



Fourth Quarter and Full Year 2022 Earnings Presentation

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Company Highlights

Loan Portfolio	\$2.3 billion outstanding principal balance	98% Senior Loans	Earnings and Dividends	\$0.44 Q4 Distributable Earnings ⁽²⁾ per diluted common share	1.1x FY 2022 Distributable Earnings ⁽²⁾ dividend coverage
	Portfolio concentration in multifamily increased year over year from 13% to 22%, while hotel decreased from 10% to 7% ⁽¹⁾			Declared Q1 2023 regular dividend of \$0.33 plus \$0.02 supplemental dividend per common share	
Balance Sheet Positioning	2.1x Debt to Equity Ratio ⁽³⁾	\$216 million of available capital ⁽⁴⁾	Ares Sponsorship	\$352.0 billion ARES AUM	\$51.2 billion ARES real estate platform AUM
	No spread based mark to market provisions			Benefits from market intelligence and deep relationships	

As of December 31, 2022, unless otherwise noted. Past performance is not indicative of future results. There is no guarantee or assurance investment objectives will be achieved. Diversification does not ensure profit or protect against market loss.

1. Based on unpaid principal balance. See page 4 for the composition of the total loan portfolio.
2. Distributable Earnings is a non-GAAP financial measure. See page 19 for Distributable Earnings definition and page 18 for the Reconciliation of Net Income to Non-GAAP Distributable Earnings.
3. Excludes CECL reserve. Total debt to equity ratio of 2.3x including CECL reserve.
4. As of February 14, 2023, includes \$141 million of unrestricted cash and \$75 million of available financing proceeds under the secured revolving funding agreement with City National Bank ("CNB Facility").

Summary of Q4 and FY 2022 Results and Activity

Earnings Results	<ul style="list-style-type: none"> • Q4 and FY 2022 GAAP net income of \$0.05 and \$0.57 per diluted common share, respectively⁽¹⁾ • Q4 and FY 2022 Distributable Earnings of \$0.44 and \$1.55 per diluted common share, respectively⁽²⁾ • Book value per outstanding common share of \$13.73 • Cash dividend of \$0.33 per common share and supplemental cash dividend per common share of \$0.02 for Q4 2022, resulting in FY 2022 total dividends of \$1.40 per common share⁽³⁾
Portfolio Activity	<ul style="list-style-type: none"> • Originated \$56 million in new commitments in Q4 2022, bringing total FY 2022 commitments to \$753 million⁽⁴⁾ • \$705 million in outstanding principal funded in FY 2022⁽⁵⁾ • \$319 million in loan repayments in Q4 2022, bringing total FY 2022 loan repayments to \$823 million
Balance Sheet Positioning	<ul style="list-style-type: none"> • Available capital of \$216 million⁽⁶⁾ • Moderate leverage with total debt to equity ratio of 2.1x and recourse debt to equity ratio of 1.2x⁽⁷⁾ • Well-positioned for potential increases in short-term interest rates with 99% of loans versus 68% of total debt being interest rate sensitive⁽⁸⁾
Recent Developments	<ul style="list-style-type: none"> • On February 15, 2023, declared a cash dividend for first quarter 2023 of \$0.33 per common share and a supplemental cash dividend of \$0.02 per common share

Note: As of December 31, 2022, unless otherwise noted.

1. Inclusive of \$0.35 and \$0.88 provision per diluted common share for Q4 2022 and FY 2022 for CECL.

2. Distributable Earnings is a non-GAAP financial measure. See page 19 for Distributable Earnings definition and page 18 for the Reconciliation of Net Income to Non-GAAP Distributable Earnings.

3. There is no assurance dividends will continue at these levels or at all.

4. Total FY 2022 commitments include loans closed and debt securities purchased.

5. Outstanding principal funded includes funding on new and previously closed loans and purchases of AAA debt securities.

6. As of February 14, 2023, includes \$141 million of unrestricted cash and \$75 million of available financing proceeds under the secured revolving funding agreement with City National Bank ("CNB Facility").

7. Excludes CECL reserve. Total debt to equity ratio of 2.3x and recourse debt to equity ratio of 1.3x including CECL reserve.

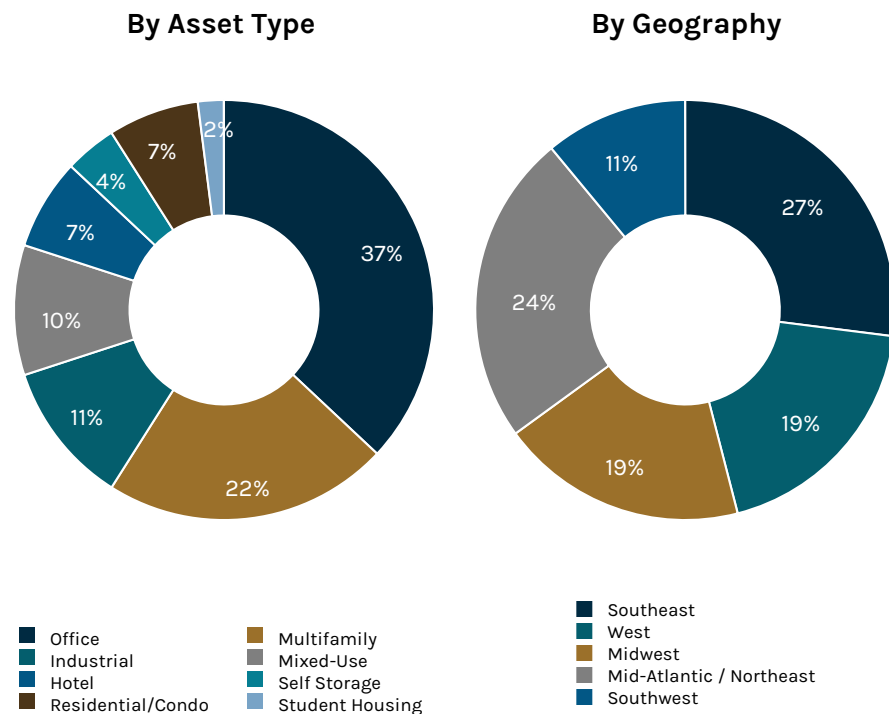
8. Based on LIBOR and SOFR rates as of December 31, 2022 and LIBOR and SOFR floors in place. The remaining 32% of total debt is either fixed rate or covered by interest rate hedging.

