policy with respect to interest and penalties related to tax uncertainties is to classify these amounts as provision for income taxes.

The Company utilizes the TRSs to reduce the impact of the prohibited transaction tax and to avoid penalty for the holding of assets not qualifying as real estate assets for purposes of the REIT asset tests. Any income associated with a TRS is fully taxable because the TRS is subject to federal and state income taxes as a domestic C corporation based upon its net income.

Derivatives and Hedging Activities

In the normal course of business, the Company is exposed to the effect of interest rate changes and may undertake a strategy to limit these risks through the use of derivatives. The Company uses derivatives primarily to economically hedge against interest rates, CMBS spreads and macro market risk in order to minimize volatility. The Company may use a variety of derivative instruments that are considered conventional, including but not limited to: Treasury note futures and credit derivatives on various indices including CMBX and CDX.

The Company also enters into loan commitments with borrowers on loan originations whereby the interest rate on the prospective loan is determined prior to funding. In general, the Company simultaneously enters into forward sale commitments with investors in order to hedge against the interest rate exposure on loan commitments. The forward sale commitment with the investor locks in the interest rate and price for the sale of the loan. The terms of the loan commitment with the borrower and the forward sale commitment with the investor are matched with the objective of hedging interest rate risk. Loan commitments and forward sale commitments are considered derivative instruments.

The Company recognizes all derivatives on the consolidated balance sheets at fair value. The estimated fair value of loan commitments includes values attributable to loan origination fees, premiums on the sale of loans, the fair value of the MSR, and changes in fair value due to interest rate movements between the date of the rate lock and period end. The estimated fair value of forward sale commitments includes the changes in fair value due to interest rate movements between the rate lock and period end. The Company does not designate derivatives as hedges to qualify for hedge accounting for financial reporting purposes and, therefore, any net payments under, or fluctuations in the fair value of these derivatives have been recognized currently in *Unrealized (gain)/loss on derivative instruments* and *(Gain)/loss on sales, including fee-based servicing*, in the accompanying consolidated statements of operations based on the nature of the derivative.

The Company records derivative asset and liability positions on a gross basis with any collateral posted with or received from counterparties recorded separately within restricted cash in the consolidated balance sheets. Certain derivatives that the Company has entered into are subject to master netting agreements with its counterparties, allowing for netting of the same transaction, in the same currency, on the same date.

Per Share Data

The Company’s Series H convertible preferred stock (the "Series H Preferred Stock") and Series I convertible preferred stock (the "Series I Preferred Stock") (when it was outstanding) are each considered a participating security and the Company calculates basic earnings per share using the two-class method. The Company’s dilutive earnings per share calculation is computed using the more dilutive result of the treasury stock method, assuming the participating security is a potential common share, or the two-class method, assuming the participating security is not converted. The Company calculates basic earnings per share by dividing net income applicable to common stock for the period by the weighted-average number of shares of common stock outstanding for that period. Diluted earnings per share reflects the potential dilution that could occur from shares outstanding if potential shares of common stock with a dilutive effect have been issued in connection with the 2021 Incentive Plan or upon conversion of the outstanding shares of the Company’s Series H Preferred Stock and Series I Preferred Stock (when it was outstanding), except when doing so would be anti-dilutive.

Reportable Segments

The Company has determined that it has four reportable segments based on how the chief operating decision maker reviews and manages the business. The four reporting segments are as follows:

- 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.

See Note 22 - Segment Reporting for further information regarding the Company's segments.

Redeemable Convertible Preferred Stock

The Company's outstanding classes of redeemable convertible preferred stock are classified outside of permanent equity in the consolidated balance sheets as they qualify as mezzanine equity given the potential redemption options.

Series H Preferred Stock

The Series H Preferred Stock ranks senior to our common stock and on parity with the Company's 7.50% Series E Cumulative Redeemable Preferred Stock ("Series E Preferred Stock") with respect to priority in dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. The liquidation preference of each share of Series H Preferred Stock is the greater of (i) $5,000 plus accrued and unpaid dividends, and (ii) the amount that would be received upon a conversion of the Series H Preferred Stock of the common stock.

Dividends on the Series H Preferred Stock, which are typically declared and paid quarterly, accrue at a rate equal to the greater of (i) an annual amount equal to 4.0% of the liquidation preference per share and (ii) the dividends that would have been paid had such share of Series H Preferred Stock been converted into a share of common stock on the first day of such quarter, subject to proration in the event the share of Series H preferred stock is not outstanding for the full quarter. Dividends are paid in arrears. Dividends will accumulate and be cumulative from the most recent date to which dividends had been paid.

On January 20, 2026, the Company, following approval of the sole holder, amended the Articles Supplementary relating to the Series H Preferred Stock to extend the mandatory conversion date for the Series H Preferred Stock, which was set to occur on January 21, 2026, 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; provided that the Company and the holder(s) of all of the then outstanding Series H Preferred Stock may mutually agree in writing prior to the mandatory conversion date to one or more one-year extensions of the mandatory conversion date. 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 December 2027, upon 10 business days' advance notice to the Company.

Holders of the Series H Preferred Stock (voting as a single class with holders of common stock) are entitled to vote on each matter submitted to a vote of the stockholders of the Company upon which the holders of common stock are entitled to vote. The number of votes applicable to a share of outstanding Series H Preferred Stock will be equal to the number of shares of common stock a share of Series H Preferred Stock could have been converted into as of the record date set for purposes of such stockholder vote (rounded down to the nearest whole number of shares of common stock). In addition, the affirmative vote of the holders of two-thirds of the outstanding shares of Series H Preferred Stock, voting as a single class with other shares of parity preferred stock, is required to approve the issuance of any equity securities senior to the Series H Preferred Stock and to take certain actions materially adverse to the holders of the Series H Preferred Stock.

Series I Preferred Stock

On January 19, 2023, all of the 1,000 outstanding shares of the Series I Preferred Stock converted by their terms into 299.2 shares of common stock per share of Series I Preferred Stock.

Perpetual Preferred Stock—Series E Preferred Stock

The Series E Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. The Series E Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon its liquidation, dissolution or winding up, senior to the common stock and on a parity with the Series H Preferred Stock. The liquidation preference is $25.00 per share, plus an amount equal to any accumulated and unpaid dividends.

Holders of shares of the 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). Dividends on the Series E Preferred Stock are cumulative and payable quarterly in arrears.

Dividends on the Series E Preferred Stock will accumulate whether or not the Company has earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared.

The Company may, at its option, upon not less than 30 nor more than 60 days' written notice, redeem the Series E Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption. Upon a change of control of the Company, in the event the Company does not redeem the Series E Preferred Stock, a holder of Series E Preferred Stock will have the right to convert to common stock upon the terms set forth in the applicable Articles Supplementary.

The Series E Preferred Stock is listed on the New York Stock Exchange under the symbol "FBRT PRE."

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," or ASU 2023-09. ASU 2023-09 requires additional disaggregated disclosures on the entity's effective tax rate reconciliation and additional details on income taxes paid. ASU 2023-09 is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2024 and early adoption is permitted. For the year ended December 31, 2025, the Company adopted and implemented the amendments and related disclosure requirements, which were applied prospectively. Refer to Note 24 - Income Taxes for details.

In March 2024, the FASB issued ASU, 2024-01 "Compensation — Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards," or ASU 2024-01. ASU 2024-01 improves clarity and operability without changing the guidance. ASU 2024-01 is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2024 and early adoption is permitted. For the year ended December 31, 2025, the Company adopted ASU 2024-01 and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

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. 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.

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Note 3 - Business Combinations

Acquisition of NewPoint

On July 1, 2025 (the “Acquisition Date”), the Company completed the acquisition ("the Transaction") of NewPoint Holdings JV LLC (“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 is expected to expand 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 as of July 1, 2025, subject to future measurement period adjustments, is as follows (dollars in thousands):

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		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	**$**	**957,997**
Repurchase agreements - commercial mortgage loans		413,797
Allowance for loss sharing		23,586
Accrued compensation		34,650
Interest Payable		1,154
Loan repurchase option liability		13,197
Accounts payable and accrued expenses		15,929
Other liabilities		27,910
Total liabilities assumed	**$**	**530,223**
Total purchase consideration	**$**	**427,774**

During the year ended December 31, 2025, the Company made measurement period adjustment resulting in a $1.2 million increase in deferred tax liabilities primarily resulting from adjustments to state deferred taxes.

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, placement fees 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 December 31, 2025, aggregate intangible assets relating to the Transaction of $78.2 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.

For the year ended December 31, 2025, the Company recognized acquisition-related expenses of $3.7 million and $5.1 million in *Other Expenses* and *Professional Fees,* respectively, on the consolidated statement of operations.

The Company's consolidated financial statements for the year ended December 31, 2025 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):

	Year ended December 31, 2025
Revenue	$ 77,337
Net income (loss) attributable to Franklin BSP Realty Trust, Inc.	12,701

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):

	Year ended December 31,	
	2025	2024
Total Income	$ 334,907	$ 333,471
Net income (loss) attributable to Franklin BSP Realty Trust, Inc.	94,168	81,513

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) increased 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.

