



Franklin BSP Realty Trust

Supplemental Information

Third Quarter 2021

The information herein relates to the Company's business and financial information as of September 30, 2021 and does not reflect subsequent developments.

Risk Factors

Investing in and owning our common stock involves a high degree of risk. See the section entitled "Risk Factors" in our Annual Report on Form 10-K filed March 11, 2021 and in our Quarterly Report on Form 10-Q filed November 11, 2021 for a discussion of these risks.

Forward-Looking Statements

Certain statements included in this presentation are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Franklin BSP Realty Trust, Inc. ("FBRT" or the "Company") and may include the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Factors that could cause actual outcomes to differ materially from our forward-looking statements include material changes in the value of the securities we acquired in our merger with Capstead Mortgage Corporation, continuing adverse effects from the COVID-19 pandemic on our financial condition, operating results and cash flows, and the financial stability of our borrowers, and the other factors set forth in the risk factors section of our most recent Form 10-K and Form 10-Q. The extent to which these factors impact us and our borrowers will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, except as required by law.

Additional Important Information

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

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

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

Highlights

Third Quarter 2021 Highlights

Franklin BSP Realty Trust (“FBRT”)

- Earnings**
- GAAP Net Income of \$38.5 million or \$0.67 per share ⁽¹⁾, 14.5% ROE
 - Distributable Earnings⁽²⁾ was \$40.0 million, or \$0.69 per share ⁽¹⁾, 15.0% ROE
 - Declared a cash dividend of \$0.355 per share, representing a yield of 8.0% on book value per share, fully diluted after merger considerations and transaction expenses
 - Declared a stub dividend of \$0.07 per share for the period 10/1/21 to 10/18/21
- Capitalization**
- Estimated book value per share, fully diluted after merger considerations and transaction expenses is \$17.78. ⁽³⁾
 - Net debt to equity of 2.2x; recourse net debt to equity is 0.6x
- Investments**
- Core portfolio: closed \$519 million of loan commitments and funded \$474 million of principal balance. Received loan repayments of \$337 million for a net core portfolio growth of \$138 million in the quarter
 - Conduit: sold \$145 million of conduit loans in the quarter
- Portfolio**
- Core portfolio of 150 loans and \$3.3 billion of principal balance, average size of \$22 million. One investment on non-accrual
 - Sold an equity investment for a gain of \$8.7 million recognized in the quarter

Capstead Mortgage Corporation (“Capstead”)

- Earnings**
- GAAP Net Income of \$10.4 million or \$0.06 per share, 3.6% ROE ⁽⁴⁾
 - Core (Distributable) Earnings of \$12.1 million or \$0.07 per share, 4.7% ROE ⁽⁴⁾
 - Fair market value of securities is \$7,134 million at the end of the quarter vs. \$7,430 million last quarter
 - Approximately \$798 million principal amount of bonds were paid down during the third quarter, and \$541 million principal amount of bonds were acquired

4Q 2021 Update

- Core loan portfolio**
- We have committed \$277 million to seven new core loans, and have a strong pipeline of signed applications (as of Nov, 5)

1. Assumes conversion of all FBRT preferred shares to common equity (does not include any Capstead equity). Please see appendix for details.
2. Please see appendix for GAAP net income to distributable earnings calculation and definition.
3. FBRT stand alone GAAP book value per share, fully diluted at 9/30 was \$18.60 and is prior to merger considerations and transaction expenses.
4. ROE calculated using GAAP or distributable earnings less preferred dividends on an annualized basis over average common equity for the period.

FBRT Merger with Capstead

FBRT Merger with Capstead: Transaction Highlights

The combination of Franklin BSP Realty Trust, Inc. (“FBRT”) and Capstead Mortgage Corporation (“CMO”) created one of the largest publicly traded commercial mortgage real estate investment trusts (“REIT”) and is anticipated to generate significant long-term value for all stockholders

1

Compelling Business Combination

- Created the 4th largest publicly-traded commercial mortgage REIT with nearly \$2 billion in pro forma equity; new capital is additive to an existing and seasoned book of commercial mortgages focused on multifamily
- FBRT shares are listed on the NYSE under the ticker “FBRT”

2

Improved Balance Sheet and Earnings Profile

- Reduces estimated leverage, with FBRT net leverage of 2.2x (v. CMO leverage of 7.6x)
- Company expects to pay substantially all earnings in the form of dividends

3

Structural Features to Support Stock Price

- \$100 million post-closing share repurchase commitment, including \$35 million funded by Franklin Templeton
- Over 90% of legacy FBRT shares subject to 6-month lock up period after closing

4

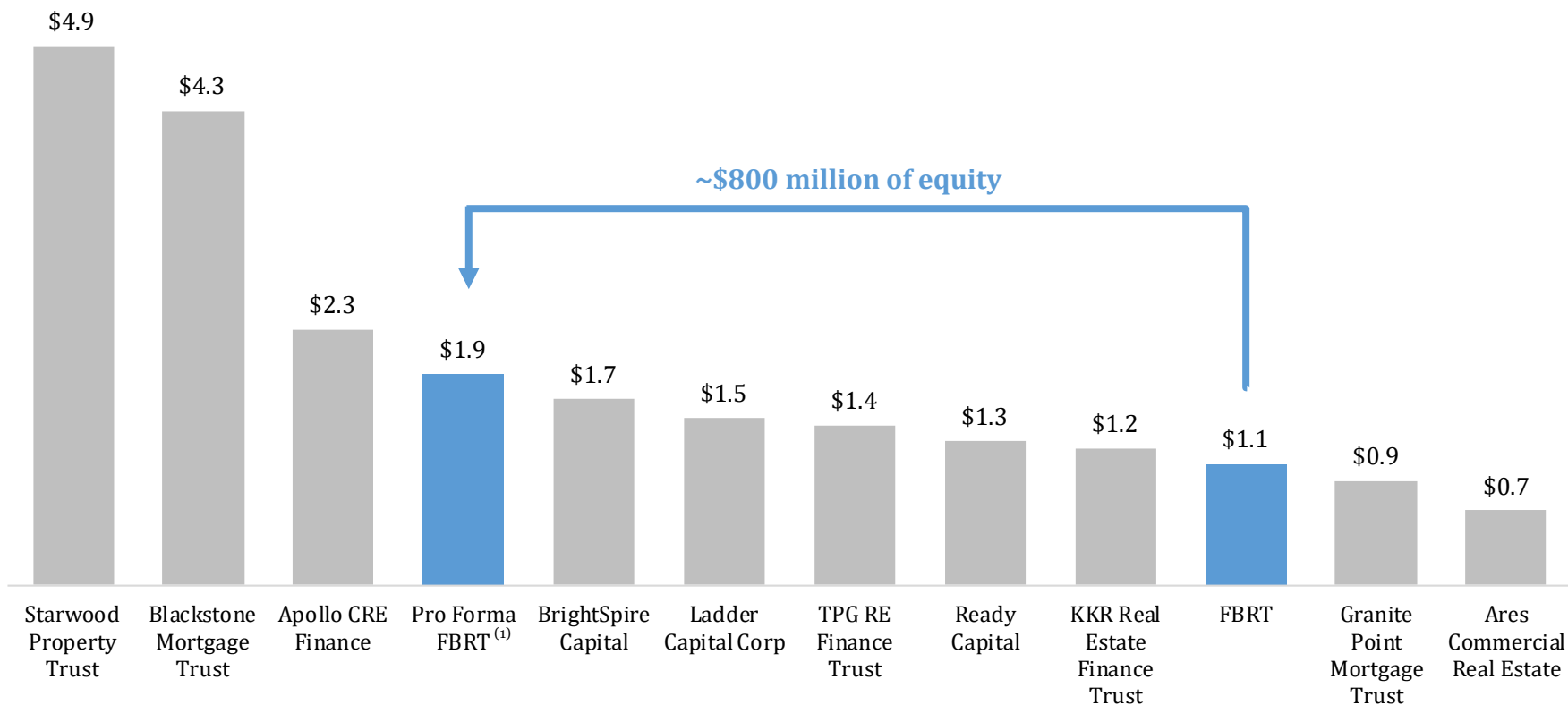
World Class Sponsorship with Leading Global Asset Management Platforms, Benefit Street Partners and Franklin Templeton



