



First Quarter 2020 Earnings Presentation

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Business Highlights

Attractive Portfolio Positioning

95% senior loans

No liquid securities

Multifamily, office and industrial properties comprise 62% of loan portfolio

96% of the loan portfolio is either fixed rate or floating rate with a LIBOR floor (weighted average LIBOR floor of 1.77%)

Well Capitalized Balance Sheet

Unrestricted cash as of May 7, 2020 of approximately \$50 million

Total borrowings across ten different sources

Primarily match funded assets and liabilities

No margin calls based on changes in market borrowing spreads on credit facilities

Strong Credit Quality

No loan impairments since inception

100% debt service payments received for April 2020 payment date

We believe Ares Management sponsorship provides informational advantages and enhances asset management capabilities

Note: As of March 31, 2020, unless otherwise noted. See footnotes on page 16.

First Quarter 2020 Results

Financial Results

- GAAP loss of \$17.3 million or \$0.54 per diluted common share, inclusive of \$27.1 million or \$0.85 per diluted common share CECL impact
- Core Earnings⁽¹⁾ of \$10.3 million or \$0.32 per diluted common share
- Book value per diluted common share of \$13.95 or \$14.92 excluding current expected credit losses ("CECL") reserve

CECL

- Cumulative CECL reserve of \$32.2 million reflects macroeconomic environment from COVID-19
- Provision for current expected credit losses of \$27.1 million or \$0.85 per diluted common share for Q1-20

Originations and Repayments

- Closed six senior loans and one subordinated loan totaling \$355.8 million in commitments
- \$284.6 million in outstanding principal initially funded on new commitments
- \$12.7 million in outstanding principal funded on previously originated commitments
- Repayments of \$107.1 million from four loans

Total Loan Portfolio

- 53 loans held for investment
- \$2.2 billion in originated commitments at closing and \$1.9 billion in outstanding principal
- Weighted average unleveraged effective yield of 6.2%⁽²⁾ (including non-accrual loans) and 6.6% (excluding non-accrual loans)
- Based on March 31, 2020 ending spot one month LIBOR rate of 0.99%, approximately 88% of the Q1-20 portfolio is either fixed rate or floating rate with a LIBOR floor that is currently "in the money"

Dividends

- Common stock dividend of \$0.33 per common share for Q1-20 paid in cash on April 15, 2020*

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

Note: As of March 31, 2020, unless otherwise noted.

See footnotes on page 16.

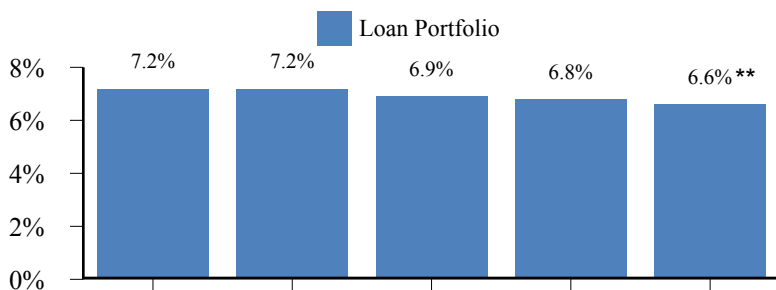
Total Loans Held for Investment Portfolio

Key Statistics

(\$ in millions)

Total loan commitments	\$2,158.1
Outstanding principal balance	\$1,883.1
Weighted average unpaid principal balance of loan portfolio*	\$1,854.1
Total number of loans	53
Percentage of floating rate loans based on outstanding principal balance	98%
Percentage of senior loans based on outstanding principal balance	95%
Weighted average remaining life of loan portfolio	1.6 years
Weighted average remaining life of senior loans	1.5 years
Weighted average remaining life of subordinated debt and preferred equity investments	2.5 years

Unleveraged Effective Yield⁽²⁾



	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Senior loans	6.9%	6.9%	6.5%	6.5%	6.2%**
Sub. debt and pref. equity investments	15.2%	14.7%	15.0%	15.1%	13.5%