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Note 4 - 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):

	December 31, 2025	December 31, 2024
Senior loans	$ 4,376,873	$ 4,947,462
Mezzanine loans	44,563	39,288
Total gross carrying value of loans	4,421,436	4,986,750
General allowance for credit losses	34,196	46,865
Specific allowance for credit losses	4,106	31,218
Less: Allowance for credit losses	38,302	78,083
Total commercial mortgage loans, held for investment, net	**$ 4,383,134**	**$ 4,908,667**

For the years ended December 31, 2025 and 2024, the activity in the Company's commercial mortgage loans, held for investment carrying values, was as follows (dollars in thousands):

	For the Years Ended	
	December 31, 2025	December 31, 2024
Amortized cost, beginning of period	$ 4,986,750	$ 5,036,942
Acquisitions and originations	1,156,575	1,908,927
Principal repayments	(1,420,373)	(1,607,977)
Dispositions	(35,116)	(33,203)
Principal charge-off	(32,860)	(4,801)
Deferred fees and other items[1]	(10,304)	(13,326)
Amortization/accretion of fees and other items[1]	9,557	9,604
Transfer to real estate owned[2]	(197,396)	(307,546)
Transfer to held for sale	(33,909)	—
Cost recovery	(1,488)	(1,870)
Amortized cost, end of period	**$ 4,421,436**	**$ 4,986,750**
Allowance for credit losses, beginning of period	$ (78,083)	$ (47,175)
General (provision)/benefit for credit losses	12,669	310
Specific (provision)/benefit for credit losses	(5,748)	(36,019)
Charge offs from specific allowance for credit losses	32,860	4,801
Allowance for credit losses, end of period	**$ (38,302)**	**$ (78,083)**
Total commercial mortgage loans, held for investment, net	**$ 4,383,134**	**$ 4,908,667**

[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 5 - Real Estate Owned.

As of December 31, 2025 and 2024, the Company's total commercial mortgage loan, held for investment, portfolio was comprised of 169 and 155 loans, respectively.

Loan Portfolio by Collateral Type and Geographic Region

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

	December 31, 2025		December 31, 2024	
Loan Collateral Type	**Par Value**	**Percentage**	**Par Value**	**Percentage**
Multifamily	$ 3,434,672	77.5 %	$ 3,574,267	71.5 %
Hospitality	515,144	11.6 %	730,590	14.6 %
Industrial	309,522	7.0 %	340,195	6.8 %
Office	58,259	1.3 %	185,303	3.7 %
Retail	1,986	— %	45,613	0.9 %
Other	115,928	2.6 %	123,886	2.5 %
Total	**$ 4,435,511**	**100.0 %**	**$ 4,999,854**	**100.0 %**

	December 31, 2025		December 31, 2024	
Loan Region	**Par Value**	**Percentage**	**Par Value**	**Percentage**
Southeast	$ 1,832,831	41.4 %	$ 1,945,668	38.9 %
Southwest	1,431,471	32.3 %	1,877,501	37.6 %
Mideast	348,750	7.9 %	304,522	6.1 %
New England	125,982	2.8 %	177,417	3.5 %
Far West	239,874	5.4 %	171,775	3.4 %
Great Lakes	108,095	2.4 %	118,882	2.4 %
Rocky Mountain	76,180	1.7 %	114,425	2.3 %
Various[1]	272,328	6.1 %	289,664	5.8 %
Total	**$ 4,435,511**	**100.0 %**	**$ 4,999,854**	**100.0 %**

[1] Represents loans secured by a portfolio of properties located in various regions of the United States.

Allowance for Credit Losses

The following table presents the changes in the Company's allowance for credit losses for the years ended December 31, 2025 and 2024 (dollars in thousands):

		General Allowance for Credit Losses			
	Specific Allowance for Credit Losses	**Funded**	**Unfunded**	**Total**	**Total Allowance for Credit Losses**
December 31, 2023	**$ —**	**$ 47,175**	**$ 1,133**	**$ 48,308**	**$ 48,308**
Changes:					
Provision/(Benefit)	36,019	(310)	(10)	(320)	35,699
Write offs	(4,801)	—	—	—	(4,801)
December 31, 2024	**$ 31,218**	**$ 46,865**	**$ 1,123**	**$ 47,988**	**$ 79,206**
Changes:					
Provision/(Benefit)	5,748	(12,669)	(827)	(13,496)	(7,748)
Write offs	(32,860)			—	(32,860)
December 31, 2025	**$ 4,106**	**$ 34,196**	**$ 296**	**$ 34,492**	**$ 38,598**

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 March 2021, the Company originated a first mortgage loan with a commitment of $48.5 million secured by an office property in Colorado. The loan was identified by management as non-performing and placed on cost recovery status, with an amortized cost of $43.7 million as of December 31, 2024. The Company recorded a specific allowance for credit losses of $26.7 million on this loan for the year ended December 31, 2024. In February 2025, the Company, through deed-in-lieu of foreclosure, acquired the property which is recorded in *Real estate owned, held for sale* in the consolidated balance sheets. See Note 5 - Real Estate Owned for additional details. The Company charged off the specific allowance for credit losses at the time of the deed-in-lieu of foreclosure.

In November 2021, the Company originated a first mortgage loan with a commitment of $66.7 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 $66.7 million as of December 31, 2024. The Company recorded a specific allowance for credit losses of $3.2 million on this loan for the year ended December 31, 2024. In January 2025, the Company, through foreclosure, acquired the property which was subsequently sold in February 2025. See Note 5 - Real Estate Owned for additional details. The Company charged off the specific allowance for credit losses at the time of the foreclosure.

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.

In May 2022, the Company originated a first mortgage loan with a commitment of $42.3 million secured by a multifamily property in Texas. 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 March 31, 2025. The Company recorded a specific allowance for credit losses of $0.5 million on this loan as of March 31, 2025, and an additional $1.4 million specific allowance for credit losses in the second quarter as a result of the property's decrease in fair market value. In April 2025, the Company acquired the property through foreclosure, which is recorded in *Real estate owned, held for sale* in the consolidated balance sheets. See Note 5 - Real Estate Owned for additional details. The Company charged off the specific allowance for credit losses at the time of the foreclosure.

In May 2022, the Company originated a first mortgage loan with a commitment of $32.8 million secured by a multifamily property in Texas. In October 2025, the loan was identified by management as non-performing and placed on non-accrual status, with a specific reserve for credit losses of $1.1 million. In December 2025, the Company, through foreclosure, acquired the property and charged off the specific allowance for credit losses at the time of the foreclosure. See Note 5 - Real Estate Owned for additional details.

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 cost recovery status, with an amortized cost of $36.8 million as of December 31, 2025. The Company recorded a specific allowance for credit losses of $1.2 million on this loan as of December 31, 2025.

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 $44.5 million as of December 31, 2025. The Company recorded a specific allowance for credit losses of $0.9 million on this loan as of December 31, 2025.

General Allowance for Credit Losses

The Company recorded a decrease in its general allowance for credit losses during the year ended December 31, 2025 of $13.5 million. The primary driver for the lower reserve balance is due to performance improvement of our portfolio since the end of the prior year. The Company recorded a decrease in its general allowance for credit losses during the year ended December 31, 2024 of $0.3 million. The primary driver for the lower reserve balance was due to portfolio turnover along with a more favorable macro-economic outlook since the end of the prior year. 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 December 31, 2025 (dollars in thousands):

	Current	Less than 90 days past due	90 or more days past due[1]	Total
As of December 31, 2025	**$ 4,288,728**	**$ 89,897**	**$ 42,811**	**$ 4,421,436**

[1] Comprised of two mortgage loans, one of which was collateralized by an office property and the other by a multifamily property. Both mortgage loans have been designated as non-performing and placed on cost recovery status.

Non-performing Status

The following table presents the amortized cost basis of our non-performing loans as of December 31, 2025 and 2024 (dollars in thousands):

	December 31, 2025	December 31, 2024
Non-performing loan amortized cost at beginning of year, January 1	$ 133,230	$ 78,185
Addition of non-performing loan amortized cost	346,323	561,144
Less: Removal of non-performing loan amortized cost	265,573	506,099
Non-performing loan amortized cost at end of period[1]	**$ 213,980**	**$ 133,230**

[1] As of December 31, 2025 and 2024, the Company had seven and three loans, respectively, designated as non-performing. As of December 31, 2025, four non-performing loans were placed on cost recovery status, one of which was collateralized by an office property with no specific allowance for credit losses and the other three by multifamily properties, with a combined specific allowance for credit losses of $4.1 million. As of December 31, 2025, three non-performing loans, collateralized by multifamily properties, were placed on non-accrual status with no specific allowance for credit losses. As of December 31, 2024, the three non-performing loans were placed on cost recovery status, two of which were collateralized by office properties with a specific allowance for credit losses of $26.7 million and $1.3 million and the other by a multifamily property with a specific allowance for credit losses of $3.2 million.

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.

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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 December 31, 2025 and 2024, the weighted average risk rating of loans was 2.4 and 2.3, respectively.