FBRT Merger with Capstead: Strategic Combination with Significant Scale

Based on Q3 2021 Equity, FBRT is the 4th largest publicly-traded commercial mortgage REIT

\$ billions, unless otherwise stated



Source: Capital IQ.

Note: Financial data for competitors as of September 30, 2021 unless unavailable in which case it is as of June 30, 2021.

Financial data for FBRT as of September 30, 2021.

1. Pro Forma FBRT includes Capstead equity and does not reflect impact of transaction expenses.

✓ **Strong Team/Sponsorship**

✓ **Diversified Portfolio of Senior, Floating Rate Loans**

✓ **Differentiated Strategy is Intended to Produce Best Risk/Reward**

✓ **Attractive NIM Spread & Leverage**

✓ **Conservative and Flexible Balance Sheet**

✓ **Credit Focused Culture**

3Q2021 Financial Update Capstead

Capstead 3Q 2021 Financial Update: QTD Highlights

Income Statement

Net interest income	\$15.1
Other (expense) / income	(4.7)
GAAP net income	\$10.4
GAAP net income per share	\$0.06
GAAP return on equity ⁽¹⁾	3.6%
Adjustments to GAAP net income ⁽²⁾	1.7
Distributable earnings ⁽²⁾	\$12.1
Distributable earnings per share	\$0.07
Distributable return on equity ⁽¹⁾	4.7%

Balance Sheet

Total securities	\$7,134.1
Total assets	\$7,464.0
Debt	
Secured Borrowings	6,464.0
Unsecured Borrowings	98.6
Total Debt	\$6,562.5
Cash	125.2
Total equity	842.3
Net debt/equity	7.64x
Common book value per share	\$6.03

Note: All numbers in millions except per share data.

1. Calculated using GAAP net income or distributable earnings less preferred dividends on an annualized basis over average common equity for the period.
2. Adjustments to GAAP net income to distributable earnings include \$0.5M of repo swap OCI amortization and \$1.2M of unrealized gain on derivative instruments.

3Q2021 Financial Update
Franklin BSP Realty Trust
(excludes Capstead)

FBRT 3Q 2021 Financial Update: QTD Highlights

Note: numbers below exclude Capstead

Income Statement

Net interest income / other income	\$35.4
Conduit GAAP net income	4.0
Operating expenses ⁽¹⁾	(12.7)
Reversal of provision for credit loss	1.6
RE income/gain on sale	10.0
Other income / (loss)	0.2
GAAP net income	\$38.5

GAAP net income per share, fully diluted ⁽²⁾	\$0.67
GAAP return on equity	14.5%
Adjustments to GAAP net income ⁽³⁾	1.5
Distributable earnings ⁽³⁾	\$40.0
Distributable earnings per share, fully diluted ⁽²⁾	\$0.69
Distributable return on equity	15.0%
Dividend per share	\$0.355
Dividend per share yield on book value, adjusted	8.0%

Balance Sheet

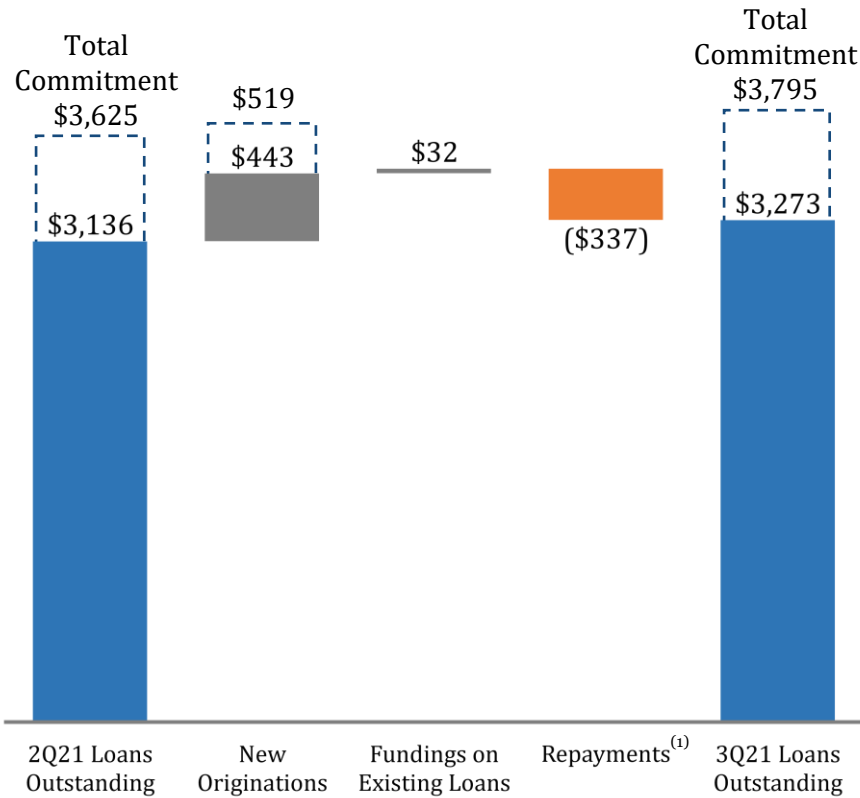
Core loan total commitment	\$518.9
Total core portfolio	\$3,247.6
Total assets	\$3,635.5
Debt	
Collateralized loan obligations	1,792.4
Warehouse	596.7
Asset specific financings	61.4
Corporate revolver	60.0
Total Debt	\$2,510.5
Cash	100.9
Total equity	1,077.1
Net debt/equity	2.24x
Recourse net debt/equity	0.57x
Book value per share, fully diluted, post merger ⁽⁴⁾	\$17.78