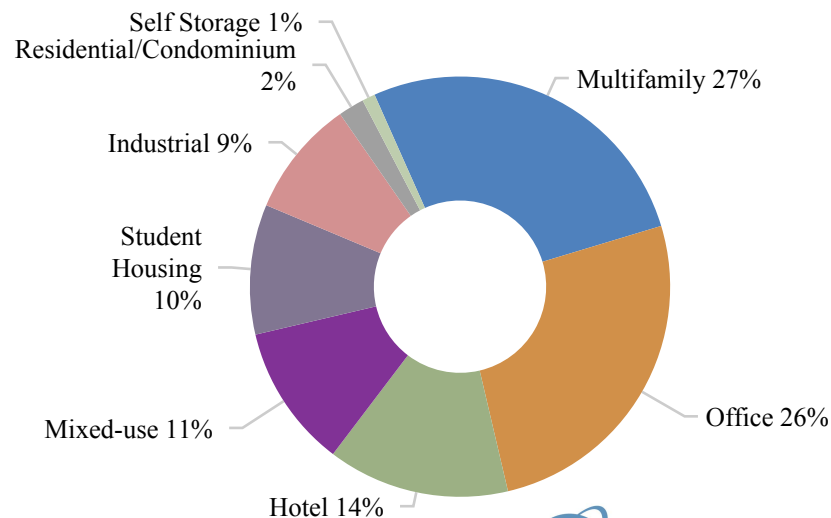
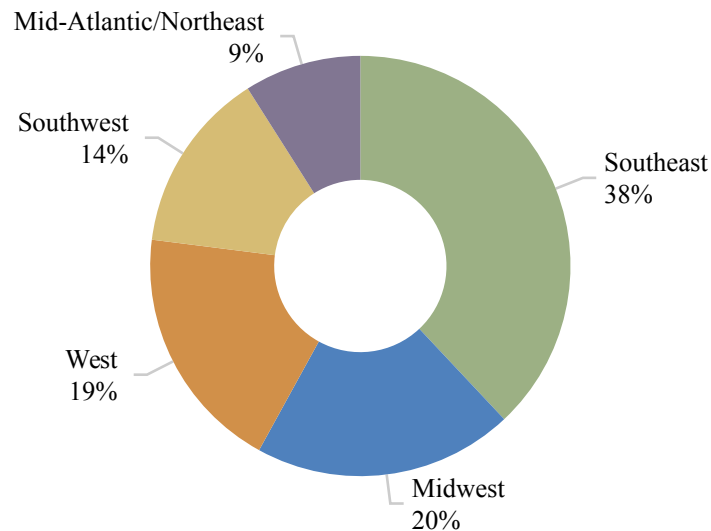
Note: As of March 31, 2020, unless otherwise noted.

* During the quarter ended March 31, 2020.

**Excludes impact of loans on non-accrual status as of March 31, 2020. Including non-accrual loans, total weighted average Unleveraged Effective Yield for total portfolio and senior loans would be 6.2% and 5.9%, respectively.

See footnotes on page 16.