Loan Portfolio Positioning and Performance

Loan Portfolio Metrics⁽¹⁾

Outstanding principal balance ⁽²⁾	\$2.3 billion
Number of loans	60
Percentage of senior loans ⁽³⁾	98%
Percentage of floating rate loans ⁽³⁾	99%
Weighted average unleveraged effective yield ⁽⁴⁾	8.9%

Diverse Loan Portfolio⁽¹⁾⁽³⁾



Note: As of December 31, 2022, unless otherwise noted. Past performance is not indicative of future results. Diversification does not ensure profit or protect against market loss.

1. Includes only loans and excludes \$28.0 million of AAA rated CRE debt securities purchased in 2022.

2. Weighted average unpaid principal balance of loan portfolio of \$2.446 billion and \$2.474 billion during Q4 and FY 2022, respectively.

3. Based on outstanding principal balance.

4. Excludes impact of three loans on non-accrual status. Including the three non-accrual loans, total weighted average unleveraged effective yield for total loans held for investment is 8.5%.

FY 2022 Loan Activity

FY 2022 New Loan Activity⁽¹⁾

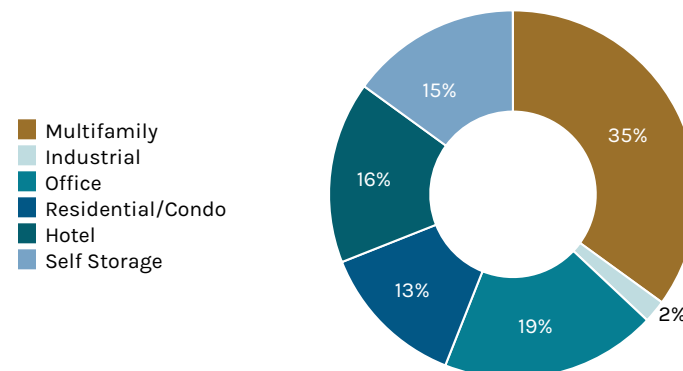
Total new loans	\$724.5 million
Number of new loans	22
Percentage of floating rate loans	100%
Percentage of senior loans	97%

FY 2022 Loan Repayments

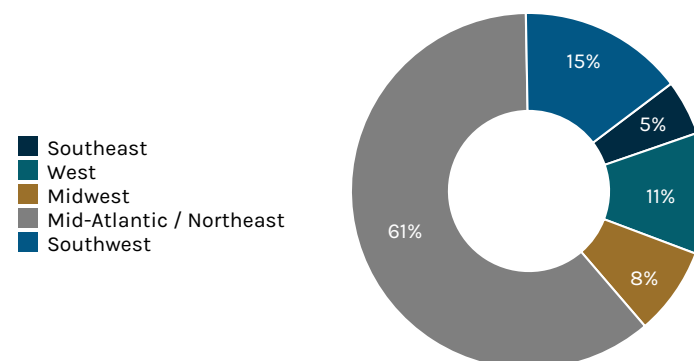
Total repayments ⁽²⁾	\$823.2 million
Number of repayments	34
Percentage increase in repayments versus FY 2021	25%

FY 2022 Loan Composition⁽¹⁾⁽³⁾

By Property Type



By Geography



Note: As of December 31, 2022, unless otherwise noted. Past performance is not indicative of future results. Diversification does not ensure profit or protect against market loss.

1. Includes only loans and excludes \$28.0 million of AAA rated CRE debt securities purchased in 2022.

2. Includes \$820.3 million in full and \$2.9 million in partial loan repayments, respectively.

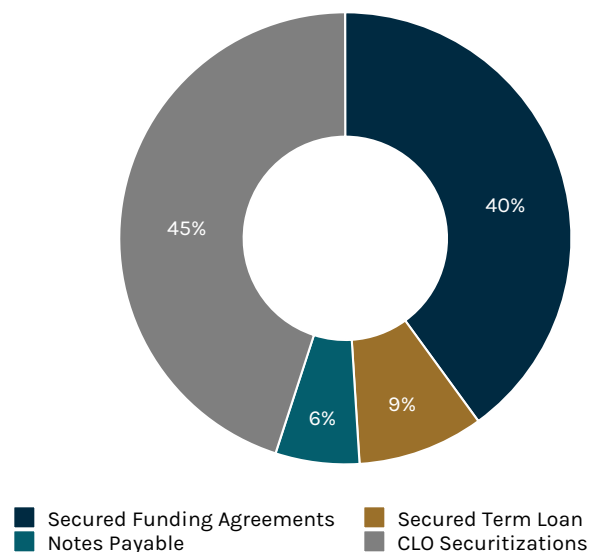
3. Based on commitment amount for new loan commitments originated/purchased in FY 2022.

Well-Positioned Balance Sheet

Financing Metrics

Total capacity across all financings ⁽¹⁾	\$2.3 billion
Sources of financing ⁽²⁾	8
Percentage of non-recourse financing ⁽³⁾	45%
Debt to equity ratio ⁽⁴⁾	2.1x
Spread based mark to market provisions ⁽⁵⁾	0%

Diversified Sources of Financing⁽³⁾



Note: As of December 31, 2022, unless otherwise noted. Diversification does not ensure profit or protect against market loss.