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

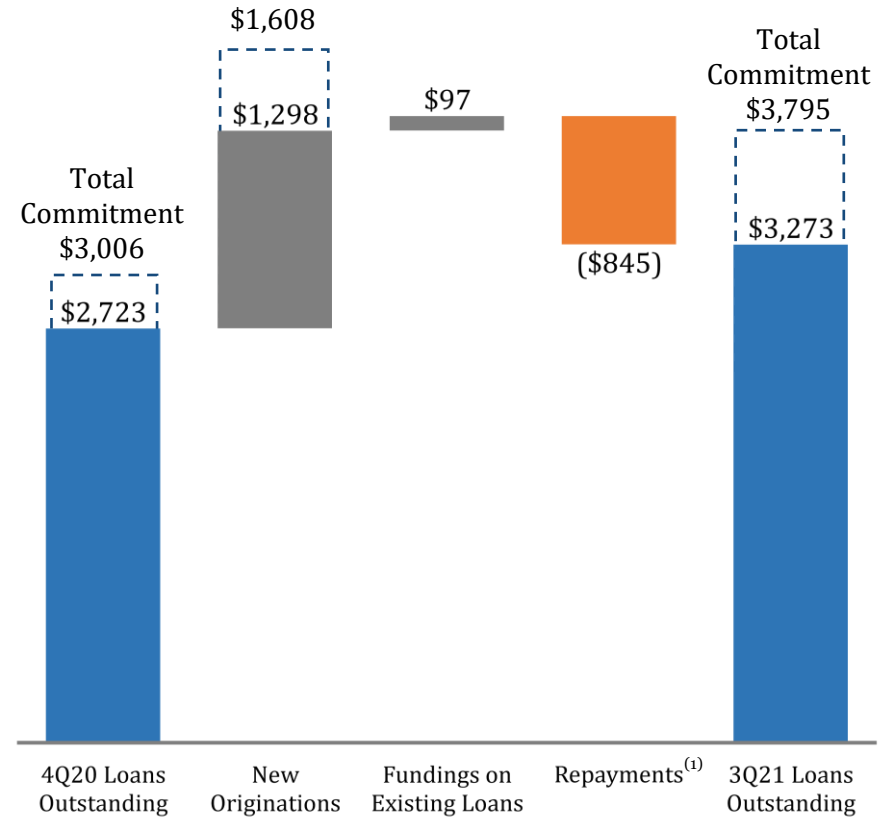
- Does not include conduit operating expenses which are reported under conduit GAAP net income
- Assumes conversion of all FBRT preferred shares to common equity (does not include any Capstead equity). Please see appendix for details.
- Please see appendix for GAAP net income to distributable earnings calculation.
- Book value per share, fully diluted after merger considerations and transaction expenses.

FBRT 3Q 2021 Financial Update: Core Loan Originations

3Q 2021



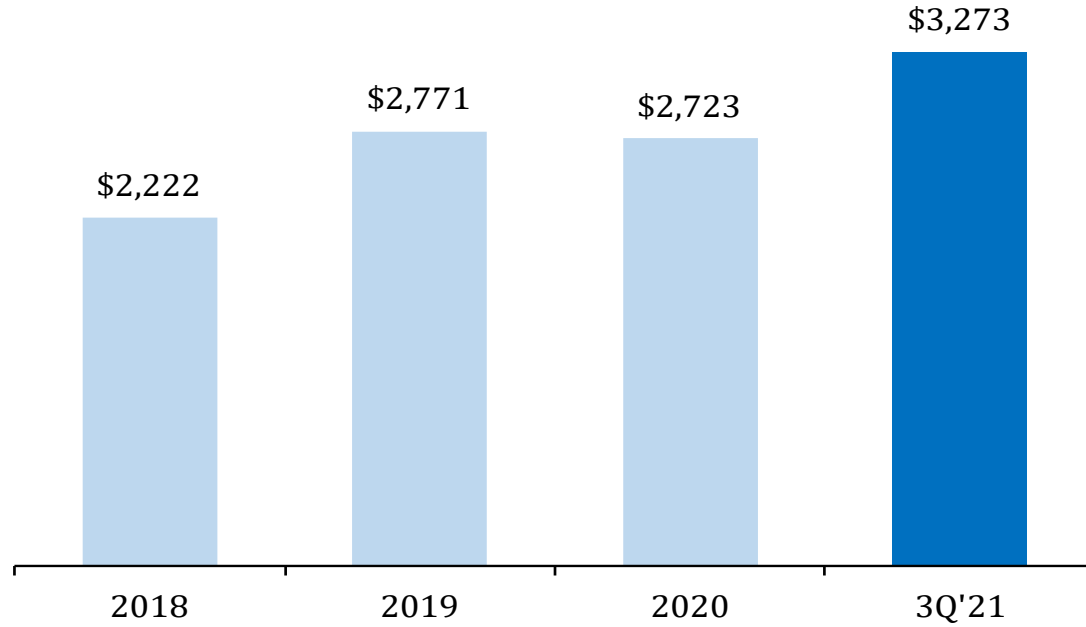
2021 Year to Date



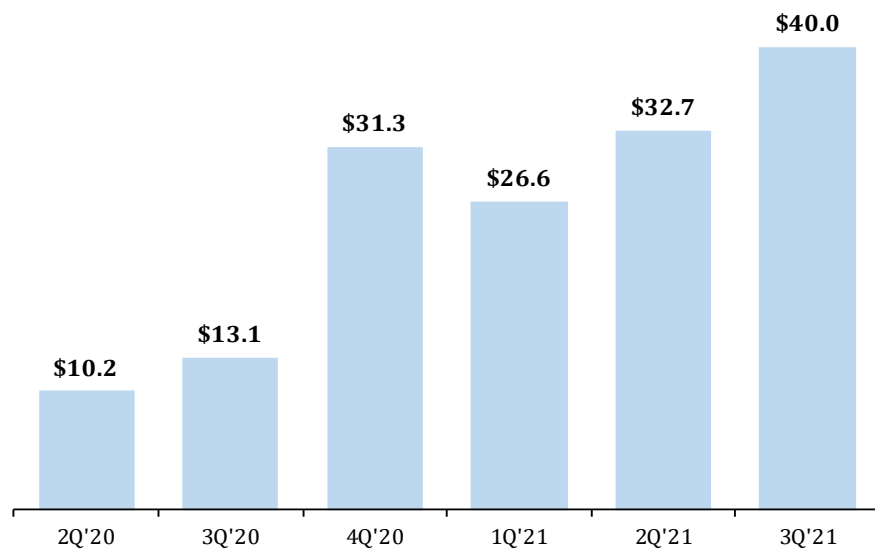
Note: All numbers in millions. Data is for FBRT only and does not include any CMO financials for 9/30/21. Numbers above based on principal balance.