Loan Portfolio Characteristics⁽⁴⁾

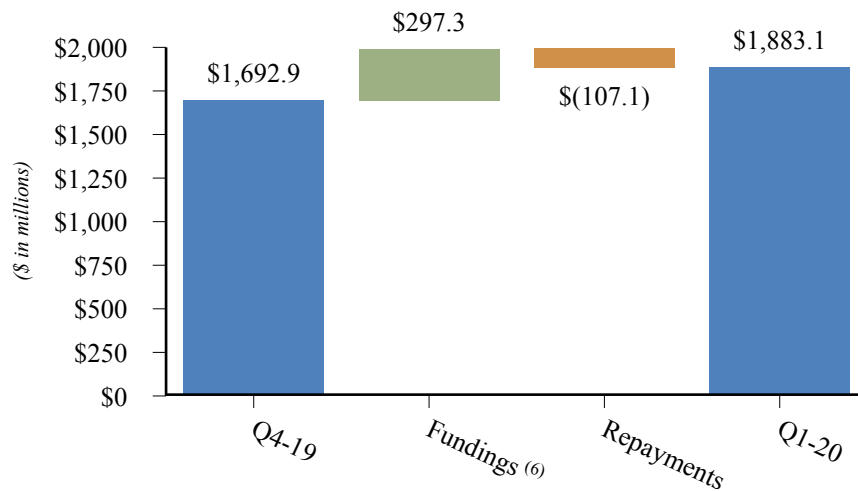


First Quarter 2020 Investment Activity

First Quarter 2020 Loans Summary

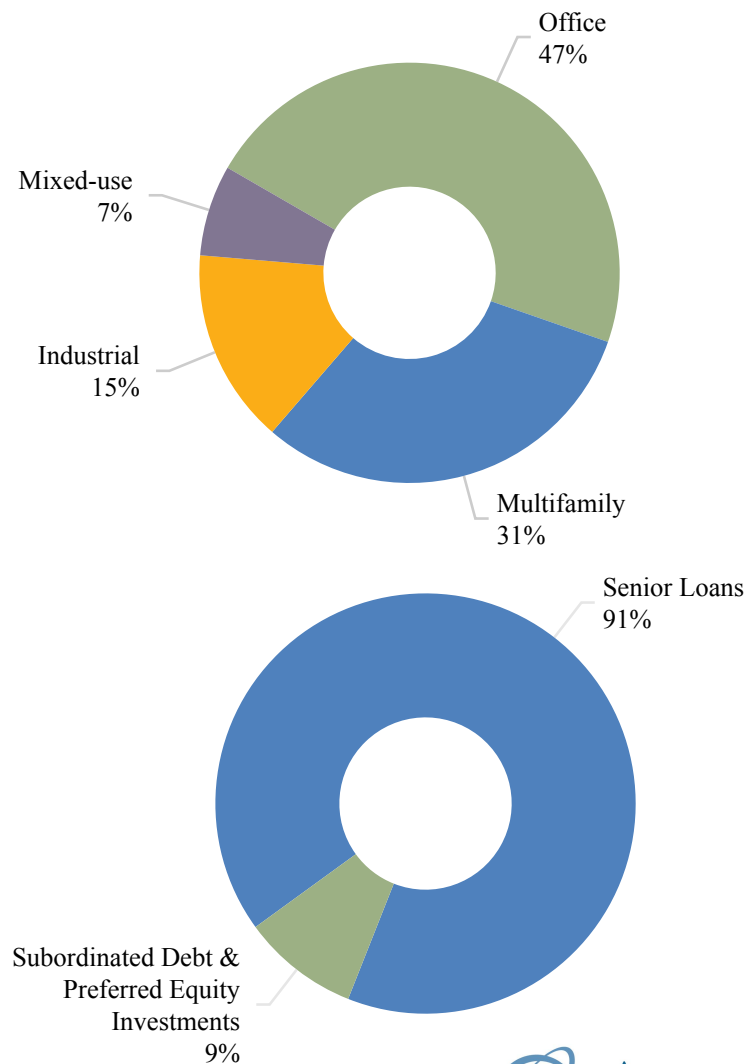
(\$ in millions)	
Number of loans closed	7
New loan commitments	\$355.8
Average size of loans closed	\$50.8
Percentage of floating rate loans	100%
Percentage of senior loans	91%
Total fundings ⁽⁶⁾	\$297.3

Changes in Loan Portfolio⁽⁴⁾



Note: As of March 31, 2020, unless otherwise noted.
See footnotes on page 16.

Characteristics of Funded Loans⁽⁵⁾



Interest Rate Sensitivity⁽⁴⁾

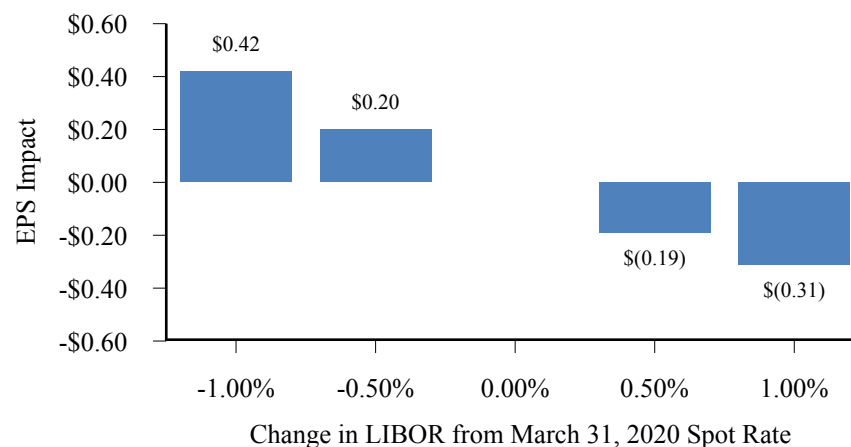
- 98% of the loan portfolio is floating rate and 2% is fixed rate
- 96% of the loan portfolio is either floating rate with a LIBOR floor (94%) or fixed rate (2%)
 - For the floating rate loans with LIBOR floors, the weighted average LIBOR floor is 1.77%
- 88% of the loan portfolio is either fixed rate or floating rate with a LIBOR floor of 0.99% or higher
- 100% of outstanding financing is floating rate
 - 8% has a LIBOR floor with a weighted average LIBOR floor of 1.49%