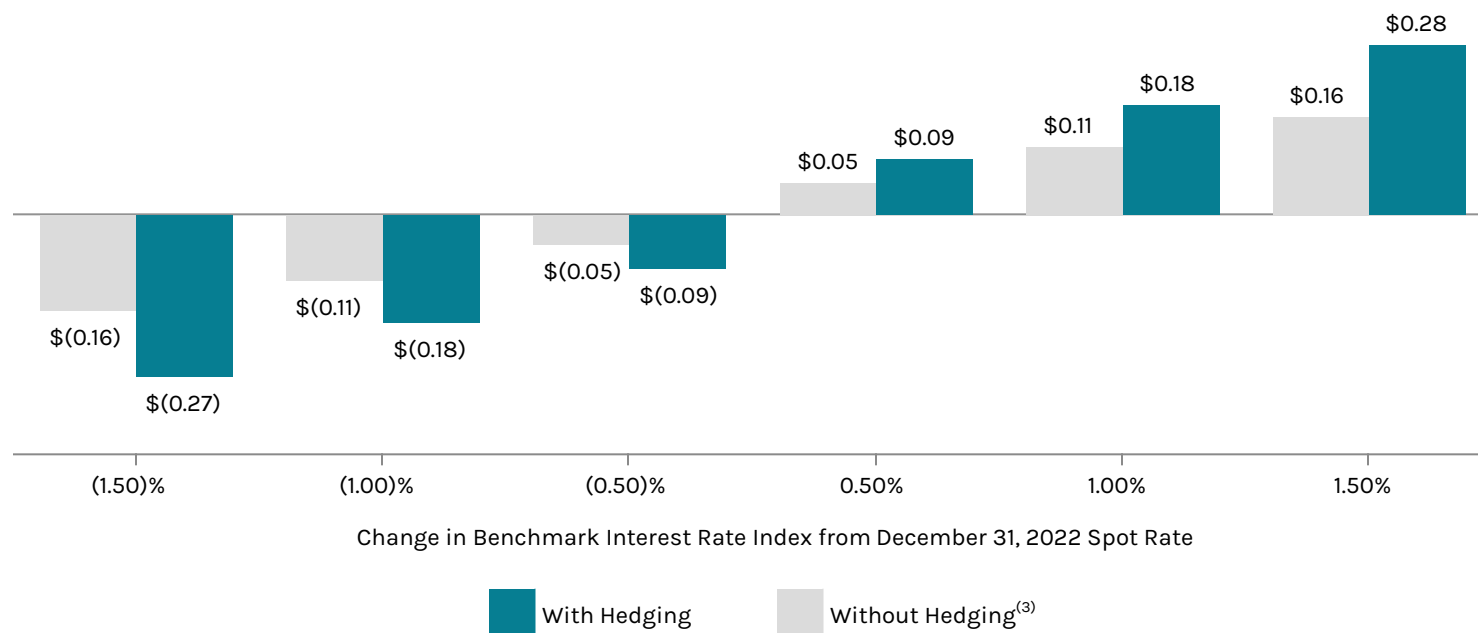
1. Weighted average unpaid principal balance of \$1.856 billion and \$1.865 billion across all financings for Q4 2022 and FY 2022, respectively.
2. Excludes Notes Payable. See page 11 for additional details on sources of financing.
3. Based on outstanding principal balance.
4. Excludes CECL reserve. Total debt to equity ratio of 2.3x including CECL reserve. The Net debt to equity ratio is 2.0x and excludes CECL. Net debt to equity ratio reduces the debt amount by \$141.3 million of cash on the balance sheet as of December 31, 2022.
5. Secured funding agreements are not subject to mark-to-market provisions based on changes in market borrowing spreads but are subject to remarking provisions based on the credit performance of our loans.

Well-Positioned for Potential Rise in Short-Term Interest Rates

Interest Rate Sensitivity to Benchmark Interest Rate Index⁽¹⁾ Changes

(\$ per share)

Annual estimated change in Distributable Earnings per share⁽²⁾



99% of loans are interest rate sensitive versus 68% of total debt is interest rate sensitive⁽⁴⁾

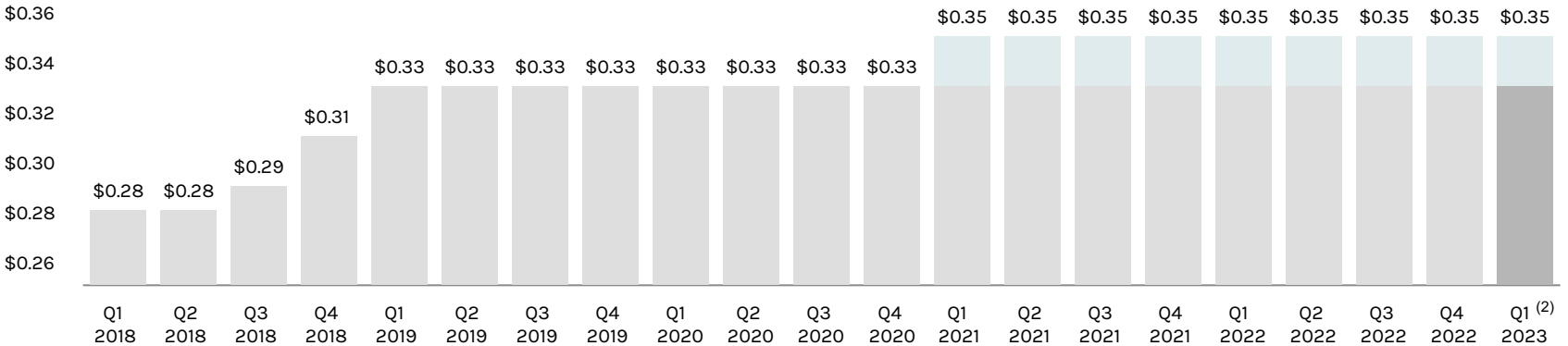
Note: As of December 31, 2022, unless otherwise noted.