1. Includes full paydowns, partial paydowns and amortization.

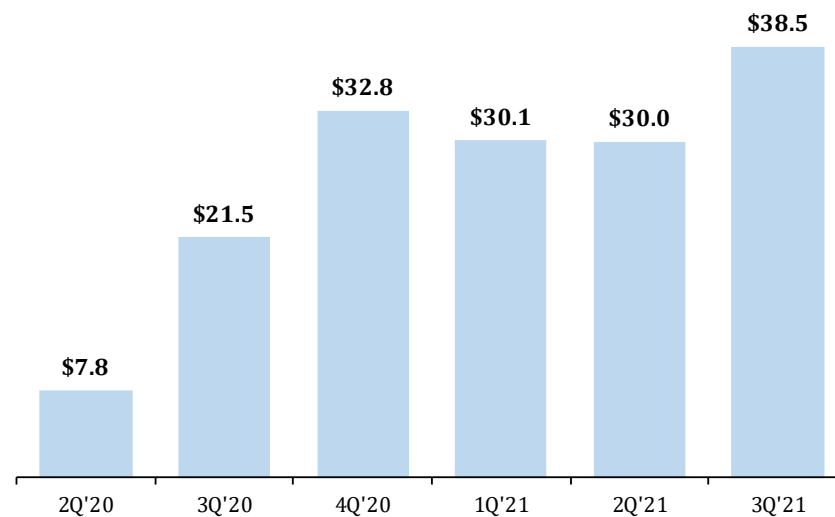
Core Portfolio (Principal Balance)



Distributable Earnings (\$M) ⁽¹⁾



GAAP Net Income (\$M)

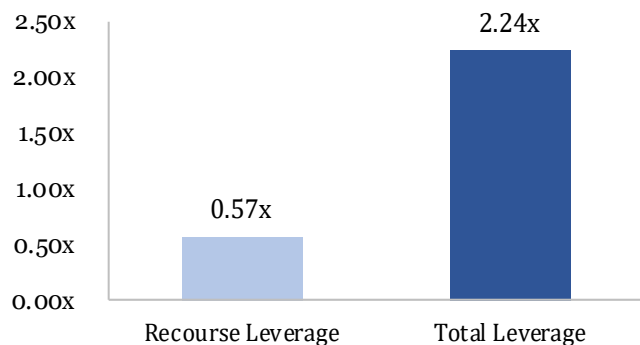


\$0.275	\$0.275	\$0.275	\$0.275	\$0.275	\$0.355	Dividend per share
\$0.18	\$0.23	\$0.55	\$0.47	\$0.57	\$0.69	Distributable earnings per share, fully diluted ⁽²⁾
65%	84%	200%	170%	206%	195%	Distributable dividend coverage, fully diluted ⁽²⁾

Note: All numbers in millions except per share data. Data is for FBRT only and does not include any CMO results for the quarter ended 9/30/21.

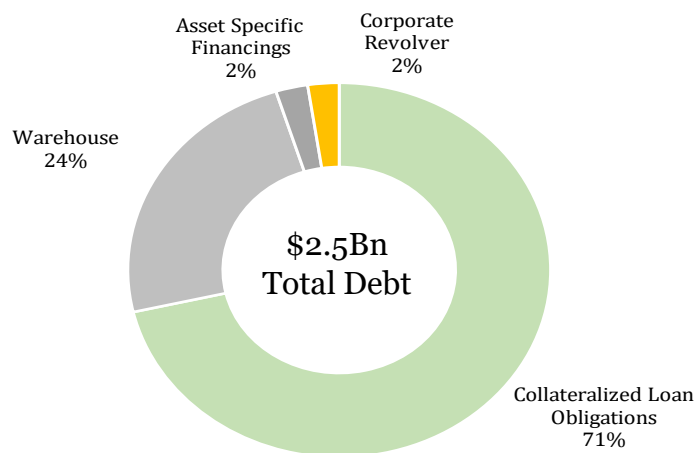
1. Please see appendix for GAAP net income to distributable earnings calculation.
2. Assumes conversion of all FBRT preferred shares to common equity (does not include any Capstead equity). Please see appendix for details.

Net Leverage



Financing Sources

FBRT average debt cost including financing costs was 2.1% in 3Q21 vs. 2.1% last quarter



Financing Lines Commitment ⁽¹⁾

Warehouse/Revolver/Other

JP Morgan	\$400 million
Wells Fargo	\$175 million
Credit Suisse	\$200 million
Barclays (Warehouse)	\$300 million
Barclays (Secured Revolver)	\$100 million
Security Benefit Life Insurance Company (Unsecured Revolver)	\$100 million
Sterling National Bank loan participation	\$37 million

Total **\$1,312 million**

Warehouse availability \$600 million

CLOs ⁽²⁾

BSPRT 2018-FL3	\$189 million
BSPRT 2018-FL4	\$470 million
BSPRT 2019-FL5	\$566 million
BSPRT 2021-FL6	\$585 million

Total **\$1,809 million**

CLO reinvestment available \$1 million

Note: Data is for FBRT only and does not include any CMO financials for 9/30/21.

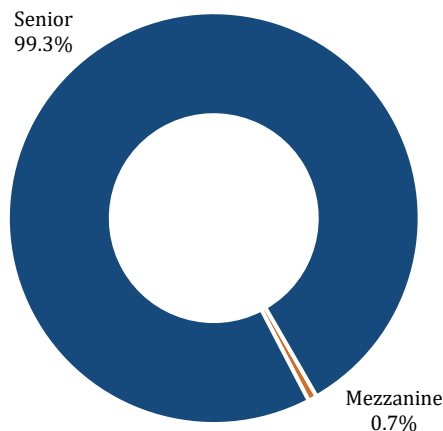
1. Commitment for loans. Excludes bond repurchase agreements.