Total Loan Portfolio by LIBOR Floor Levels

(\$ in millions)

LIBOR Floor Range	Outstanding Principal	% Total	Cumulative %
Fixed rate	\$ 42.9	2%	2%
2.25% - 2.50%	410.3	22%	24%
2.00% - 2.24%	218.4	12%	36%
1.75% - 1.99%	403.7	21%	57%
1.50% - 1.74%	360.7	19%	76%
1.25% - 1.49%	139.6	8%	84%
1.00% - 1.24%	72.2	4%	88%
<1.00%	159.1	8%	96%
No floor	76.2	4%	100%
Total	\$ 1,883.1	100%	

Net Income Sensitivity to USD LIBOR Changes⁽⁷⁾



■ Annual estimated increase/(decrease) in net income (loss) (per diluted common share basis)*

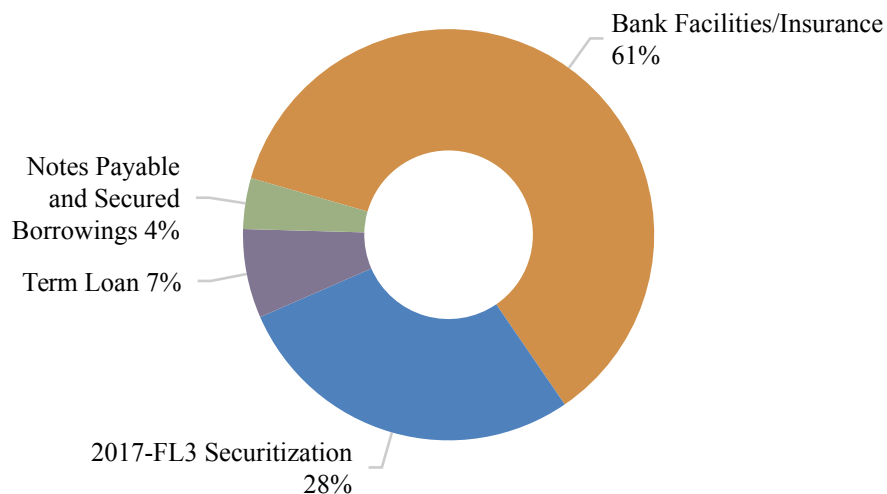
Note: As of March 31, 2020, unless otherwise noted.

*Per diluted weighted average common shares of 31.9 million for the three months ended March 31, 2020.

See footnotes on page 16.

Financing Sources Overview

Financing Sources Composition⁽⁴⁾



Primarily match-funded, asset-level financing

Debt to equity ratio excluding CECL reserve*	3.2x
Loans held for investment weighted average remaining life	1.6 years
Weighted average remaining term of financing agreements**	3.2 years
Q1-20 weighted average borrowings***	\$1,449.7 million

Note: As of March 31, 2020, unless otherwise noted.

* Debt to equity ratio of 3.5x including CECL reserve.

** Assumes exercise of extension options.

*** During the quarter ended March 31, 2020.

See footnotes on page 16.