The following tables present the par value and amortized cost of our commercial mortgage loans, held for investment as of December 31, 2025 and 2024, by the Company's internal risk rating and year of origination (dollars in thousands):

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**	

December 31, 2024

			Amortized Cost by Year of Origination							
Risk Rating	**Number of Loans**	**Total Par Value**	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total Amortized Cost**	**% of Portfolio**
1	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	— %
2	124	3,803,752	1,563,540	558,172	792,872	763,395	62,131	52,867	3,792,977	76.1 %
3	27	1,004,387	79,210	88,821	262,228	515,065	42,263	16,378	1,003,965	20.1 %
4	1	56,616	—	—	56,579	—	—	—	56,579	1.1 %
5	3	135,099	—	—	—	110,392	—	22,837	133,229	2.7 %
Total	**155**	**$ 4,999,854**	**$ 1,642,750**	**$ 646,993**	**$ 1,111,679**	**$ 1,388,852**	**$ 104,394**	**$ 92,082**	**$ 4,986,750**	**100.0 %**
								Allowance for credit losses	(78,083)	
								Total carrying value, net	**$ 4,908,667**	

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 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):

	December 31, 2025		December 31, 2024	
	Aggregate UPB	Fair Value	Aggregate UPB	Fair Value
Agency loans	$ 324,162	$ 331,218	$ —	$ —
Non-Agency loans	29,500	29,500	87,270	87,270
Total commercial mortgage loans, held for sale, measured at fair value	**$ 353,662**	**$ 360,718**	**$ 87,270**	**$ 87,270**

As of December 31, 2025 and December 31, 2024, respectively, there were no loans that were 90 days or more past due or on a non-accrual status.

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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 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 December 31, 2025, was as follows (in thousands):

	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%) as of December 31, 2025. 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 $22.9 million for the year ended December 31, 2025, and are included in servicing fees, net in the consolidated statement of operations. At December 31, 2025, $2.6 million of MSR were considered impaired.

The expected amortization of capitalized MSRs recorded at December 31, 2025 is as follows (in thousands):

Year	Amortization
2026	35,358
2027	29,467
2028	24,557
2029	20,466
2030	17,056
Thereafter	85,312
Total	**$ 212,216**

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

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Note 7 - Real Estate Securities

Real Estate Securities, Available For Sale, Measured at Fair Value

The following is a summary of the Company's real estate securities, available for sale, measured at fair value as of December 31, 2025 and 2024 (dollars in thousands):

	CMBS Bonds					
	Number of Bonds	Benchmark Interest Rate	Weighted Average Interest Rate	Weighted Average Contractual Maturity (years)	Par Value	Fair Value
December 31, 2025	10	1 Month SOFR	6.61%	8.4	$ 151,362	$ 151,662
December 31, 2024	11	1 Month SOFR	7.06%	9.8	$ 203,005	$ 202,973

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 by investment type as of December 31, 2025 and 2024 (dollars in thousands):

	Amortized Cost	Unrealized Gain	Unrealized (Loss)	Fair Value
December 31, 2025	$ 151,946	$ 76	$ (360)	$ 151,662
December 31, 2024	$ 202,894	$ 295	$ (216)	$ 202,973

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 December 31, 2024, the Company held 11 CMBS bonds with an amortized cost basis of $202.9 million and a net unrealized gain of $0.1 million, four of which were held in a gross unrealized loss position of $0.2 million. As of December 31, 2025 and 2024, zero positions had an unrealized loss for a period greater than twelve months. As of December 31, 2025 and 2024, the fair value of the Company's CMBS bonds that were in an unrealized loss position for less than twelve months was $105.9 million and $50.3 million, respectively.

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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 December 31, 2025 and 2024 (dollars in thousands):

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
			$ 19,915	**$ 86,324**	**$ 2,929**	**$ (9,903)**	**$ 99,265**

See notes below.

As of December 31, 2024

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	$ 2,928	$ (7,481)	$ 83,142
August 2023	Office	Portland, OR	16,479	2,065	—	(69)	18,475
October 2023[2]	Multifamily	Lubbock, TX	1,618	10,076	185	(336)	11,543
			$ 21,533	**$ 96,400**	**$ 3,113**	**$ (7,886)**	**$ 113,160**

[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] The Company reclassified this property from held for investment to held for sale in September 2025.

Depreciation expense for the years ended December 31, 2025 and 2024 totaled $2.5 million and $2.7 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 December 31, 2025 and 2024 (dollars in thousands):

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

		As of December 31, 2024	
Property Type	Primary Location(s)	Assets, Net	Liabilities, Net
Retail[1]	Various	$ 14,472	$ 1,291
Multifamily[3]	Various	211,024	4,528
		$ 225,496	**$ 5,819**

(1) 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. During the year ended December 31, 2025, the Company sold three properties within the Walgreens Portfolio. In addition, the Company received $5.6 million related to settled litigation regarding the Walgreens Portfolio. As a result, the Company recorded a net gain of $3.4 million for the year ended December 31, 2025 related to the legal settlement and property sales included within *Gain/(loss) on other real estate investments* in the Company's consolidated financial statements of operations. As of December 31, 2025, the Company's real estate owned, held for sale assets includes one remaining retail property in the Walgreens Portfolio.

(2) During the year ended December 31, 2025, the Company obtained one office property, in Denver, CO, through deed-in-lieu of foreclosure and recognized a net loss of $1.7 million, included within *Gain/(loss) on other real estate investments,* in the Company's consolidated financial statements of operations related to the foreclosure of this property.

(3) During the year ended December 31, 2025, the Company obtained five multifamily properties, through foreclosure or deed-in-lieu of foreclosure, in various locations throughout the United States and reclassified one property located in Lubbock, Texas from held for investment to held for sale. In addition, the Company sold ten multifamily properties within the held for sale portfolio. During the year ended December 31, 2025, the Company recognized a net loss of $5.1 million included within *Gain/(loss) on other real estate investments* in the Company's consolidated financial statements of operations related to the foreclosure, sales, and fair value write-down of these properties. As of December 31, 2025, the Company's real estate owned, held for sale assets included four multifamily properties that previously collateralized four commercial mortgage loans.

As of December 31, 2025, 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 $0.4 million as of December 31, 2025. The equity investment in 55 Riverwalk JV has a carrying value of $13.5 million on the consolidated balance sheets as of December 31, 2025.

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 $0.8 million as of December 31, 2025. The equity investment in Garfield JV has a carrying value of $8.6 million on the consolidated balance sheets as of December 31, 2025.

NewPoint JV LLC - Through the acquisition of NewPoint on July 1, 2025, the Company holds a 7.08% 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 $1.5 million as of December 31, 2025. The Company has a total commitment of $25.0 million which was completely funded as of December 31, 2025. The equity investment in Bridge JV has a carrying value of $24.2 million on the consolidated balance sheets as of December 31, 2025.

NewPoint + MORE Capital Affordable Fund LLC - Through the acquisition of NewPoint on July 1, 2025, the Company holds a 29.34% 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 December 31, 2025. The Company has received no distributions as of December 31, 2025. The equity investment in Affordable JV has a carrying value of $25.3 million on the consolidated balance sheets as of December 31, 2025.

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

	December 31, 2025
Total Assets	$ 1,450,001
Total Liabilities	918,504
Net Assets/Member's Equity	531,497

The following provides a summary of the combined results of operations of the Company's equity method of investments for the year-ended December 31, 2025 (dollars in thousands):

	Year Ended December 31, 2025
Total Revenue/Investment Income	$ 86,448
Unrealized Gain/(Loss) from Investments	153
Total Expenses	63,154
Net Income/(Loss)	23,447
Net Income/(Loss) attributable to the Company	3,583

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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 December 31, 2025, the Company recorded ROU assets of $8.4 million and operating lease liabilities of $10.5 million within *Prepaid expenses and other assets* and *other liabilities*, respectively, on the consolidated balance sheets. All lease commencement dates are recorded as of July 1, 2025 in conjunction with the acquisition of NewPoint.

	Year Ended December 31, 2025	Year Ended December 31, 2024
Lease Cost:		
Operating lease cost	$ 1,226	$ —
Variable lease cost	419	—
Net lease cost	**$ 1,645**	**$ —**
Other Information		
Operating cash outflows from operating leases	1,382	—
Weighted-average remaining lease term	5.5	
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 December 31, 2025 (dollars in thousands):

Future Minimum Payments	December 31, 2025
2026	$ 2,666
2027	2,528
2028	2,381
2029	2,004
2030	804
2031 and beyond	2,246
Total Lease Payments	**12,629**
Less: imputed interest	(2,116)
Total	**$ 10,513**

Rental Income

Rental income for the years ended December 31, 2025 and 2024 totaled $29.6 million and $22.8 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	December 31, 2025
2026	$ 8,936
2027	8,710
2028	8,884
2029	9,062
2030	9,243
2031 and beyond	79,083
Total future minimum rent	**$ 123,918**

Amortization Expense

Intangible lease assets are amortized using the straight-line method over the remaining term of the lease. The weighted average life of the intangible assets as of December 31, 2025 is approximately 12.8 years. Amortization expense for the years ended December 31, 2025 and 2024 totaled $2.9 million and $3.0 million, respectively.

The following table summarizes the Company's expected amortization of other identified intangible assets, exclusive of intangible assets that are held for sale, assuming no further acquisitions or dispositions (dollars in thousands):

Amortization Expense - Other identified intangible assets	December 31, 2025
2026	$ 2,880
2027	2,880
2028	2,880
2029	2,880
2030	2,880
2031 and beyond	22,560

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Note 11 - Goodwill & Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by reporting segment were as follows (dollars in thousands):

	Agency	Total
Balance at December 31, 2024	$ —	$ —
Goodwill acquired during the period[1]	92,048	92,048
Balance at December 31, 2025	$ 92,048	$ 92,048

[1] Represents goodwill related to the NewPoint acquisition.