2. Outstanding balance at September 30, 2021 and net of tranches held by FBRT.

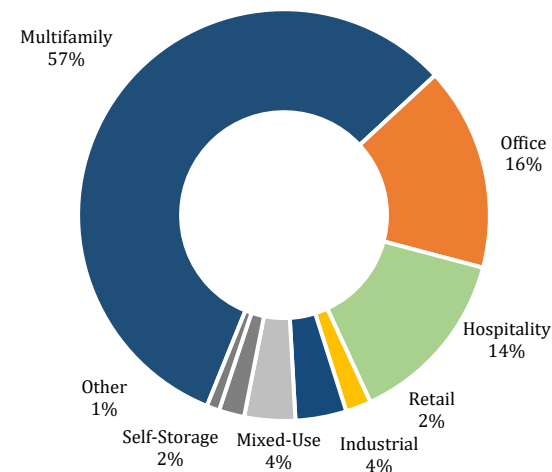
Portfolio Overview

- Total portfolio of \$3.3 billion
- 143 senior loans with average size of ~\$23 million
- 7 mezzanine loans with average size of ~\$3 million
- One non-performing loan and 100% interest collected when due ⁽¹⁾

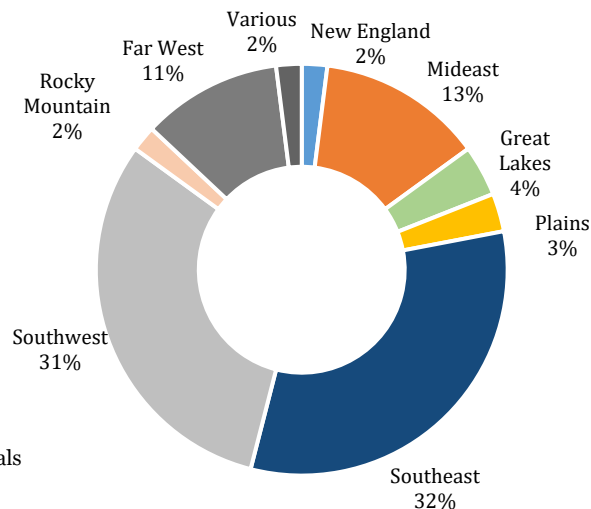
Portfolio Summary



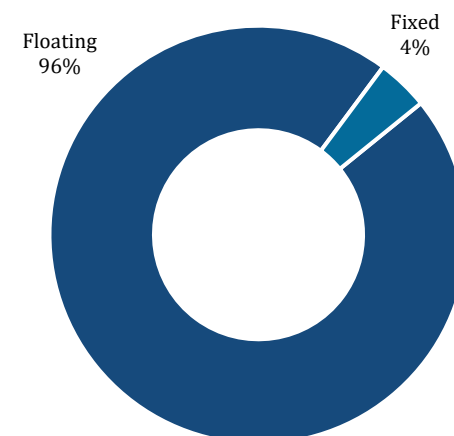
Collateral Summary



Collateral by Region



Rate Type



Note: Data is for FBRT only and does not include any CMO financials for 9/30/21.

1. Excludes the one non-accrual loan.

Appendix

Appendix:

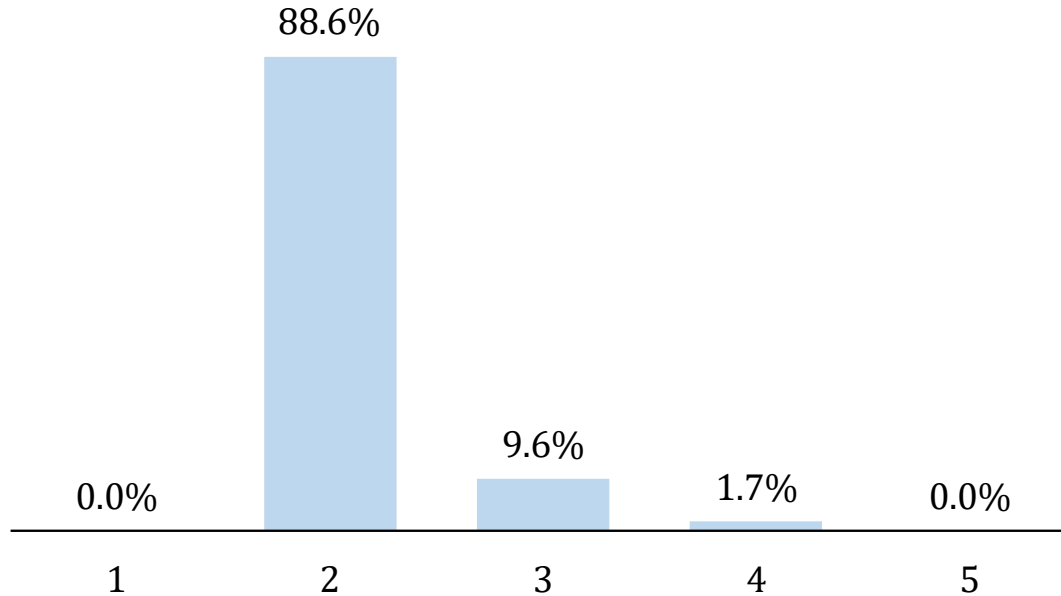
Core Portfolio - FBRT Portfolio Details – Top 15 Loans

	Loan Type	Origination Date	Total Commitment	Principal Balance	Carrying Value	Spread	All-in Yield ⁽¹⁾	Fully Extended Maturity	State	Collateral Type	As-is LTV
Loan 1	Senior Loan	9/30/20	\$76	\$76	\$76	+ 4.10%	+ 4.94%	10/9/25	Florida	Multifamily	67.9%
Loan 2	Senior Loan	7/27/18	85	71	71	+ 4.87%	+ 5.53%	7/9/22	California	Mixed Use	49.0%
Loan 3	Senior Loan	3/31/21	79	69	69	+ 2.95%	+ 3.30%	4/9/26	Texas	Multifamily	72.6%
Loan 4	Senior Loan	10/8/20	70	68	68	5.15%	5.35%	10/9/25	Massachusetts	Office	52.5%
Loan 5	Senior Loan	9/20/21	70	67	66	+ 3.25%	+ 3.84%	10/9/26	South Carolina	Multifamily	77.1%
Loan 6	Senior Loan	1/22/20	70	58	58	+ 3.70%	+ 5.57%	2/9/25	New Jersey	Office	65.7%
Loan 7	Senior Loan	9/29/20	58	58	58	+ 5.25%	+ 5.91%	10/9/24	Florida	Multifamily	74.7%
Loan 8	Senior Loan	12/13/17	57	57	57	+ 5.19%	+ 7.20%	6/9/20	New York	Hospitality	51.8%
Loan 9	Senior Loan	12/6/19	63	57	57	+ 3.75%	+ 6.37%	12/9/23	Various	Industrial	59.7%
Loan 10	Senior Loan	9/30/21	59	56	56	+ 3.10%	+ 3.43%	10/9/26	Texas	Multifamily	78.9%
Loan 11	Senior Loan	2/9/21	55	55	54	+ 3.80%	+ 4.80%	2/9/24	Texas	Multifamily	77.0%
Loan 12	Senior Loan	3/16/21	55	52	52	+ 3.00%	+ 3.92%	4/9/26	Texas	Multifamily	71.6%
Loan 13	Senior Loan	8/26/20	50	50	50	+ 6.69%	+ 8.42%	9/9/24	Tennessee	Multifamily	80.0%
Loan 14	Senior Loan	6/26/20	47	46	46	+ 4.75%	+ 6.41%	7/9/25	Florida	Multifamily	69.4%
Loan 15	Senior Loan	3/1/21	48	44	43	+ 3.94%	+ 4.64%	3/9/26	Colorado	Office	53.9%
Loans 16 - 150	Senior & Mezz Loans	Various	2,855	2,390	2,383	+ 4.30%	+ 5.64%	Various	Various	Various	67.0%
CECL Reserve					(15)						
Total/Wtd. avg.			\$3,795	\$3,273	\$3,248	+ 4.28%	+ 5.53%	3.2 years			66.9%

Note: All numbers in millions. Data is for FBRT only and does not include any CMO financials for 9/30/21.