Financing Sources Detail

(\$ in millions)

Financing Sources	Total Commitments ⁽³⁾	Interest Rate	Outstanding Balance
Bank Facilities			
Wells Fargo Facility	\$ 500.0	LIBOR+1.45 to 2.25%	\$ 472.9
Citibank Facility	325.0	LIBOR+1.50 to 2.50%	122.5
BAML Facility	36.3	LIBOR+2.00 to 2.75%	36.3
CNB Facility	50.0	LIBOR+2.65%	50.0
U.S. Bank Facility	186.0	LIBOR+1.65 to 2.25%	39.2
Morgan Stanley Facility	150.0	LIBOR+1.75 to 2.85%	117.2
Insurance			
MetLife Facility	180.0	LIBOR+2.10 to 2.30%	152.5
Subtotal	\$ 1,427.3		\$ 990.6
Asset Level Financing			
Notes Payable and Secured Borrowings	\$ 108.6	LIBOR+2.50 to 3.75%	\$ 66.7
Capital Markets			
Term Loan	\$ 110.0	LIBOR+5.00%	\$ 110.0
2017-FL3 Securitization	445.6	LIBOR + 1.70%	445.6
Subtotal	\$ 555.6		\$ 555.6
Total Debt	\$ 2,091.5		\$ 1,612.9

Current Expected Credit Losses - Additional Information

Current Expected Credit Loss Reserve

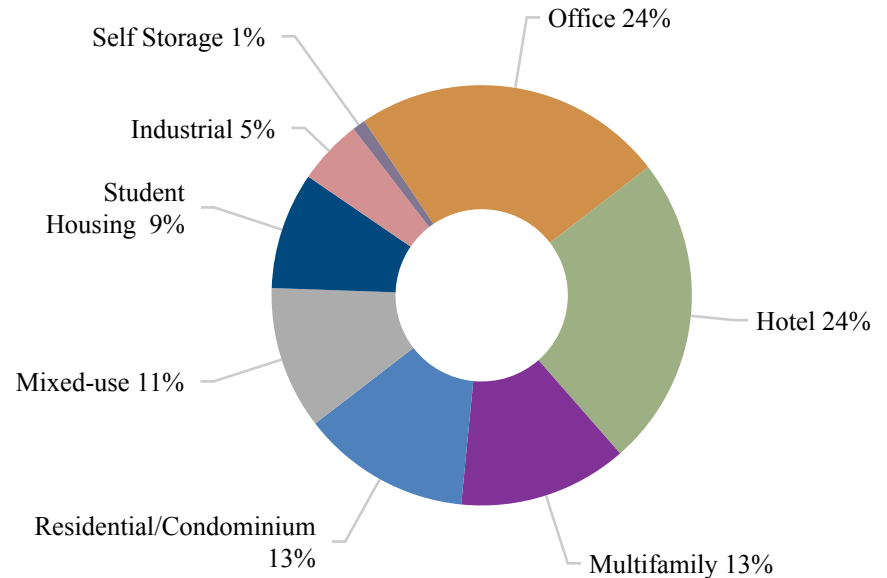
(\$ in thousands)

Balance at 12/31/19	\$	—
Initial reserve upon adoption		5,051
Provision for current expected credit losses		27,117
Write-offs		—
Recoveries		—
Balance at 3/31/20	\$	<u>32,168</u>

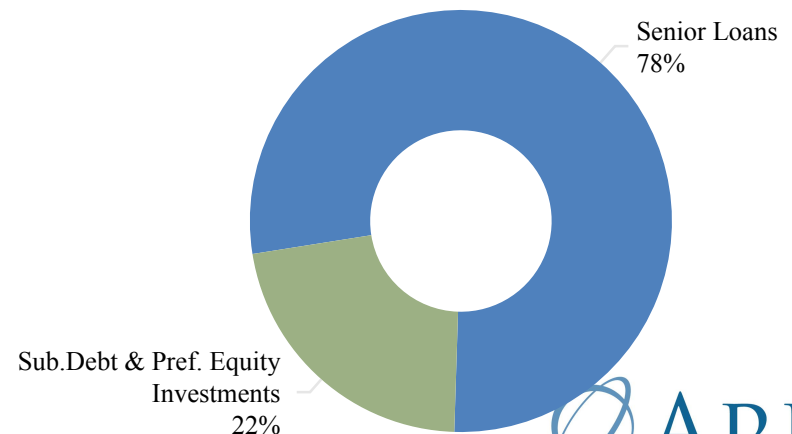
- CECL adoption impact on 1/1/20 of \$5.1 million bifurcated between funded commitments of \$4.4 million and unfunded commitments of \$0.6 million
- Q1-20 provision for current expected credit losses of \$27.1 million bifurcated between funded commitments of \$24.7 million and unfunded commitments of \$2.4 million
- No specific loan impairments on loan portfolio
- Increased reserve for current expected credit losses from initial adoption reflects associated economic impact of COVID-19
- Weighted average risk rating of 3.0 on a scale of 1.0 (lowest risk) to 5.0 (highest risk)

Note: As of March 31, 2020, unless otherwise noted.
See footnotes on page 16.