Intangible Assets

The following table summarizes the carrying value of the Company's intangible assets, as described in Note 2 - Summary of Significant Accounting Policies, as of December 31, 2025 and December 31, 2024 (dollars in thousands):

	December 31, 2025			December 31, 2024		
	Carrying Value	Accumulated Amortization	Total	Carrying Value	Accumulated Amortization	Total
Indefinite lived intangibles:						
Agency License Intangibles	$ 72,500	$ —	$ 72,500	$ —	$ —	$ —
Finite lived intangibles:						
Non-compete Agreements	$ 5,200	$ (3,317)	$ 1,883	$ —	$ —	$ —
Software development	4,660	(444)	4,216	—	—	—
Intangible lease assets	49,192	(12,238)	36,954	49,285	(9,451)	39,834
Total	$ 131,552	$ (15,999)	$ 115,553	$ 49,285	$ (9,451)	$ 39,834

Amortization expense for the years ended December 31, 2025 and 2024 totaled $6.6 million and $2.9 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	2027	2028	2029	2030
Non-compete Agreements	0.3	$ 1,883	$ —	$ —	$ —	$ —
Software development	4.5	932	932	932	932	488
Intangible lease assets	12.8	2,880	2,880	2,880	2,880	2,880
Total		$ 5,695	$ 3,812	$ 3,812	$ 3,812	$ 3,368

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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 financing and Unsecured debt as of December 31, 2025 and 2024 (dollars in thousands):

	As of 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[4]	350,000	150,744	10,598	6.35 %	01/2027
WF Repo Facility[5]	250,000	75,172	1,749	5.22 %	10/2027
Barclays Revolver Facility[6]	100,000	—	438	N/A	09/2026
Barclays Repo Facility[7]	500,000	82,602	8,889	5.59 %	03/2028
Churchill Repo Facility[8]	—	—	555	N/A	N/A
BAML WH Line of Credit[9]	500,000	9,399	1,210	5.17 %	06/2026
Fifth Third WH Line of Credit[9]	400,000	44,007	3,169	5.02 %	07/2026
Fifth Third Line of Credit[10]	100,000	15,000	1,265	6.53 %	08/2026
JPM WH Line of Credit[11]	700,000	222,831	5,892	5.04 %	01/2026
PNC WH Line of Credit[12]	500,000	47,924	1,628	4.99 %	12/2026
ASAP WH Line of Credit[13]	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[14]	**N/A**	**$ 23,998**	**$ 1,783**	**6.87 %**	10/2026
Other Financing					
Other financings[15]	**N/A**	**$ 12,865**	**$ 783**	**6.00 %**	07/2028
Unsecured Debt[18]					
Senior Notes[16][17]	N/A	$ 107,000	$ 6,158	Various[16][17]	Various[16][17]
Junior Note I[18]	N/A	17,500	1,458	7.60 %	10/2035
Junior Note II[18]	N/A	40,000	3,195	7.28 %	12/2035
Junior Note III[18]	N/A	25,000	1,997	7.28 %	09/2036
Total/Weighted average	**N/A**	**$ 189,500**	**$ 12,808**	**7.81 %**	

See notes below.

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	As of December 31, 2024				
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	$ 96,123	$ 11,308	6.73 %	07/2026
Atlas Repo Facility[4]	350,000	81,810	5,869	7.00 %	01/2026
WF Repo Facility[5]	400,000	—	6,246	N/A	10/2025
Barclays Revolver Facility[6]	100,000	75,805	965	9.25 %	09/2026
Barclays Repo Facility[7]	500,000	76,073	13,642	6.28 %	03/2025
Churchill Repo Facility[8]	225,000	—	139	N/A	N/A
Total/Weighted average	**$ 2,075,000**	**$ 329,811**	**$ 38,169**	**7.27 %**	
Mortgage note payable:					
Debt related to our REO[14]	**N/A**	**$ 23,998**	**$ 2,032**	**7.52 %**	10/2025
Other Financing					
Other financings[15]	**N/A**	**$ 12,865**	**$ 1,070**	**6.00 %**	07/2028
Unsecured debt[18]:					
Junior Note I	N/A	$ 17,085	$ 1,630	8.35 %	10/2035
Junior Note II	N/A	39,588	3,602	7.92 %	12/2035
Junior Note III	N/A	24,722	2,251	7.92 %	09/2036
Total/Weighted average	**N/A**	**$ 81,395**	**$ 7,483**	**8.01 %**	

(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 December 31, 2025 and 2024, the Company is in compliance with all debt covenants.

(3) On February 6th, 2026, the Company upsized the capacity of the JPM MRA by $250.0 million to a total of $750.0 million. There are two one-year extension options.

(4) On October 9th, 2025, the Company extended the maturity date to January 5th, 2027.

(5) On October 10th, 2025, the Company extended the maturity date to October 25th, 2027 and reduced the facility capacity to $250 million. There are three one-year extension options remaining.

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

(7) On February 21, 2025, the Company extended the maturity date to March 14, 2028, with a one-year extension option remaining.

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

(9) 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.

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

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

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

(13) 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 plus 1.50%, with a 0.25% SOFR floor.

(14) Relates to a mortgage note payable in Jeffersonville JV, a consolidated joint venture. The loan has a principal amount of $112.7 million of which $88.7 million of the loan is owned by the Company and was eliminated in our consolidated financial statements (see Note 8 - Real Estate Owned).

[15] Comprised of one note-on-note financing via a participation agreement. From inception of the loan, the Company's outstanding loans 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.

[16] 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.

[17] During the second quarter of 2025, the Company issued $25.0 million of floating-rate senior unsecured notes. As of December 31, 2025, the interest rate on these notes was SOFR + 4.00%. These notes mature on April 25, 2028.

[18] The notes are currently redeemable, in whole or in part, without penalty, at the Company's option. Interest paid on unsecured junior debt totaled $6.6 million and $7.5 million as of December 31, 2025 and 2024, 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 December 31, 2025 and 2024 (dollars in thousands):

	As of 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**

	As of December 31, 2024				
Counterparty	**Amount Outstanding**	**Interest Expense**	**Collateral Pledged[1]**	**Weighted Average Interest Rate**	**Weighted Average Days to Maturity**
JP Morgan Securities LLC	$ 78,198	$ 6,609	$ 68,501	5.40 %	8
Wells Fargo Securities, LLC	65,388	960	82,644	5.41 %	14
Barclays Capital Inc.	66,057	4,452	74,042	5.10 %	21
Lucid Prime Fund	26,965	1,209	30,865	5.24 %	16
Total/Weighted Average	**$ 236,608**	**$ 13,230**	**$ 256,052**	**5.30 %**	**15**

[1] Includes $74.2 million and $75.4 million of CMBS notes, held by the Company, which is eliminated through consolidation of the related CLOs on the Company's consolidated balance sheets as of December 31, 2025 and 2024, respectively.

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Collateralized Loan Obligation

The following tables represent the terms of the notes issued by 2022-FL8 Issuer, 2023-FL10 Issuer, 2024-FL11 Issuer and 2025-FL12 Issuer (collectively the "CLOs"), as of December 31, 2025 and 2024, respectively:

	December 31, 2025						
CLO Facility	**Number of Loans in pool[1]**	**Benchmark Interest Rate[4]**	**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[3]	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**	

	As of December 31, 2024						
CLO Facility	**Number of Loans in pool[1]**	**Benchmark interest rate[4]**	**Weighted Average Spread**	**Par Value**	**Par Value Outstanding[2]**	**Principal Balance of Collateralized Mortgage Assets**	**Maturity Dates**
2021-FL6 Issuer	38	Term SOFR	1.64 %	$ 584,500	$ 344,411	$ 454,686	3/15/2036
2021-FL7 Issuer	30	Term SOFR	1.90 %	722,250	392,826	563,852	12/21/2038
2022-FL8 Issuer	35	AVG SOFR	1.77 %	960,000	796,927	914,752	2/15/2037
2022-FL9 Issuer	38	Term SOFR	2.94 %	670,637	519,537	647,683	5/15/2039
2023-FL10 Issuer[3]	41	Term SOFR	2.59 %	717,243	717,243	892,536	9/15/2035
2024-FL11 Issuer	27	Term SOFR	1.99 %	886,176	886,176	1,016,286	7/15/2039
				$ 4,540,806	**$ 3,657,120**	**$ 4,489,795**	

[1] Loan assets may be pledged towards one or multiple CLO pool.

[2] Excludes $366.1 million and $532.4 million, respectively, of CLO notes, held by the Company, which are eliminated in *Collateralized loan obligations* in the consolidated balance sheet as of December 31, 2025 and 2024.

[3] During the first quarter of 2024, the Company sold the BSPRT FL10 AS retained tranche with a principal balance of $27.9 million.