1. All-in Yield defined as: (1) current spread of the loan plus (2) any applicable LIBOR or LIBOR floor plus (3) origination and exit fees amortized over the initial maturity date of the loan.

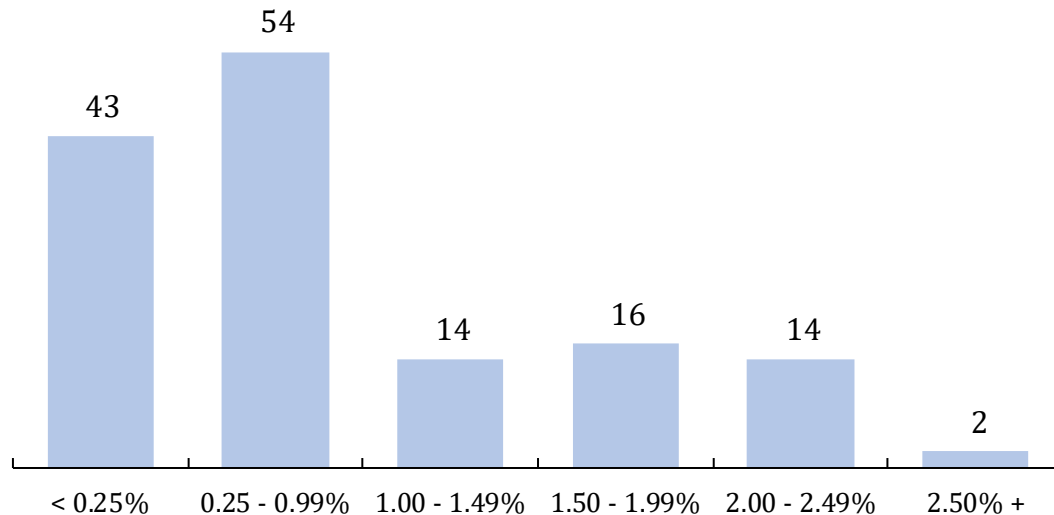
Our average risk rating was 2.1 for the quarter vs. 2.2 last quarter



# of Loans	0	130	19	1	0
+/- vs 2Q'21	-	+5	-3	-	-
Principal Balance	\$-	\$2,901	\$316	\$57	\$-
Non-Accrual	-	-	-	1	-

- As of 9/30/2021, 124 floating rate loans out of 143⁽¹⁾ floating rate loans in our portfolio have LIBOR floors activated (all floating rate loans have 1-month LIBOR as reference index)
- The weighted average LIBOR floor of our portfolio is 0.67%

Number of loans at LIBOR floors



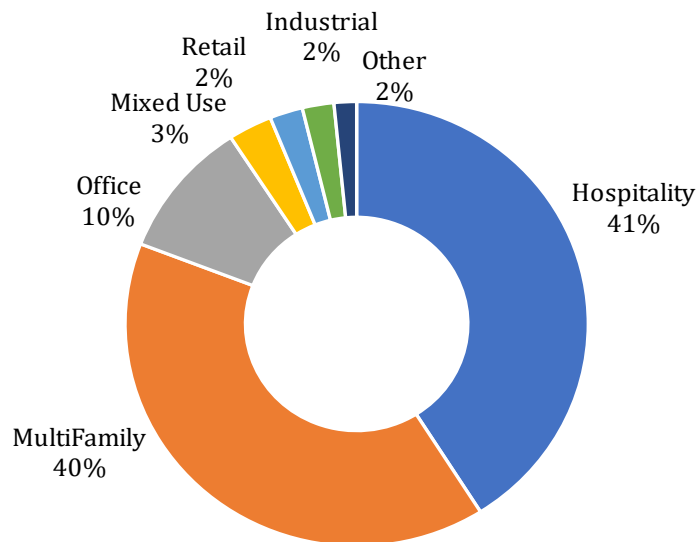
1. 143 floating rate loans represents only loans in the portfolio that have a floating rate and not the total core portfolio of loans.

Appendix:

Core Portfolio - Case Study: Watch List Loans (Risk Rating 4&5)

Investment	Brooklyn Hotel
Loan Type	Floating Rate Senior Loan
Investment Date	12/1/2017
Default Date	6/9/2019
Collateral	147-Key Hotel
Loan Purpose	Refinance
Location	Brooklyn, New York
Total Commitment	\$57 million
Current Principal Amount	\$57 million
Spread	L + 5.2%
Loan Risk Rating	4

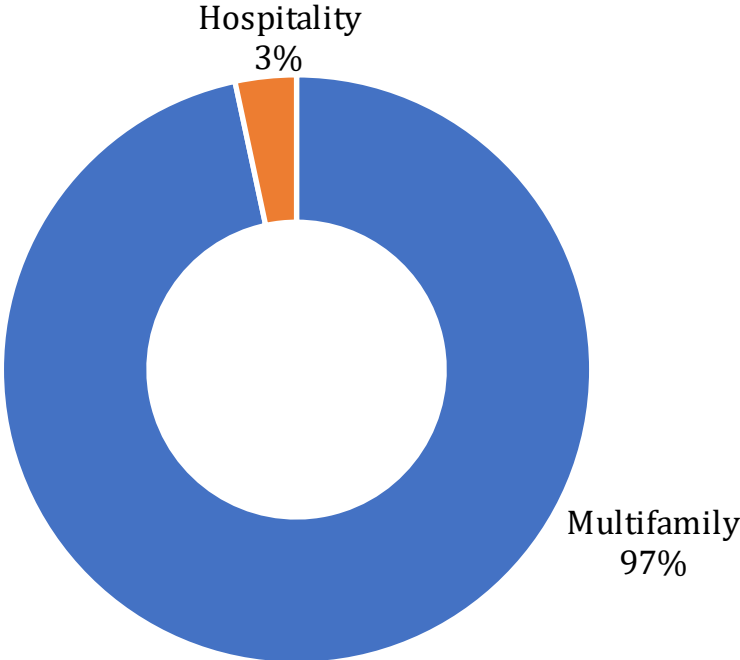
Allowance for Loan Loss by Collateral Type



\$ millions

Allowance for Loan Loss Balance at 6/30/21	\$17.4
Reversal of Provision for Credit Loss	(1.6)
Allowance for Loan Loss Balance at 9/30/21	\$15.8
Portfolio Balance	\$3,273
Allowance for Loan Loss % of Portfolio	0.5%

Collateral Type Originated (Total Commitment)



Note: All numbers in millions. Data is for FBRT only and does not include any CMO financials for 9/30/21.