1. Benchmark Interest Rate Index represents the interest rates indexed to LIBOR and SOFR.
2. The chart estimates the hypothetical changes in Distributable Earnings per share for the twelve month period ended December 31, 2022, assuming (1) an immediate increase or decrease in 30-day Benchmark Interest Rate Index as of December 31, 2022, (2) no change in the outstanding principal balance of our loans held for investment portfolio and borrowings as of December 31, 2022 and (3) no changes in the notional amount of the interest rate swap agreement entered into as of December 31, 2022.
3. Represents the hypothetical impact to Distributable Earnings per share had we not entered into interest rate swap agreement as of the reporting date.
4. Based on LIBOR and SOFR rates as of December 31, 2022 and LIBOR and SOFR floors in place.

History of Growing and Consistent Dividends

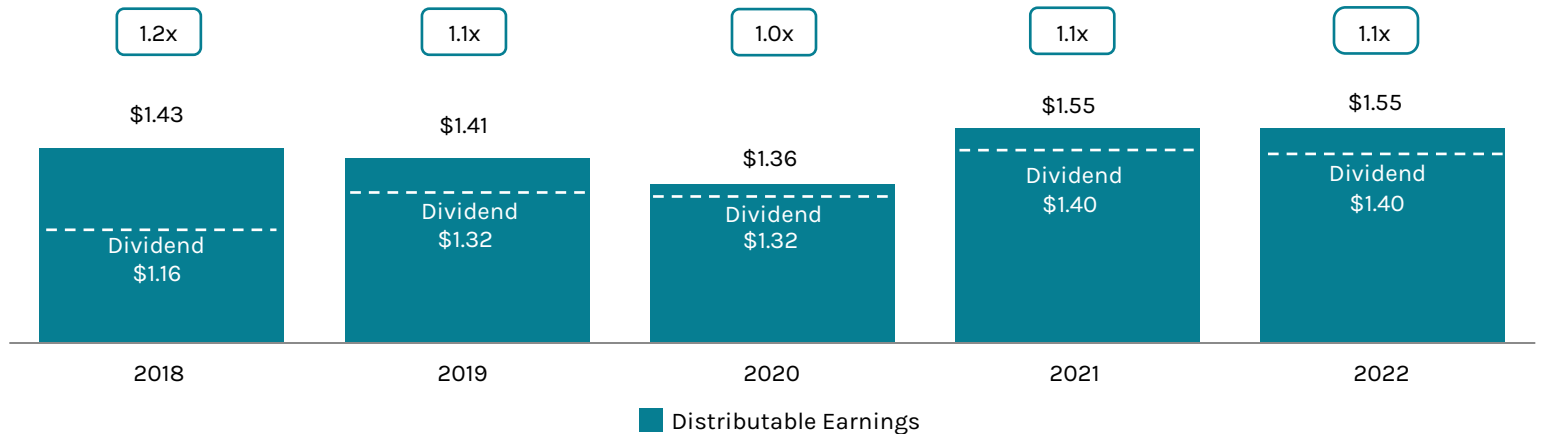
Dividend History⁽¹⁾

Dividends
(per share)



Full Dividend Coverage from Distributable Earnings

Dividend
Coverage
(per share)



1. There is no assurance that dividends will be paid at historical levels or at all.

2. Dividend declared but not paid. Q1 2023 dividend and supplemental cash dividend will be payable on April 18, 2023 to common stockholders of record as of March 31, 2023.



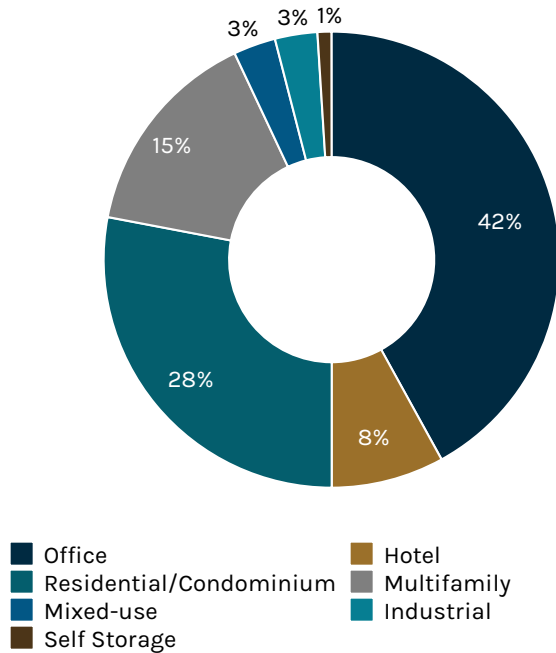
Appendix

Current Expected Credit Losses

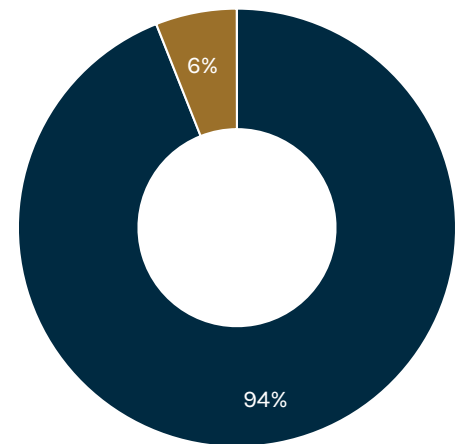
(\$ in thousands)		
Balance at 9/30/2022	\$	51,906
Provision for CECL		19,402
Balance at 12/31/2022	\$	71,308