[4] On March 5, 2021, the Financial Conduct Authority of the U.K. (the "FCA") announced that LIBOR tenors relevant to 2019-FL5 Issuer, 2021- FL6 Issuer, and 2021-FL7 Issuer would cease to be published or no longer be representative after June 30, 2023. The Alternative Reference Rates Committee (the "ARRC") interpreted this announcement to constitute a benchmark transition event. The benchmark index of 1M LIBOR interest rate converted from LIBOR to compounded SOFR, plus a benchmark adjustment of 11.448 basis points with a lookback period equal to the number of calendar days in the applicable interest accrual period plus two SOFR business days, conforming with the indenture agreement and recommendations from the ARRC. Compounded SOFR for any interest accrual period shall be the "30-Day Average SOFR" as published by the Federal Reserve Bank of New York on each benchmark determination date. On July 13, 2023, the Company converted the indices for 2021-FL6 Issuer and 2021-FL7 Issuer to 1M Term SOFR + 11.448 basis points and the applicable spreads remain unchanged.

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On October 15, 2025, the Company called all of the outstanding notes issued by BSPRT 2021-FL6 Issuer, Ltd., BSPRT 2021-FL7 Issuer, Ltd. and BSPRT 2022-FL9 Issuer, Ltd., all of which were wholly owned indirect subsidiaries of the Company. The outstanding principal of the notes on the date of the call were $184.4 million, $309.6 million, and $367.4 million, respectively. The Company recognized all the remaining unamortized deferred financing costs of $7.6 million recorded within the *Realized gain/(loss) on extinguishment of debt* in the consolidated statements of operations, which was a non-cash charge.

On October 15, 2025, BSPRT 2025-FL12 Issuer, LLC, a wholly-owned indirect subsidiary of the Company, entered into an indenture with a subsidiary of the OP, as advancing agent, U.S. Bank Trust Company, National Association, as trustee and note administrator, and U.S. Bank National Association, as custodian and in other capacities, which governs the issuance of approximately $1.1 billion principal balance secured floating rate notes, of which $947.2 million were purchased by third party investors and $129.2 million were purchased by a wholly-owned subsidiary of the OP. In addition, concurrently with the issuance of the notes, BSPRT 2025-FL12 Issuer, LLC also issued 64,582 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 2025-FL12 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 December 31, 2025 and 2024, respectively, 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 VIE's are non-recourse to the Company.

Assets (dollars in thousands)	**December 31, 2025**	**December 31, 2024**
Cash and cash equivalents[1]	$ 51,153	$ 157,991
Commercial mortgage loans, held for investment, net[2]	3,317,040	4,378,427
Accrued interest receivable	18,302	21,580
Total Assets	**$ 3,386,495**	**$ 4,557,998**
Liabilities		
Notes payable[3][4]	$ 3,123,046	$ 4,189,479
Accrued interest payable	8,857	13,194
Total Liabilities	**$ 3,131,903**	**$ 4,202,673**

(1) Includes $50.5 million and $157.0 million of cash held by the servicer related to CLOs as of December 31, 2025 and 2024, respectively.

(2) The balance is presented net of allowance for credit losses of $15.4 million and $34.5 million as of December 31, 2025 and 2024, respectively.

(3) Includes $366.1 million and $532.4 million of CLO notes, held by the Company, which are eliminated in *Collateralized loan obligation* in the consolidated balance sheets as of December 31, 2025 and 2024, respectively.

(4) The balance is presented net of deferred financing cost and discount of $21.3 million and $28.8 million as of December 31, 2025 and 2024, respectively. The deferred financing costs are amortized over the expected lifetime of each CLO.

Note 13 - Allowance for Loss Sharing

In connection with the Company's July 1, 2025 acquisition of NewPoint, the Company assumed 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 December 31, 2025, we had $1.7 million 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 December 31, 2025, our allowance for loss-sharing obligations related to the specific reserve was $9.3 million.

At December 31, 2025, our allowance for loss-sharing obligations, associated with expected losses under CECL, was $8.4 million, and represented 0.11% of our Fannie Mae servicing portfolio. During 2025, we recorded a decrease in CECL reserves of $1.8 million.

At December 31, 2025, the unpaid principal balance outstanding of loans sold with loss sharing under the DUS program was approximately $7.9 billion. 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 2025 is as follows (dollars in thousands):

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

As of December 31, 2025, 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 treasury securities are exempt from CECL reserves and allowances.

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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 years ended December 31, 2025, 2024 and 2023 (dollars in thousands, except share and per share data):

	Year Ended December 31,		
Basic Numerator	**2025**	**2024**	**2023**
Net income/(loss)	$ 84,085	$ 92,403	$ 144,509
Net (income)/loss from non-controlling interest	(1,814)	3,475	706
Less: Preferred stock dividends	26,993	26,993	26,993
Net income/(loss) attributable to common stock	55,278	68,885	118,222
Less: Participating securities' share in earnings	2,066	1,806	1,162
Net income/(loss) attributable to common shareholders	**$ 53,212**	**$ 67,079**	**$ 117,060**
Diluted Numerator			
Basic Earnings (Loss)	$ 53,212	$ 67,079	$ 117,060
Add: Net income/(loss) from non-controlling interest - OP Units	1,877	—	—
Diluted net income/(loss) applicable to common stockholders	**$ 55,089**	**$ 67,079**	**$ 117,060**
Denominator			
Weighted-average common shares outstanding for basic earnings per share	81,965,156	81,846,170	82,307,970
Weighted-average common shares outstanding for diluted earnings per share[1][2]	86,192,595	81,846,170	82,307,970
Basic earnings per share	$ 0.65	$ 0.82	$ 1.42
Diluted earnings per share	$ 0.64	$ 0.82	$ 1.42

[1] The effect of the weighted average dilutive shares excluded restricted shares and restricted stock units for the years ended December 31, 2025, 2024 and 2023 of 188,571, 253,436, and 191,324, respectively, as the effect was anti-dilutive. Additionally, the effect of the weighted average dilutive shares excluded the common equivalent of convertible preferred shares for the years ended December 31, 2025, 2024 and 2023 of 5,370,498, 5,370,498, and 5,385,254, shares respectively, as the effect was anti-dilutive.

[2] The effect of the weighted average dilutive shares included OP Units for the year ended December 31, 2025 of 4,227,438 as the effect was dilutive.

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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 December 31, 2025 and 2024 (in thousands, except share and per share amounts):

	Balance as of		Shares Outstanding as of		Fourth Quarter 2025 Dividend Per Share [1]
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
Redeemable Convertible Preferred Stock:					
Series H Preferred Stock [2]	$ 89,748	$ 89,748	17,950	17,950	$ 106.216
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]	$ 808	$ 818	81,553,982	83,066,789	$ 0.355

[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 the year ended December 31, 2025, the Company repurchased 1,371,073 shares of common stock at a net average price of $10.48 per share, for a total of $14.4 million. All of these shares were retired upon settlement, reducing the total outstanding shares as of December 31, 2025. See discussion in the "Stock Repurchases" section below.

During the year ended December 31, 2025 and 2024, the Company paid an aggregate of $118.6 million and $117.9 million, respectively, of common stock distributions comprised of quarterly common dividends of $0.355 per share.

Stock Repurchases

The Company's board of directors has authorized a $65 million share repurchase program of the Company's common stock. 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 December 31, 2025, the Company had $16.7 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 year ended December 31, 2025 (in thousands, except share amounts):

	Year Ended December 31, 2025	
	Shares	Amount [1][2]
Beginning of period, authorized repurchase amount		$ 31,050
Repurchases paid	1,371,073	(14,367)
Remaining as of December 31, 2025		**$ 16,683**

(1) For the year ended December 31, 2025, the net average purchase price was $10.48 per share.

(2) Amount includes commissions paid associated with share repurchases.

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, 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. The direct stock purchase component allows stockholders, subject to the Company's approval, to purchase shares of common stock directly from us. For the years ended December 31, 2025 and 2024 160,137 and 163,952 shares of common stock were issued by the Company and purchased in the open market, respectively, by the DRIP administrator and allocated to DRIP participants. under the dividend reinvestment component of DRIP.

At-the-Market Sales Agreement

Pursuant to the sales agreement dated April 14, 2023 (as amended on November 8, 2024, 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 December 31, 2025, 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 NewPoint Transaction, the Company issued 8,385,951 OP Units, providing those unit holders interest in the OP. 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 OP is reduced and the Company’s equity is increased. As of December 31, 2025, the non-controlling interest OP Unit holders owned 8,385,951 OP Units.

Note 16 - Commitments and Contingencies

Unfunded Commitments Under Commercial Mortgage Loans

As of December 31, 2025, the Company had the below unfunded commitments to the Company's borrowers (dollars in thousands):

Funding Expiration	December 31, 2025	December 31, 2024
2025	$ —	$ 76,163
2026	77,167	156,907
2027	132,465	135,244
2028	195,100	3,195
2029 and beyond	9,147	—
	$ 413,879	**$ 371,509**

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 December 31, 2025, the Company had $41.3 million and $544.9 million of unfunded commitments to fund loans and sell loans, net, respectively.

Mortgage Impairment Insurance

As of December 31, 2025, 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 December 31, 2025, the Company carried a mortgage bankers bond, combining the fidelity bond and mortgagees errors and omissions insurance, with a limit of $60 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

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. Please refer to "Part I, Item 3. Legal Proceedings" for more details about the Company's ongoing litigation matters.