Current Expected Credit Loss Reserve by Property Type



Current Expected Credit Loss Reserve by Loan Type



Appendix

Loans Held for Investment Portfolio Details

(\$ in millions)

#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR Floor	Unleveraged Effective Yield ⁽²⁾	Maturity Date	Payment Terms ⁽⁸⁾
Multifamily Loans:											
1	Senior	FL	Sep 2016	\$89.7	\$89.7	\$89.7	L+4.75%	0.5%	5.7%	May 2020	I/O
2	Senior	TX	Sep 2019	75.0	75.0	74.7	L+2.85%	2.0%	5.0%	Oct 2022	I/O
3	Senior	FL	Sep 2016	45.4	45.4	45.4	L+4.75%	0.5%	5.7%	May 2020	I/O
4	Senior	FL	Dec 2018	43.5	42.8	42.5	L+2.60%	2.4%	5.5%	Jan 2022	I/O
5	Senior	NJ	Mar 2020	41.0	41.0	40.7	L+3.05%	1.5%	4.9%	Mar 2022	I/O
6	Senior	IL	Nov 2018	40.0	39.4	39.3	L+3.50%	2.3%	6.5%	Nov 2020	I/O
7	Senior	KS	Oct 2019	35.8	35.8	35.5	L+3.25%	1.9%	5.5%	Nov 2022	I/O
8	Senior	NY	Dec 2017	30.2	30.1	30.1	L+3.20%	1.4%	4.9%	Dec 2020	I/O
9	Senior	TX	Jan 2020	29.6	29.6	29.3	L+3.25%	1.7%	5.5%	Feb 2023	I/O
10	Senior	PA	Dec 2018	30.2	29.3	29.2	L+3.00%	2.4%	5.9%	Dec 2021	I/O
11	Senior	TX	Sep 2017	27.5	27.5	27.5	L+3.20%	1.2%	4.9%	Oct 2020	I/O
12	Senior	WA	Feb 2020	19.0	18.6	18.4	L+3.00%	1.7%	5.1%	Mar 2023	I/O
13	Senior	SC	Aug 2019	34.6	2.1	1.7	L+6.50%	2.2%	10.2%	Sep 2022	I/O
Total Multifamily				\$541.5	\$506.3	\$504.0					
Office Loans:											
14	Senior	Diversified	Jan 2020	\$132.6	\$107.5	\$106.9	L+3.65%	1.6%	5.7%	Jan 2023	I/O
15	Senior	IL	Nov 2017	82.0	69.5	69.3	L+3.75%	1.3%	5.6%	Dec 2020	I/O
16	Senior	IL	May 2018	59.6	57.2	57.0	L+3.95%	2.0%	6.3%	June 2021	I/O
17	Senior	NC	Mar 2019	84.0	53.9	53.4	L+4.25%	2.4%	8.5%	Mar 2021	I/O
18	Senior	GA	Nov 2019	56.2	37.2	36.7	L+3.05%	2.0%	5.8%	Dec 2022	I/O
19	Senior	CA	Oct 2019	37.2	30.9	30.6	L+3.35%	2.0%	6.0%	Nov 2022	I/O
20	Senior	IL	Dec 2019	41.9	27.5	27.2	L+3.80%	1.8%	6.2%	Jan 2023	I/O
21	Subordinated	IL	Mar 2020	37.5	26.2	25.8	L+8.00%	1.5%	10.2%	Mar 2023	I/O
22	Senior	CA	Nov 2018	22.8	17.8	17.7	L+3.40%	2.3%	6.3%	Nov 2021	I/O
23	Subordinated	NJ	Mar 2016	17.0	17.0	16.4	12.00%	N/A	12.8%	Jan 2026	I/O
24	Senior	TX	Apr 2019	28.2	13.5	13.3	L+4.05%	2.5%	7.7%	Nov 2021	I/O
25	Senior	NC	Apr 2019	30.5	13.3	12.6	L+3.53%	2.3%	7.7%	May 2023	I/O
26	Senior	NC	Oct 2018	13.5	8.6	8.5	L+4.00%	2.1%	6.7%	Nov 2022	I/O
27	Subordinated	CA	Nov 2017	3.1	2.9	2.9	L+8.25%	1.3%	9.7%	Nov 2021	I/O
Total Office				\$646.1	\$483.0	\$478.3					