- Increase in total CECL reserve of \$19.4 million (bifurcated between an increase in funded commitments provision of \$19.9 million partially offset by a decrease in unfunded commitments provision of \$0.5 million)
- Included in the total CECL reserve as of December 31, 2022, is a \$5.6 million specific reserve on a residential senior loan

Current Expected Credit Loss Reserve
by Property Type



Current Expected Credit Loss Reserve
by Loan Type



Senior Loans
Sub. Debt & Pref. Equity Investments

Additional Details on Sources of Funding

(\$ in millions)				
Financing Sources	Total Commitments	Outstanding Balance	Pricing Range	Mark-to-Market
Secured Funding Agreements				
Wells Fargo Facility	\$450.0	\$270.8	Base Rate ⁽¹⁾ +1.50 to 3.75%	Credit
Citibank Facility	325.0	236.2	Base Rate ⁽¹⁾ +1.50 to 2.10%	Credit
CNB Facility	75.0	—	SOFR+2.65%	Credit
Morgan Stanley Facility	250.0	198.2	Base Rate ⁽¹⁾ +1.50 to 3.00%	Credit
MetLife Facility	180.0	—	Base Rate ⁽¹⁾ +2.10 to 2.50%	Credit
Subtotal	\$1,280.0	\$705.2		
Asset Level Financing				
Notes Payable	\$105.0	\$105.0	SOFR + 2.00%	Credit
Capital Markets				
Secured Term Loan	\$150.0	\$150.0	4.50% (Fixed)	Credit
2017-FL3 Securitization	445.6	445.6	LIBOR+ 1.70%	None
2021-FL4 Securitization	333.4	333.4	LIBOR+ 1.37%	None
Subtotal	\$929.0	\$929.0		
Total Debt	\$2,314.0	\$1,739.2		

Note: As of December 31, 2022.

1. The base rate is LIBOR for loans pledged prior to December 31, 2021 and SOFR for loans pledged subsequent to December 31, 2021.

Loans Held for Investment Portfolio Details

(\$ in millions)											
#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR/ SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms ⁽¹⁾
Office Loans:											
1	Senior	IL	Nov 2020	\$151.5	\$151.5	\$151.4	L+3.60%	1.5%	8.3%	Mar 2023	I/O
2	Senior	Diversified	Jan 2020	122.6	118.0	117.7	S+3.75%	1.6%	8.5%	Jan 2023	I/O
3	Senior	AZ	Sep 2021	115.7	77.4	76.8	L+3.50%	0.1%	8.3%	Oct 2024	I/O
4	Senior	NC	Mar 2019	69.1	69.1	69.0	L+4.25%	2.4%	9.0%	Mar 2023	P/I
5	Senior	NY	Jul 2021	81.0	68.2	67.6	L+3.85%	0.1%	8.6%	Aug 2025	I/O
6	Senior	NC	Aug 2021	85.0	66.5	66.0	S+3.65%	0.2%	8.5%	Aug 2024	I/O
7	Senior	IL	May 2018	58.9	56.9	55.0	S+3.95%	2.0%	— ⁽²⁾	Jun 2023	I/O
8	Senior	IL	Dec 2022	56.0	56.0	55.5	L+4.25%	3.0%	9.1%	Jan 2025	I/O
9	Senior	GA	Nov 2019	48.7	48.7	48.6	L+3.15%	1.9%	7.8%	Dec 2023	I/O
10	Senior	CA	Oct 2019	33.2	33.2	33.1	L+3.35%	2.0%	8.5%	Mar 2023	I/O
11	Senior	IL	Dec 2019	41.9	30.2	30.2	L+3.80%	1.8%	8.8%	Jan 2023	I/O
12	Senior	MA	Apr 2022	82.2	23.7	23.0	S+3.75%	—%	9.6%	Apr 2025	I/O
13	Senior	CA	Nov 2018	22.8	22.8	22.8	S+3.50%	2.3%	8.1%	Nov 2023	I/O
14	Subordinate	NJ	Mar 2016	18.4	18.4	17.9	12.00%	—%	13.6%	Jan 2026	I/O
Total Office				\$987.0	\$840.6	\$834.6					
Multifamily Loans:											
15	Senior	NY	May 2022	\$133.0	\$130.6	\$129.3	S+3.90%	0.2%	8.7%	Jun 2025	I/O
16	Senior	TX	Jun 2022	100.0	100.0	99.2	S+3.50%	1.5%	8.2%	Jul 2025	I/O
17	Senior	TX	Nov 2021	68.8	67.9	67.4	L+2.85%	0.1%	7.6%	Dec 2024	I/O
18	Senior ⁽³⁾	SC	Dec 2021	67.0	67.0	66.8	L+2.90%	0.1%	7.6%	Nov 2024	I/O
19	Senior	CA	Nov 2021	31.7	31.7	31.5	L+2.90%	—%	7.6%	Dec 2025	I/O
20	Senior	PA	Dec 2018	30.2	29.3	29.3	S+4.00%	1.3%	8.6%	Dec 2023	I/O
21	Senior	WA	Dec 2021	23.1	23.1	23.0	L+2.90%	—%	7.5%	Nov 2025	I/O
22	Senior	TX	Oct 2021	23.1	22.2	22.1	L+2.50%	0.1%	7.3%	Oct 2024	I/O
23	Subordinate	SC	Aug 2022	20.6	20.6	20.4	S+9.53%	1.5%	14.3%	Sep 2025	I/O
24	Senior	WA	Feb 2020	19.0	18.8	18.7	L+3.00%	1.7%	7.8%	Mar 2023	I/O
Total Multifamily				\$516.5	\$511.2	\$507.7					

Note: As of December 31, 2022.