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Entry into a Material Definitive Agreement

On March 9, 2025, the Company, along with two wholly owned subsidiaries, entered into a definitive purchase and sale agreement with NewPoint; each of the holders of issued and outstanding membership interests of NewPoint (the "Existing Equityholders"); Meridian Bravo Investment Company, LLC and BMC Holdings DE LLC, in their capacity as the joint representatives of the Existing Equityholders. The Company purchased all of NewPoint's issued and outstanding membership interests and units (the "Purchased Interests") in exchange for an aggregate amount of $336.9 million paid in cash and the issuance of 8,385,951 OP Units, to the Existing Equityholders. The Company financed the cash portion of the purchase price through a combination of existing cash and the issuance of new debt and/or equity. The acquisition closed on July 1, 2025.

Note 17 - Servicing Revenue

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

	Year Ended December 31,	
	2025	2024
Servicing and ancillary fees	$ 23,084	$ —
Placement fees on escrows	15,056	—
MSR payoffs	(3,600)	—
MSR amortization	(19,434)	—
MSR impairment	(2,590)	—
Total servicing revenue, net	**$ 12,516**	**$ —**

As of December 31, 2025 and December 31, 2024, the weighted average servicing fee was 9.2 basis points and 0 basis points, respectively. At December 31, 2025 and December 31, 2024, total escrow and reserve balances were approximately $921 million and $0, 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					
	December 31, 2025			December 31, 2024		
	UPB	% of Total	Effective Service Fee Rate	UPB	% of Total	Effective Service Fee Rate
Fannie Mae	$ 7,860	16 %	0.21 %	$ —	— %	— %
Ginnie Mae	5,125	11 %	0.17 %	—	— %	— %
Freddie Mac	8,649	18 %	0.08 %	—	— %	— %
Bridge	836	2 %	0.08 %	—	— %	— %
Affordable	425	1 %	0.13 %	—	— %	— %
Private Label	24,951	52 %	0.02 %	—	— %	— %
Total/Weighted Average	**$ 47,846**	**100 %**	**0.07 %**	**$ —**	**— %**	**— %**

Geographic concentrations that impact our servicing revenue are as follows:

	Geographic Considerations	
	December 31, 2025	December 31, 2024
	% of Total	% of Total
New York	15.2 %	— %
Texas	11.0 %	— %
Maryland	8.5 %	— %
California	7.2 %	— %
Virginia	5.8 %	— %
Florida	5.7 %	— %
New Jersey	5.4 %	— %
Other[1]	41.2 %	— %
Total	**100.0 %**	**— %**

[1] 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, 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 referral fee is equal to 0.10% of the total loan commitment amount.

The table below shows the costs incurred due to arrangements with our Advisor and its affiliates during the years ended December 31, 2025, 2024 and 2023 and the associated (payable)/receivable as of December 31, 2025 and 2024 (dollars in thousands):

	Year Ended December 31,			(Payable)/Receivable as of December 31,	
	2025	2024	2023	2025	2024
Acquisition expenses [1]	$ 951	$ 996	$ 1,241	$ —	$ —
Administrative services expenses	13,346	9,707	14,440	(3,556)	(2,342)
Asset management and subordinated performance fee	24,497	25,958	33,847	(6,594)	(9,417)
Other related party expenses [2][3]	1,474	1,301	1,192	(2,275)	(2,347)
Referral Fee Income	371	—	—	371	—

[1] Total acquisition expenses paid during the years ended December 31, 2025, 2024 and 2023 were $6.4 million, $10.0 million and $5.8 million respectively, of which $5.4 million, $9.0 million and $4.6 million were capitalized in *Commercial mortgage loans, held for investment* and *Real estate securities, available for sale, measured at fair value* in the consolidated balance sheets for the years ended December 31, 2025, 2024 and 2023.

[2] These are related to reimbursable costs incurred related to the increase in loan origination activities and are included in *Other expenses* in the consolidated statements of operations.

[3] As of December 31, 2025 and December 31, 2024, the related party payables included (i) $1.8 million and $2.3 million, respectively, of payments made by the Advisor to third party vendors on behalf of the Company and (ii) $0.2 million of fees per the fee arrangement agreement between the Advisor and the Company. There were no fees incurred per the fee arrangement agreement as of December 31, 2024.

The payables as of December 31, 2025 and 2024 in the table above are included in *Due to affiliates* in the consolidated balance sheets.

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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 affiliated fund 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 has majority control of Jeffersonville JV and, therefore, consolidates the accounts of Jeffersonville JV in its consolidated financial statements. The Company's $88.7 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 2025, 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 December 31, 2025 and 2024, our commercial mortgage loans, held for investment, includes an aggregate of $37.1 million and $39.6 million, respectively, carrying value of loans to affiliates of our Advisor. The Company recognized $2.7 million and $7.5 million in interest income from these loans for the year ended December 31, 2025 and 2024, respectively, in the consolidated statements 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.

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 Agency and Conduit portfolios 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 the 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 Agency portfolio 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 years ended December 31, 2025 and December 31, 2024.

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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 December 31, 2025 (dollars in thousands).

	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
Forward sale commitments	797	—	—	797
Loan commitments	10,518	—	—	10,518
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**

	December 31, 2024			
	Total	**Level I**	**Level II**	**Level III**
Assets, at fair value				
Real estate securities, available for sale, measured at fair value	$ 202,973	$ —	$ 202,973	$ —
Commercial mortgage loans, held for sale, measured at fair value - Non-Agency	87,270	—	—	87,270
Treasury notes	891	891	—	—
Options	183	183	—	—
Total assets, at fair value	**$ 291,317**	**$ 1,074**	**$ 202,973**	**$ 87,270**
Liabilities, at fair value				
Credit default swaps	$ 1,787	$ —	$ 1,787	$ —
Total liabilities, at fair value	**$ 1,787**	**$ —**	**$ 1,787**	**$ —**

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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 December 31, 2025 (dollars in thousands).

	December 31, 2025				
Asset Category	**Fair Value**	**Valuation Methodologies**	**Unobservable Inputs** [1]	**Weighted Average** [2]	**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, net	5,106	Discounted Cash Flow	Discount rate	4.81%	4.07% - 6.28%

	December 31, 2024				
Asset Category	**Fair Value**	**Valuation Methodologies**	**Unobservable Inputs** [1]	**Weighted Average**	**Range**
Commercial mortgage loans, held for sale, measured at fair value - Non-Agency	$ 87,270	Discounted Cash Flow	Yield	7.02%	6.96% - 7.58%
Commercial mortgage loans, held for sale, measured at fair value - Agency	—	Discounted Cash Flow	Discount rate	—	—
Loan commitments and forward sale commitments, net	—	Discounted Cash Flow	Discount rate	—	—

[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 December 31, 2025 and 2024 for which the Company has used Level III inputs to determine fair value (dollars in thousands):

	December 31, 2025			
	Commercial mortgage loans, held for sale, measured at fair value - Non-Agency	**Commercial mortgage loans, held for sale, 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.

	December 31, 2024			
	Commercial mortgage loans, held for sale, measured at fair value - Non-Agency	Commercial mortgage loans, held for sale, measured at fair value - Agency	Loan Commitments	Forward Sale Commitments
Beginning balance, January 1, 2024	$ —	$ —	$ —	$ —
Transfers into Level III[(1)]	—	—	—	—
Originations	358,445	—	—	—
Sales / paydowns	(284,300)	—	—	—
Realized and unrealized gain/(loss) included in earnings	13,125	—	—	—
Transfers out of Level III[(1)]	—	—	—	—
Ending balance, December 31, 2024	**$ 87,270**	**$ —**	**$ —**	**$ —**

[(1)] There were no transfers in or out of Level III as of December 31, 2024.

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 approximates their fair value. The fair value of borrowings under repurchase agreements approximate their carrying value in 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 four multifamily properties, one office property and one remaining retail property in the Walgreens Portfolio, 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 December 31, 2025, the Company's *Real estate owned, held for sale* assets and liabilities, had a fair value of $198.9 million, net, that represented the one remaining retail property in the Walgreens Portfolio, four multifamily properties and one office property. As of December 31, 2024, the Company's real estate owned, held for sale assets and liabilities, had a fair value of $221.6 million, net, representing the remaining four retail properties in the Walgreens Portfolio and eight multifamily properties.

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.

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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 December 31, 2025 and 2024 (dollars in thousands):

		December 31, 2025			December 31, 2024		
		Level	Carrying Amount	Fair Value	Level	Carrying Amount	Fair Value
Commercial mortgage loans, held for investment[1]	Asset	III	$ 4,421,436	$ 4,411,871	III	$ 4,986,750	$ 4,935,380
Pledged investment securities	Asset	I	20,483	21,175	I	—	—
Collateralized loan obligations[2]	Liability	II	2,735,582	2,757,931	II	3,628,270	3,645,330
Mortgage note payable	Liability	III	23,998	23,998	III	23,998	23,998
Other financings	Liability	III	12,865	12,865	III	12,865	12,865
Unsecured debt	Liability	III	185,466	178,900	III	81,395	69,800
Mortgage servicing rights, net	Asset	III	212,216	213,572	III	—	—

[1] The carrying value is gross $38.3 million and $78.1 million of allowance for credit losses as of December 31, 2025 and 2024, respectively.