Appendix:

GAAP Net Income to Distributable Earnings Walk - 3Q21

	GAAP Net Income	Adjustments	Distributable Earnings
Core:			
Net Interest Income	\$35.4	-	\$35.4
Operating Expenses ⁽¹⁾	(12.7)	4.3	(8.5)
Reversal of provision for credit loss ⁽²⁾	1.6	(1.6)	-
RE Income/gain on sale	10.0	-	10.0
Other ⁽³⁾	0.2	(0.9)	(0.7)
Total Core	\$34.5	\$1.8	\$36.3
Other:			
Conduit ⁽⁴⁾	4.0	(0.3)	3.7
Total	\$38.5	\$1.5	\$40.0
Earnings Per Share	\$0.67		\$0.69

Note: All numbers in millions. Data is for FBRT only and does not include any CMO financials for 9/30/21.

- Adjusted for incentive fees.
- Adjusted for reversal of provision for credit loss.
- Adjusted for non-cash CLO amortization acceleration to effectively amortize issuance costs of our CLOs over the expected lifetime of the CLOs. We assume our CLOs will be outstanding for four years and amortized the financing costs over four years in our distributable earnings as compared to effective yield methodology in our GAAP earnings.
- Adjusted for unrealized gain and loss on loans and derivatives.

Appendix:

GAAP Net Income to Distributable Earnings Reconciliation

	<u>1Q'21</u>	<u>2Q'21</u>	<u>3Q'21</u>
GAAP Net Income	30.1	30.0	38.5
Adjustments:			
CLO Amortization Acceleration ⁽¹⁾	(0.7)	(0.8)	(0.9)
Unrealized Gain/(Loss) Reversal ⁽²⁾	(2.6)	2.5	(0.3)
Incentive Fees	1.7	2.1	4.3
Depreciation & Amortization	0.4	0.4	-
Reversal of Provision for Credit Loss	(2.3)	(1.5)	(1.6)
Distributable Earnings	26.6	32.7	40.0
Average Equity	1,023.2	1,047.1	1,063.4
GAAP ROE	11.8%	11.5%	14.5%
Distributable Earnings ROE	10.4%	12.5%	15.0%

Note: All numbers in millions. Data is for FBRT only and does not include any CMO financials for 9/30/21.

- Adjusted for non-cash CLO amortization acceleration to effectively amortize issuance costs of our CLOs over the expected lifetime of the CLOs. We assume our CLOs will be outstanding for four years and amortized the financing costs over four years in our distributable earnings as compared to effective yield methodology in our GAAP earnings
- Adjusted for unrealized gain and loss on loans and derivatives.

Appendix:

FBRT ROE and Earnings Per Share Calculations – 3Q'21

	<u>3Q'21</u>
GAAP Net Income	\$38.5
Distributable Earnings	40.0
Average Equity During the Quarter	
Common	839.2
Preferred A	127.6
Preferred C	7.0
Preferred D	89.7
Total, excluding non-controlling interest	1,063.4
GAAP ROE	14.5%
Distributable ROE	15.0%
GAAP earnings per share	\$0.67
Distributable earnings per share	\$0.69

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

Appendix:

FBRT Income Statement

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Income:				
Interest income	\$ 47,747	\$ 44,414	\$ 138,969	\$ 135,509
Less: Interest expense	11,988	15,113	35,994	54,740
Net interest income	35,759	29,301	102,975	80,769
Revenue from real estate owned	1,015	1,017	2,447	3,474
Total income	\$ 36,774	\$ 30,318	\$ 105,422	\$ 84,243
Expenses:				
Asset management and subordinated performance fee	8,265	3,749	19,682	11,399
Acquisition expenses	690	166	1,012	483
Administrative services expenses	2,980	3,128	9,532	10,180
Professional fees	2,488	2,470	7,262	8,476
Real estate owned operating expenses	—	509	—	3,250
Depreciation and amortization	—	591	812	1,765
Other expenses	709	571	2,115	3,213
Total expenses	\$ 15,132	\$ 11,184	\$ 40,415	\$ 38,766
Other (income)/loss:				
Provision/(benefit) for credit losses	(1,613)	(3,710)	(5,452)	14,929
Impairment losses on real estate owned assets	—	—	—	398
Realized (gain)/loss on extinguishment of debt	—	—	—	(438)
Realized (gain)/loss on sale of real estate securities	—	4,390	1,375	10,137
Realized (gain)/loss on sale of commercial mortgage loans, held for sale	(206)	—	(206)	(252)
Realized (gain)/loss on sale of real estate owned assets, held for sale	(8,698)	(1,424)	(9,810)	(1,424)
Realized (gain)/loss on sale of commercial mortgage loans, held for sale, measured at fair value	(9,061)	(1,940)	(22,211)	(11,106)
Unrealized (gain)/loss on commercial mortgage loans, held for sale, measured at fair value	1,104	(263)	—	76
Unrealized (gain)/loss on other real estate investments, measured at fair value	(1)	(6)	(27)	37
Unrealized (gain)/loss on derivatives	(1,428)	(4,310)	(374)	625
Realized (gain)/loss on derivatives	1,902	4,722	(357)	13,050
Total other (income)/loss	\$ (18,001)	\$ (2,541)	\$ (37,062)	\$ 26,032
Income before taxes	39,643	21,675	102,069	19,445
Provision/(benefit) for income tax	1,148	178	3,418	(2,466)
Net income	\$ 38,495	\$ 21,497	\$ 98,651	\$ 21,911
Net income applicable to common stock	\$ 29,490	\$ 16,739	\$ 75,905	\$ 10,466
Basic earnings per share	\$ 0.67	\$ 0.38	\$ 1.72	\$ 0.24
Diluted earnings per share	\$ 0.67	\$ 0.38	\$ 1.71	\$ 0.24
Basic weighted average shares outstanding	44,185,241	44,405,196	44,245,733	44,348,282
Diluted weighted average shares outstanding	44,200,564	44,421,084	44,261,470	44,361,739

Appendix:

FBRT Balance Sheet

	September 30, 2021	December 31, 2020
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 91,374	\$ 82,071
Restricted cash	9,531	10,070
Commercial mortgage loans, held for investment, net of allowance of \$15,499 and \$20,886 as of September 30, 2021 and December 31, 2020, respectively	3,247,646	2,693,848
Commercial mortgage loans, held for sale, measured at fair value	99	67,649
Real estate securities, available for sale, measured at fair value, amortized cost of \$0 and \$179,392 as of September 30, 2021 and December 31, 2020, respectively	—	171,136
Derivative instruments, measured at fair value	—	25
Other real estate investments, measured at fair value	2,547	2,522
Receivable for loan repayment ⁽¹⁾	123,311	98,551
Accrued interest receivable	17,132	15,295
Prepaid expenses and other assets	4,023	8,538
Intangible lease asset, net of amortization	49,192	13,546
Real estate owned, net of depreciation	90,623	26,510
Total assets	\$ 3,635,478	\$ 3,189,761
LIABILITIES AND STOCKHOLDERS' EQUITY		
Collateralized loan obligations	\$ 1,792,353	\$ 1,625,498
Repurchase agreements - commercial mortgage loans	550,156	276,340
Repurchase agreements - real estate securities	46,531	186,828
Mortgage note payable	23,998	29,167
Other financing and loan participation - commercial mortgage loans	37,434	31,379
Unsecured debt	60,000	—
Derivative instruments, measured at fair value	—	403
Interest payable	972	2,110
Distributions payable	20,447	15,688
Accounts payable and accrued expenses	9,318	5,125
Due to affiliates	17,140	9,525
Total liabilities	\$ 2,558,349	\$ 2,182,063
Commitment and contingencies (See Note 10)		
Redeemable convertible preferred stock Series A, \$0.01 par value, 60,000 authorized and 25,567 and 40,515 issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	\$ 127,603	\$ 202,292
Redeemable convertible preferred stock Series C, \$0.01 par value, 20,000 authorized and 1,400 issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	6,969	6,962
Redeemable convertible preferred stock Series D, \$0.01 par value, 20,000 authorized and 17,950 issued and outstanding as of September 30, 2021 and none issued or outstanding as of December 31, 2020, respectively	89,677	—
Equity:		
Preferred stock, \$0.01 par value, 50,000,000 authorized and none issued or outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Common stock, \$0.01 par value, 949,999,000 shares authorized, 44,162,657 and 44,510,051 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	443	446
Additional paid-in capital	906,517	912,725
Accumulated other comprehensive income (loss)	—	(8,256)
Accumulated deficit	(59,844)	(106,471)
Total stockholders' equity	\$ 847,116	\$ 798,444
Non-controlling interest	5,764	—
Total equity	\$ 852,880	\$ 798,444
Total liabilities, redeemable convertible preferred stock and equity	\$ 3,635,478	\$ 3,189,761

⁽¹⁾ Includes \$123.3 million and \$98.6 million of cash held by servicer related to the CLOs as of September 30, 2021 and December 31, 2020, respectively.

Appendix:

CMO Income Statement

CAPSTEAD MORTGAGE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	<i>Quarter Ended</i>		<i>Nine Months Ended</i>	
	<i>September 30</i>		<i>September 30</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Interest income				
Residential mortgage investments	\$ 19,662	\$ 37,571	\$ 66,603	\$ 154,890
Other	14	26	39	457
	<u>19,676</u>	<u>37,597</u>	<u>66,642</u>	<u>155,347</u>
Interest expense				
Secured borrowings	(2,653)	(4,809)	(9,651)	(63,105)
Unsecured borrowings	(1,910)	(1,910)	(5,701)	(5,710)
	<u>(4,563)</u>	<u>(6,719)</u>	<u>(15,352)</u>	<u>(68,815)</u>
	<u>15,113</u>	<u>30,878</u>	<u>51,290</u>	<u>86,532</u>
Other (expense) income				
(Loss) gain on derivative instruments (net)	(1,543)	1,510	2,939	(161,177)
Loss on sale of investments (net)	-	-	-	(67,820)
Compensation-related expense	(2,075)	(1,985)	(6,028)	(6,519)
Other general and administrative expense	(1,108)	(1,321)	(3,345)	(3,742)
Miscellaneous other revenue (expense)	-	-	2	(141)
	<u>(4,726)</u>	<u>(1,796)</u>	<u>(6,432)</u>	<u>(239,399)</u>
Net income (loss)	<u>10,387</u>	<u>29,082</u>	<u>44,858</u>	<u>(152,867)</u>
Less preferred stock dividends	<u>(4,842)</u>	<u>(4,842)</u>	<u>(14,526)</u>	<u>(14,526)</u>
Net income (loss) to common stockholders	<u>\$ 5,545</u>	<u>\$ 24,240</u>	<u>\$ 30,332</u>	<u>\$(167,393)</u>
Net income (loss) per common share				
Basic and diluted	\$ 0.06	\$ 0.25	\$ 0.31	\$ (1.76)
Weighted average common shares outstanding:				
Basic	96,045	95,698	95,978	95,418
Diluted	96,612	96,024	96,433	95,418

CAPSTEAD MORTGAGE CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except pledged and per share amounts)

	<i>September 30, 2021</i>	<i>December 31, 2020</i>
	<i>(unaudited)</i>	
Assets		
Residential mortgage investments (\$6.77 and \$7.71 billion pledged at September 30, 2021 and December 31, 2020, respectively)	\$ 7,134,106	\$ 7,937,552
Cash collateral receivable from derivative counterparties	68,533	74,411
Cash and cash equivalents	125,174	257,180
Receivables and other assets	136,182	136,107
	<u>\$ 7,463,995</u>	<u>\$ 8,405,250</u>
Liabilities		
Secured borrowings	\$ 6,463,964	\$ 7,319,083
Derivatives at fair value	31,191	41,484
Unsecured borrowings	98,569	98,493
Common stock dividend payable	7,920	15,281
Accounts payable and accrued expenses	20,096	20,746
	<u>6,621,740</u>	<u>7,495,087</u>
Stockholders' equity		
Preferred stock - \$0.10 par value; 100,000 shares authorized: 7.50% Cumulative Redeemable Preferred Stock, Series E, 10,329 shares issued and outstanding (\$258,226 aggregate liquidation preference) at September 30, 2021 and December 31, 2020	250,946	250,946
Common stock - \$0.01 par value; 250,000 shares authorized: 96,876 and 96,481 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	969	965
Paid-in capital	1,270,497	1,268,439
Accumulated deficit	(656,920)	(651,071)
Accumulated other comprehensive income	(23,237)	40,884
	<u>842,255</u>	<u>910,163</u>
	<u>\$ 7,463,995</u>	<u>\$ 8,405,250</u>