1. I/O = interest only, P/I = principal and interest.
2. Loan was on non-accrual status as of December 31, 2022 and the Unleveraged Effective Yield is not applicable. In May 2022, the Company and the borrower entered into a modification and extension agreement to, among other things, amend the interest rate from L + 3.95% to S + 3.95% and extend the maturity date on the senior Illinois loan from June 2022 to June 2023. For the year ended December 31, 2022, the Company received \$3.5 million of interest payments in cash on the senior Illinois loan that was recognized either as interest income or as a reduction to the carrying value of the loan and the borrower is current on all contractual interest payments.
3. Loan commitment is allocated between a multifamily property (\$60.5 million) and an office property (\$6.5 million).

Loans Held for Investment Portfolio Details

(\$ in millions)											
#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR/ SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms ⁽¹⁾
Industrial Loans:											
25	Senior	IL	May 2021	\$100.7	\$98.2	\$97.8	L+4.55%	0.2%	9.4%	May 2024	I/O
26	Senior	FL	Dec 2021	25.5	25.5	25.4	L+2.90%	0.1%	7.6%	Dec 2025	I/O
27	Senior	CO	Jul 2021	24.5	24.5	24.5	(3)	0.3%	12.2%	Feb 2023	I/O
28	Senior	NJ	Jun 2021	28.3	23.3	23.1	L+3.75%	0.3%	8.9%	May 2024	I/O
29	Senior	CA	Aug 2019	19.6	19.6	19.6	L+3.75%	2.0%	8.7%	Mar 2023	I/O
30	Senior ⁽²⁾	TX	Nov 2021	10.4	10.4	10.3	L+5.25%	0.3%	10.0%	Dec 2024	I/O
31	Senior ⁽²⁾	FL	Nov 2021	9.5	9.5	9.4	L+4.75%	0.3%	10.7%	Nov 2024	I/O
32	Senior	PA	Sep 2021	8.0	8.0	8.0	L+5.50%	0.3%	10.3%	Sep 2024	I/O
33	Senior ⁽²⁾	PA	Oct 2021	7.0	7.0	6.9	L+5.90%	0.3%	10.7%	Nov 2024	I/O
34	Senior ⁽²⁾	TN	Oct 2021	6.7	6.7	6.6	L+5.50%	0.3%	10.3%	Nov 2024	I/O
35	Senior	FL	Feb 2022	4.7	4.7	4.6	S+5.75%	0.3%	10.5%	Mar 2025	I/O
36	Senior ⁽²⁾	GA	Aug 2021	1.3	1.3	1.3	L+5.25%	0.3%	10.0%	Sep 2024	I/O
Total Industrial				\$246.2	\$238.7	\$237.5					
Mixed-Use Loans:											
37	Senior	FL	Feb 2019	\$84.0	\$84.0	\$84.0	L+4.25%	1.5%	8.6%	Feb 2023	I/O
38	Senior	NY	Jul 2021	78.3	75.0	74.6	L+3.65%	0.1%	8.4%	Jul 2024	I/O
39	Senior	CA	Feb 2020	37.9	37.9	37.9	L+4.10%	1.7%	9.1%	Mar 2023	I/O
40	Senior	TX	Sep 2019	35.3	35.3	35.2	S+3.85%	0.7%	8.5%	Sep 2024	I/O
Total Mixed-Use				\$235.5	\$232.2	\$231.7					

Note: As of December 31, 2022.

1. I/O = interest only, P/I = principal and interest.

2. Loans are a cross-collateralized portfolio with affiliates of the same borrower.

3. At origination, the Colorado loan was structured as a senior loan and in January 2022, the Company also originated the mezzanine loan. The senior loan, which had an outstanding principal balance of \$20.8 million as of December 31, 2022, accrues interest at a per annum rate of L + 6.75% and the mezzanine loan, which had an outstanding principal balance of \$3.8 million as of December 31, 2022, accrues interest at a per annum rate of S + 8.50%.

Loans Held for Investment Portfolio Details

(\$ in millions)											
#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR/ SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms ⁽¹⁾
Residential/Condominium Loans:											
41	Senior	FL	Jul 2021	\$75.0	\$72.5	\$72.3	L+5.25%	—%	10.2%	Jul 2023	I/O
42	Senior ⁽²⁾	NY	Mar 2022	91.1	72.2	71.7	S+8.95%	0.4%	15.3%	Oct 2023	I/O
43	Senior	CA	Jan 2018	14.3	14.3	14.3	13.00%	—%	—% ⁽³⁾	May 2021	I/O
Total Residential/Condominium				\$180.4	\$159.0	\$158.3					
Hotel Loans:											
44	Senior	CA	Dec 2017	\$40.0	\$40.0	\$40.0	L+4.12%	1.4%	9.0%	Jan 2023	I/O
45	Senior	CA	Mar 2022	60.8	39.5	39.1	S+4.20%	—%	9.0%	Mar 2025	I/O
46	Senior	IL	Apr 2018	35.0	35.0	29.8	S+4.00%	0.3%	—% ⁽⁴⁾	May 2024	I/O
47	Senior	NY	Mar 2022	55.7	34.0	33.5	S+4.40%	0.1%	9.2%	Mar 2026	I/O
Total Hotel				\$191.5	\$148.5	\$142.4					

Note: As of December 31, 2022.

1. I/O = interest only, P/I = principal and interest.
2. This senior mortgage loan refinanced the previously existing \$53.3 million senior mortgage loan that was held by the Company. The senior New York loan is currently in default due to the failure of the borrower to reach certain construction milestones.
3. Loan was on non-accrual status as of December 31, 2022 and the Unleveraged Effective Yield is not applicable. As of December 31, 2022, the senior California loan, which is collateralized by a residential property, is in maturity default due to the failure of the borrower to repay the outstanding principal balance of the loan by the May 2021 maturity date. As of December 31, 2022, the Company has elected to assign a specific CECL reserve on the senior California loan.
4. Loan was on non-accrual status as of December 31, 2022 and the Unleveraged Effective Yield is not applicable. In March 2022, the Company and the borrower entered into a modification and extension agreement to, among other things, amend the interest rate from L + 4.40% to S + 4.00% and extend the maturity date on the senior Illinois loan from May 2022 to May 2024. For the year ended December 31, 2022, the Company received \$1.8 million of interest payments in cash on the senior Illinois loan that was recognized either as interest income or as a reduction to the carrying value of the loan and the borrower is current on all contractual interest payments. However, the senior Illinois loan is currently in default due to the failure of the borrower to make certain contractual reserve deposits by the May 2022 due date.