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

Repurchase agreements - commercial mortgage loans of $1.1 billion and $329.8 million as of December 31, 2025 and 2024, respectively, and repurchase agreements - real estate securities of $187.4 million and $236.6 million as of December 31, 2025 and 2024, respectively, are not carried at fair value and do not include accrued interest, 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 December 31, 2025 and December 31, 2024 (dollars in thousands):

	December 31, 2025			December 31, 2024		
		Fair Value			Fair Value	
Contract type	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Credit default swaps	$ 31,500	$ —	$ 714	$ 80,000	$ —	$ 1,787
Options	—	—	—	—	295	112
Treasury note futures	19,600	—	28	68,300	891	—
Total	**$ 51,100**	**$ —**	**$ 742**	**$ 148,300**	**$ 1,186**	**$ 1,899**

The following table indicates 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 year ended December 31, 2025, 2024 and 2023:

	Year Ended December 31, 2025		Year Ended December 31, 2024		Year Ended December 31, 2023	
Contract type	Unrealized gain/(loss)	Realized gain/(loss)	Unrealized gain/(loss)	Realized gain/(loss)	Unrealized gain/(loss)	Realized gain/(loss)
Credit default swaps	$ (77)	$ (50)	$ 75	$ (112)	$ 41	$ (36)
Interest rate swaps	—	—	—	—	(90)	672
Options	22	(256)	83	(90)	—	—
Treasury note futures	(1,018)	1,179	892	(1,059)	(91)	362
Total	**$ (1,073)**	**$ 873**	**$ 1,050**	**$ (1,261)**	**$ (140)**	**$ 998**

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
December 31, 2025

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 December 31, 2025 and 2024 (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**
December 31, 2025						
Derivative instruments, at fair value	$ —	$ —	$ —	$ —	$ —	$ —
December 31, 2024						
Derivative instruments, at fair value	$ 1,186	$ 1,186	$ —	$ —	$ —	$ —

				Gross Amounts Not Offset on the Balance Sheet		
Liabilities	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset on the Balance Sheet**	**Net Amount of Assets Presented on the Balance Sheet**	**Financial Instruments**	**Cash Collateral**[2]	**Net Amount**
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	—
December 31, 2024						
Repurchase agreements, commercial mortgage loans	$ 329,811	$ —	$ 329,811	$ 329,811	$ —	$ —
Repurchase agreements, real estate securities	236,608	—	236,608	236,608	—	—
Derivative instruments, at fair value	1,899	1,186	713	—	713	—

[1] As of December 31, 2025, 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.

FRANKLIN BSP REALTY TRUST, INC.
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Note 22 - Segment Reporting

Effective July 1, 2025, in order to better align with the manner in which the CODM (as defined below) 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 the Agency Business 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 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.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The following table represents the Company's operations by segment for the years ended December 31, 2025, 2024 and 2023 (dollars in thousands):

December 31, 2025	Total	Real Estate Debt and Other Real Estate Investments	Agency Business	Conduit	Real Estate Owned
Interest income	$ 430,280	$ 407,155	$ 12,797	$ 6,523	$ 3,805
Mortgage Servicing Rights	28,570	—	28,570	—	—
Servicing Revenue	12,516	—	12,516	—	—
Revenue from real estate owned	29,633	—	20	—	29,613
Interest expense	(288,327)	(265,396)	(13,898)	(660)	(8,373)
Compensation and benefits	(53,739)	—	(53,739)	—	—
Administrative services expenses	(13,346)	(8,551)	(609)	(4,186)	—
Depreciation and amortization	(9,593)	—	(4,168)	—	(5,425)
Operating expenses	(100,574)	(48,959)	(13,652)	(6,381)	(31,582)
Other segment items[1][2]	48,665	(6,296)	44,255	15,110	(4,404)
Net income/(loss)	84,085	77,953	12,092	10,406	(16,366)
Total assets as of December 31, 2025	6,057,250	4,797,877	857,562	33,015	368,796
December 31, 2024					
Interest income	$ 526,076	$ 519,342	$ —	$ 5,553	$ 1,181
Mortgage Servicing Rights	—	—	—	—	—
Servicing Revenue	—	—	—	—	—
Revenue from real estate owned	22,849	—	—	—	22,849
Interest expense	(338,471)	(335,718)	—	(721)	(2,032)
Compensation and benefits	—	—	—	—	—
Administrative services expenses	(9,707)	(4,582)	—	(5,125)	—
Depreciation and amortization	(5,630)	—	—	—	(5,630)
Operating expenses	(62,934)	(41,284)	—	(4,930)	(16,720)
Other segment items[1][2]	(39,780)	(43,254)	—	11,605	(8,131)
Net income/(loss)	92,403	94,504	—	6,382	(8,483)
Total assets as of December 31, 2024	6,002,386	5,466,780	—	128,430	407,176
December 31, 2023					
Interest income	$ 552,506	$ 547,439	$ —	$ 2,244	$ 2,823
Mortgage Servicing Rights	—	—	—	—	—
Servicing Revenue	—	—	—	—	—
Revenue from real estate owned	17,021	—	—	—	17,021
Interest expense	(305,577)	(302,445)	—	(1,150)	(1,982)
Compensation and benefits	—	—	—	—	—
Administrative services expenses	(14,440)	(8,313)	—	(6,127)	—
Depreciation and amortization	(7,128)	—	—	—	(7,128)
Operating expenses	(61,493)	(52,115)	—	(5,412)	(3,966)
Other segment items[1][2]	(36,380)	(28,649)	—	(80)	(7,651)
Net income/(loss)	144,509	155,917	—	(10,525)	(883)
Total assets as of December 31, 2023	5,955,180	5,618,320	—	66,503	270,357

FRANKLIN BSP REALTY TRUST, INC.
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(1) For each reportable segment, 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 table 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 - Share-Based Compensation

Share Plans

The Company's 2021 Incentive plan provides the Company with the ability to grant equity-based awards to its directors, officers and employees (if the Company ever has employees), employees of the Advisor and its affiliates, or certain of the Company's consultants, employees of entities that provide services to the Company, directors of the Advisor or of entities that provide services to the Company, the Advisor and its affiliates.

As of December 31, 2025, there were 2,880,113 shares of common stock remaining available for issuance under the Company's 2021 Incentive Plan. The Board may amend, suspend or terminate the 2021 Incentive Plan at any time; provided that no amendment, suspension or termination may impair rights or obligations under any outstanding award without the participant's consent or violate the 2021 Incentive Plan's prohibition on repricing.

Service-based Restricted Stock and Restricted Stock Units

In accordance with the 2021 Incentive Plan, in 2025 the Company issued awards of RSUs to its officers and certain other personnel of the Advisor who provide services to the Company under the Advisory Agreement.

Restricted Stock and RSU activity issued under the 2021 Incentive Plan for the year ended December 31, 2025 is summarized below:

	Shares Outstanding 2021 Incentive Plan	Weighted Average Grant Date Fair Value
Unvested equity awards outstanding as of December 31, 2024	1,278,698	$ 13.58
Grants	826,881	12.64
Forfeitures	(51,299)	12.88
Vested	(618,897)	13.71
Unvested equity awards outstanding as of December 31, 2025	**1,435,383**	**$ 13.01**

The Company recognized compensation expense associated with equity awards of $9.1 million, $8.2 million, and $4.8 million during the years ended December 31, 2025, 2024, and 2023 respectively, which is included in *Share-based compensation* in the consolidated statements of operations. Unrecognized estimated compensation expense for these awards totaled $10.4 million as of December 31, 2025 that will be expensed over a weighted average period of 1.7 years.

Restricted Stock and RSUs granted in December 31, 2025, 2024, and 2023 had a weighted average grant date fair value of $12.64, $13.20, and $14.20, respectively. The fair value of Restricted Stock and RSUs that vested during the years ended December 31, 2025, 2024, and 2023 was $8.5 million, $5.0 million, and $2.7 million, respectively.

FRANKLIN BSP REALTY TRUST, INC.
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Note 24 - Income Taxes

The Company has conducted its operations to qualify as a REIT for U.S. federal income tax purposes beginning with its taxable year ended December 31, 2013. As a REIT, if the Company meets certain organizational and operational requirements and distributes at least 90% of its "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to its stockholders in a year, it will not be subject to U.S. federal income tax to the extent of the income that it distributes. However, even if the Company qualifies for taxation as a REIT, it may be subject to certain state and local taxes on income in addition to U.S. federal income and excise taxes on its undistributed income. The Company, through its TRSs, is indirectly subject to U.S. federal, state and local income taxes. The Company's TRSs are not consolidated for U.S. federal income tax purposes, but is instead taxed as a C corporations. For financial reporting purposes, the TRSs are consolidated and a provision for current and deferred taxes is established for the portion of earnings recognized by the Company with respect to its interest in its TRSs. Total (provision)/benefit for income taxes for the years ended December 31, 2025, 2024 and 2023 were $(3.9) million, $(1.1) million and $2.8 million, respectively. For the reporting period, the Company paid $881,967 in federal income taxes, and $51,313 in state and local income taxes to various jurisdictions including New York State and New York City. As of December 31, 2025, our taxable REIT subsidiaries have an estimated $21.0 million of federal net operating loss ("NOL") carryforwards and $3.8 million of state and local NOL carryforwards. The NOL carryforwards are subject to certain limitations. The Company has analyzed and determined that future earnings of the Company's TRS are sufficient to support a conclusion that valuation allowance for federal NOLs is not necessary as of December 31, 2025. The Company has also evaluated its state NOLs and recorded a valuation allowance for the states where it is more likely than not that it will be realized.