Loans Held for Investment Portfolio Details

(\$ in millions)											
#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR/ SOFR Floor	Unleveraged Effective Yield	Maturity Date	Payment Terms ⁽¹⁾
Self Storage Loans:											
48	Senior	PA	Mar 2022	\$18.2	\$17.9	\$17.7	L+2.90%	1.0%	7.6%	Dec 2025	I/O
49	Senior	NJ	Aug 2022	17.6	17.6	17.3	S+2.90%	1.0%	8.0%	Apr 2025	I/O
50	Senior	WA	Aug 2022	11.5	11.5	11.3	S+2.90%	1.0%	8.0%	Mar 2025	I/O
51	Senior	MA	Mar 2022	8.5	8.5	8.5	L+2.90%	0.9%	7.5%	Dec 2024	I/O
52	Senior	TX	Apr 2022	8.0	8.0	8.0	L+2.90%	0.9%	7.5%	Aug 2024	I/O
53	Senior	MA	Apr 2022	7.7	7.7	7.7	L+2.90%	0.9%	7.5%	Nov 2024	I/O
54	Senior	MA	Apr 2022	6.8	6.5	6.5	L+2.90%	0.9%	7.5%	Oct 2024	I/O
55	Senior	MO	Jan 2021	6.5	6.5	6.5	L+3.00%	1.3%	7.5%	Dec 2023	I/O
56	Senior	NJ	Mar 2022	5.9	5.9	5.9	L+2.90%	0.9%	7.7%	Jul 2024	I/O
57	Senior	IL	Jan 2021	5.6	5.6	5.6	L+3.00%	1.0%	7.7%	Dec 2023	I/O
58	Senior	TX	Mar 2022	2.9	2.9	2.9	L+2.90%	0.9%	7.4%	Sep 2024	I/O
Total Self Storage				\$99.2	\$98.6	\$97.9					
Student Housing Loans:											
59	Senior	CA	Jun 2017	\$34.5	\$34.5	\$34.5	S+3.95%	0.5%	8.3%	Jul 2023	I/O
60	Senior	AL	Apr 2021	19.5	19.5	19.4	L+3.85%	0.2%	8.6%	May 2024	I/O
Total Student Housing				\$54.0	\$54.0	\$53.9					
Loan Portfolio Total/Weighted Average				\$2,510.3	\$2,282.8	\$2,264.0	1.0% ⁽²⁾		8.5%		

Note: As of December 31, 2022.

1. I/O = interest only, P/I = principal and interest.

2. The weighted average floor is calculated based on loans with LIBOR or SOFR floors.

Consolidated Balance Sheets

(\$ in thousands, except share and per share data)	As of	
	12/31/2022	12/31/2021
ASSETS		
Cash and cash equivalents	\$ 141,278	\$ 50,615
Loans held for investment (\$887,662 and \$974,424 related to consolidated VIEs, respectively)	2,264,008	2,414,383
Current expected credit loss reserve	(65,969)	(23,939)
Loans held for investment, net of current expected credit loss reserve	2,198,039	2,390,444
Real estate owned held for sale, net	—	36,602
Investment in available-for-sale debt securities, at fair value	27,936	—
Other assets (\$2,980 and \$2,592 of interest receivable related to consolidated VIEs, respectively; \$129,495 and \$128,589 of other receivables related to consolidated VIEs, respectively)	155,749	154,177
Total assets	\$ 2,523,002	\$ 2,631,838
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Secured funding agreements	\$ 705,231	\$ 840,047
Notes payable	104,460	50,358
Secured term loan	149,200	149,016
Collateralized loan obligation securitization debt (consolidated VIEs)	777,675	861,188
Secured borrowings	—	22,589
Due to affiliate	5,580	4,156
Dividends payable	19,347	16,674
Other liabilities (\$1,913 and \$570 of interest payable related to consolidated VIEs, respectively)	13,969	9,182
Total liabilities	1,775,462	1,953,210
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 per share, 450,000,000 shares authorized at December 31, 2022 and 2021 and 54,443,983 and 47,144,058 shares issued and outstanding at December 31, 2022 and 2021, respectively	537	465
Additional paid-in capital	812,788	703,950
Accumulated other comprehensive income	7,541	2,844
Accumulated earnings (deficit)	(73,326)	(28,631)
Total stockholders' equity	747,540	678,628
Total liabilities and stockholders' equity	\$ 2,523,002	\$ 2,631,838

Consolidated Statements of Operations

(\$ in thousands, except share and per share data)	For the Three Months Ended					12/31/2021
	12/31/2022	9/30/2022	6/30/2022	3/31/2022		
Revenue:						
Interest income	\$ 52,552	\$ 45,633	\$ 38,621	\$ 33,364	\$ 38,044	
Interest expense	(22,144)	(18,362)	(13,475)	(12,013)	(14,180)	
Net interest margin	30,408	27,271	25,146	21,351	23,864	
Revenue from real estate owned	—	—	—	2,672	6,247	
Total revenue	30,408	27,271	25,146	24,023	30,111	
Expenses:						
Management and incentive fees to affiliate	4,290	3,868	3,766	2,974	3,443	
Professional fees	630	842	1,100	778	556	
General and administrative expenses	1,777	1,416	1,587	1,613	1,271	
General and administrative expenses reimbursed to affiliate	1,136	1,011	796	834	703	
Expenses from real estate owned	—	—	—	4,309	6,089	
Total expenses	7,833	7,137	7,249	10,508	12,062	
Provision for current expected credit losses	19,402	19,485	7,768	(594)	765	
Gain on sale of real estate owned	—	—	—	2,197	—	
Income before income taxes	3,173	649	10,129	16,306	17,284	
Income tax expense, including excise tax	264	5	98	105	130	
Net income attributable to common stockholders	\$ 2,909	\$ 644	\$ 10,031	\$ 16,201	\$ 17,154	
Earnings per common share:						
Basic earnings per common share	\$ 0.05	\$ 0.01	\$ 0.20	\$ 0.34	\$ 0.36	
Diluted earnings per common share	\$ 0.05	\$ 0.01	\$ 0.20	\$ 0.34	\$ 0.36	
Weighted average number of common shares outstanding:						
Basic weighted average shares of common stock outstanding	54,427,041	54,415,545	50,562,559	47,204,397	47,026,252	
Diluted weighted average shares of common stock outstanding	54,894,888	54,846,756	50,999,505	47,654,549	47,312,873	
Dividends declared per share of common stock ⁽¹⁾	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	

1. There is no assurance dividends will continue at these levels or at all.

Reconciliation of Net Income to Non-GAAP Distributable Earnings

(\$ in thousands, except per share data)	For the Three Months Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Net income attributable to common stockholders	\$ 2,909	\$ 644	\$ 10,031	\$ 16,201	\$ 17,154
Stock-based compensation	738	673	699	766	494
Incentive fees to affiliate	1,264	855	965	358	830
Depreciation of real estate owned	—	—	—	(2,385)	151
Provision for current expected credit losses	19,402	19,485	7,768	(594)	765
Realized gain on termination of interest rate cap derivative ⁽¹⁾	(422)	(354)	(264)	1,960	—
Distributable Earnings	\$ 23,891	\$ 21,303	\$ 19,199	\$ 16,306	\$ 19,394
Net income attributable to common stockholders	\$ 0.05	\$ 0.01	\$ 0.20	\$ 0.34	\$ 0.36
Stock-based compensation	0.01	0.01	0.01	0.02	0.01
Incentive fees to affiliate	0.02	0.02	0.02	0.01	0.02
Depreciation of real estate owned	—	—	—	(0.05)	—
Provision for current expected credit losses	0.36	0.36	0.15	(0.01)	0.02
Realized gain on termination of interest rate cap derivative ⁽¹⁾	(0.01)	(0.01)	(0.01)	0.04	—
Basic Distributable Earnings per common share	\$ 0.44	\$ 0.39	\$ 0.38	\$ 0.35	\$ 0.41
Net income attributable to common stockholders	\$ 0.05	\$ 0.01	\$ 0.20	\$ 0.34	\$ 0.36
Stock-based compensation	0.01	0.01	0.01	0.02	0.01
Incentive fees to affiliate	0.02	0.02	0.02	—	0.02
Depreciation of real estate owned	—	—	—	(0.05)	—
Provision for current expected credit losses	0.35	0.36	0.15	(0.01)	0.02
Realized gain on termination of interest rate cap derivative ⁽¹⁾	(0.01)	(0.01)	(0.01)	0.04	—
Diluted Distributable Earnings per common share	\$ 0.44	\$ 0.39	\$ 0.38	\$ 0.34	\$ 0.41

1. For the three months ended December 31, 2022, September 30, 2022 and June 30, 2022, Distributable Earnings includes \$0.4 million, \$0.4 million and \$0.3 million, respectively, adjustment to reverse the impact of the \$2.0 million realized gain from the termination of the interest rate cap derivative that was amortized into GAAP net income.

Glossary

Ares Warehouse	The Ares Warehouse represents a real estate debt warehouse investment vehicle maintained by an affiliate of ACREM. The Ares Warehouse holds Ares Management originated commercial real estate loans, which are made available to purchase by other investment vehicles, including ACRE and other Ares Management managed investment vehicles.
Distributable Earnings	Distributable Earnings is a non-GAAP financial measure that helps the Company evaluate its financial performance excluding the effects of certain transactions and GAAP adjustments that it believes are not necessarily indicative of its current loan origination portfolio and operations. To maintain the Company's REIT status, the Company is generally required to annually distribute to its stockholders substantially all of its taxable income. The Company believes the disclosure of Distributable Earnings provides useful information to investors regarding the Company's ability to pay dividends, which the Company believes is one of the principal reasons investors invest in the Company. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Distributable Earnings is defined as net income (loss) computed in accordance with GAAP, excluding non-cash equity compensation expense, the incentive fees the Company pays to its Manager, depreciation and amortization (to the extent that any of the Company's target investments are structured as debt and the Company forecloses on any properties underlying such debt), any unrealized gains, losses or other non-cash items recorded in net income (loss) for the period, regardless of whether such items are included in other comprehensive income or loss, or in net income (loss), one-time events pursuant to changes in GAAP and certain non-cash charges after discussions between the Company's manager and the Company's independent directors and after approval by a majority of the Company's independent directors. Loan balances that are deemed to be uncollectible are written off as a realized loss and are included in Distributable Earnings. Distributable Earnings is aligned with the calculation of "Core Earnings," which is defined in the Management Agreement and is used to calculate the incentive fees the Company pays to its Manager.
Unleveraged Effective Yield	Unleveraged effective yield is the compounded effective rate of return that would be earned over the life of the investment based on the contractual interest rate (adjusted for any deferred loan fees, costs, premiums or discounts) and assumes no dispositions, early prepayments or defaults.
Weighted Average Unleveraged Effective Yield	Weighted average unleveraged effective yield is calculated based on the average of unleveraged effective yield of all loans held by the Company as weighted by the outstanding principal balance of each loan.