NewPoint and the commercial real estate conduit business are operated through the Company's TRS, which is subject to U.S. federal, state and local income taxes. In general, the TRS may hold assets that the REIT cannot hold directly and may engage in real estate or non-real estate-related activities. Current and deferred taxes are recorded on the portion of earnings (losses) recognized by us with respect to our interest in the TRS. Deferred income tax assets and liabilities are calculated based on temporary differences between our GAAP consolidated financials statements and the federal, state, local tax basis of assets and liabilities as of the consolidated balance sheets. We evaluate the realizability of our deferred tax assets (e.g., net operating loss and capital loss carryforwards) and recognize a valuation allowance if, based on the available evidence, it is more likely than not that some portion or all our deferred tax assets will not be realized. When evaluating the realizability of our deferred tax assets, we consider estimates of expected future taxable income, existing and projected book/tax differences, tax planning strategies available and the general and industry specific economic outlook.

The Company uses a more-likely-than-not threshold for recognition and derecognition of tax positions taken or to be taken in a tax return. The Company has assessed its tax positions for all open tax years beginning with December 31, 2018 and concluded that there were no uncertainties to be recognized. The Company's accounting policy with respect to interest and penalties related to tax uncertainties is to classify these amounts as provision for income taxes.

Components of the provision for income taxes consist of the following (dollars in thousands):

	Year Ended December 31,		
	2025	2024	2023
Current (provision)/benefit for income taxes			
U.S. Federal	$ (605)	$ (1,299)	$ (12)
State and local	(100)	(152)	(1)
Total current (provision)/benefit for income taxes	**$ (705)**	**$ (1,451)**	**$ (13)**
Deferred (provision)/benefit for income taxes			
U.S. Federal	$ (2,390)	$ 446	$ 2,670
State and local	(789)	(115)	100
Total deferred (provision)/benefit for income taxes	**$ (3,179)**	**$ 331**	**$ 2,770**
Total (provision)/benefit for income taxes	**$ (3,884)**	**$ (1,120)**	**$ 2,757**

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A reconciliation of our effective income tax rate, as well as our effective income tax rate as a percentage of pre-tax income, to the U.S. federal statutory rate is as follows (dollars in thousands):

Rate Reconciliation - Consolidated for F/S

	2025			2024		2023	
Pretax Income							
U.S. Federal Statutory Rate	$ 18,473	21.00	%	21.00	%	21.00	%
REIT non-taxable income	(15,482)	(17.60)	%	(20.09)	%	(22.88)	%
State and local taxes, net of federal benefit	553	0.63	%	0.29	%	(0.07)	%
Other	340	0.40	%	—	%	—	%
Effective Income Tax Rate	**$ 3,884**	**4.43**	**%**	**1.20**	**%**	**(1.95)**	**%**

The significant components of our deferred tax assets and liabilities of our TRS Consolidated Group are as follows (in thousands):

	2025	2024
Deferred Tax Assets		
Net operating loss carryforwards	$ 4,291	$ 3,452
Interest expense carryforwards	205	—
Intangible Assets	1,842	—
Other	6	8
Total Deferred Tax Assets	**$ 6,344**	**$ 3,460**
Valuation allowance	(244)	—
Total Deferred Tax Assets, Net	**$ 6,100**	**$ 3,460**
Deferred Tax Liabilities		
Contributed Assets - Built in Gain	$ 7,145	$ —
Mortgage Servicing Rights	5,821	—
Other	7	1
Deferred Tax Liabilities, Net	**$ 12,973**	**$ 1**
Net DTA/(DTL)	**$ (6,873)**	**$ 3,459**

As of December 31, 2025, the Company had federal net operating loss carryforwards of $21.0 million that do not expire.

As of December 31, 2025, the Company had state net operating loss carryforwards of $3.8 million that begin to expire in 2030.

The Company's income tax returns are subject to examination by tax authorities generally for a period of three to four years after filing, depending on the jurisdiction. Accordingly, tax years 2021-2024 remain open to examination.

The tax characteristics of $1.42 distributions per share of common stock declared during 2025 was $0.84 ordinary income and $0.58 return of capital. The tax characteristics of the $1.88 per share of Series E Preferred Stock declared during 2025 was $1.88 ordinary income. The tax characteristics of the $424.86 per share of Series H Preferred Stock declared during 2025 was $424.86 ordinary income. The ordinary income per share of each stockholder represents the ordinary dividend that may be eligible for the 20% deduction applicable to qualified REIT dividends under Internal Revenue Code Section 199A.

The tax characteristics of $1.42 distributions per share of Common Stock declared during 2024 was $1.42 ordinary income. The tax characteristics of the $1.88 per share of Series E Preferred Stock declared during 2024 was $1.88 ordinary income. The tax characteristics of the $424.86 per share of Series H Preferred Stock declared during 2024 was $424.86 ordinary income. The ordinary income per share of each stockholder represents the ordinary dividend that may be eligible for the 20% deduction applicable to qualified REIT dividends under Internal Revenue Code Section 199A.

The Company utilizes the TRSs to reduce the impact of the prohibited transaction tax and to avoid penalty for the holding of assets not qualifying as real estate assets for purposes of the REIT asset tests. Any income associated with a TRS is fully taxable because the TRS is subject to federal and state income taxes as a domestic C corporation based upon its net income.

FRANKLIN BSP REALTY TRUST, INC.
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Note 25 - Subsequent Events

The Company has evaluated subsequent events through the filing of this Annual Report on Form 10-K. Based on this evaluation, there were no subsequent events from December 31, 2025 through the date the financial statements were issued.

FRANKLIN BSP REALTY TRUST, INC.
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
December 31, 2025
(Dollars in thousands)

Type of Loan	Property Type / Location	Interest Rates[1]	Maximum Maturity Date[2]	Periodic Payments Terms[3]	Face Amount	Carrying Amount	Principal Amount of Loans Subject to Delinquent Principal or Interest[4]
Senior loans							
Senior loans less than 3% of the carrying amount of total loans							
Senior loans	Multifamily / Diversified	+ 2.00% - 8.30% Fixed 4.25% - 9.00%	2026 - 2031	I/O & P/I	$ 3,397,052	$ 3,387,269	$ 21,716
Senior loans	Hospitality / Diversified	+ 3.25% - 5.30% Fixed 8.50%	2027 - 2031	I/O & P/I	507,525	506,944	—
Senior loans	Industrial / Diversified	+ 2.70% - 4.90% Fixed 11.99%	2026 - 2031	I/O & P/I	309,522	308,633	—
Senior loans	Office / Diversified	+ 2.25% - 4.50% Fixed 7.13%	2026 - 2027	I/O & P/I	58,259	56,411	21,095
Senior loans	Mixed Use / Diversified	+ 3.25% - 3.70%	2026 - 2029	I/O	42,163	42,117	—
Senior loans	Healthcare / Diversified	+ 3.75% - 4.70%	2029	I/O	30,354	30,204	—
Senior loans	Manufactured Housing / Florida	Fixed 4.25%	2028	I/O	24,784	24,784	—
Senior loans	Senior Housing / New York	+ 3.50% - 4.25%	2029	I/O	18,628	18,523	—
Senior loans	Retail / Wisconsin	Fixed 5.50%	2026	I/O	1,986	1,988	—
Total senior loans					$ 4,390,273	$ 4,376,873	$ 42,811
Mezzanine loans							
Mezzanine loans less than 3% of the carrying amount of total loans							
Mezzanine loans	Multifamily / Diversified	+ 3.67% - 15.25%	2026 - 2030	I/O	$ 37,619	$ 36,949	$ —
Mezzanine loans	Hospitality / Diversified	+ 10.51% - 11.00%	2028 - 2029	I/O	7,619	7,614	—
Total mezzanine loans					$ 45,238	$ 44,563	$ —
Total commercial mortgage loans, held for investment[5]					$ 4,435,511	$ 4,421,436	$ 42,811
Allowance for credit losses						(38,302)	
Total commercial mortgage loans, held for investment, net of allowance for credit losses						$ 4,383,134	

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(1) Expressed as a spread over 1M SOFR Term and Adj. 1M SOFR Term. On March 5, 2021, the Financial Conduct Authority of the U.K. (the "FCA") announced that LIBOR tenors would cease to be published or no longer be representative. The Alternative Reference Rates Committee (the "ARRC") interpreted this announcement to constitute a benchmark transition event. The benchmark index of LIBOR interest rate will convert from LIBOR to compounded SOFR, plus a benchmark adjustment of 11.448 basis points. As of December 31, 2025, all of our commercial mortgage loans, held for investment which had been indexed at LIBOR were converted to SOFR utilizing the 11.448 basis points adjustment and the applicable spreads remain unchanged. The loans which have the SOFR adjustment are referred to as "Adj. 1M SOFR Term."

(2) Maximum maturity date assumes all extension options are exercised, if applicable.

(3) I/O = interest only, P/I = principal and interest.

(4) Principal amount of loans subject to delinquent principal or interest is defined as loans in (i) maturity default or (ii) receipt of interest outstanding for more than 90 days.

(5) The estimated aggregate cost for U.S. federal income tax purposes is approximately $4.6 billion.

For the activity within the Company's loan portfolio during the years ended December 31, 2025 and 2024, refer to Note 4 - Commercial Mortgage Loans, Held for Investment on the consolidated financial statements of Form 10-K.