See footnotes on page 16.

Loans Held for Investment Portfolio Details

(\$ in millions)

#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR Floor	Unleveraged Effective Yield ⁽²⁾	Maturity Date	Payment Terms ⁽⁸⁾
Hotel Loans:											
28	Senior	OR/WA	May 2018	\$68.1	\$68.1	\$67.8	L+3.45%	1.9%	4.6% ⁽⁹⁾	May 2021	I/O
29	Senior	Diversified	Sep 2018	64.3	60.3	60.0	L+3.60%	2.1%	6.2%	Sep 2021	I/O
30	Senior	CA	Dec 2017	40.0	40.0	39.9	L+4.12%	1.4%	5.9%	Jan 2021	I/O
31	Senior	MI	Nov 2015	35.2	35.2	35.2	L+4.40%	N/A	—% ⁽¹⁰⁾	July 2020	I/O
32	Senior	IL	Apr 2018	32.9	32.9	32.7	L+4.40%	1.9%	—% ⁽¹⁰⁾	May 2021	I/O
33	Senior	MN	Aug 2018	31.5	31.5	31.4	L+3.55%	2.1%	6.0%	Aug 2021	I/O
Total Hotel				\$272.0	\$268.0	\$267.0					
Mixed-Use Loans:											
34	Senior	FL	Feb 2019	\$100.6	\$100.6	\$100.0	L+4.25%	2.5%	7.8%	Feb 2021	I/O
35	Senior	CA	Mar 2018	56.1	49.0	48.8	L+4.00%	1.9%	6.3%	Apr 2021	I/O
36	Senior	TX	Sep 2019	42.2	34.3	34.0	L+3.75%	2.3%	6.7%	Sep 2022	I/O
37	Senior	CA	Feb 2020	39.6	19.7	19.3	L+4.10%	1.7%	6.4%	Mar 2023	I/O
38	Subordinated	IL	May 2018	15.3	14.9	14.8	L+12.25%	1.5%	14.6%	Nov 2021	I/O
Total Mixed-Use				\$253.8	\$218.5	\$216.9					
Student Housing Loans:											
39	Senior	CA	June 2017	\$43.0	\$41.7	\$41.7	L+3.95%	1.2%	5.7%	July 2020	I/O
40	Senior	TX	Dec 2017	41.0	41.0	40.9	L+4.75%	N/A	6.3%	Jan 2021	I/O
41	Senior	NC	Feb 2019	30.0	30.0	29.9	L+3.15%	2.3%	5.9%	Feb 2022	I/O
42	Senior	TX	Dec 2017	25.1	24.6	24.3	L+3.45%	1.6%	5.5%	Feb 2023	I/O
43	Senior	AL	Feb 2017	24.1	24.1	23.6	L+4.45%	0.8%	—% ⁽¹⁰⁾	Aug 2020	I/O
44	Senior	FL	Jul 2019	22.0	22.0	21.8	L+3.25%	2.3%	5.9%	Aug 2022	I/O
Total Student Housing				\$185.2	\$183.4	\$182.2					

See footnotes on page 16.

Loans Held for Investment Portfolio Details

(\$ in millions)

#	Loan Type	Location	Origination Date	Current Loan Commitment	Outstanding Principal	Carrying Value	Interest Rate	LIBOR Floor	Unleveraged Effective Yield ⁽²⁾	Maturity Date	Payment Terms ⁽⁸⁾
Industrial Loans:											
45	Senior	FL	Oct 2019	\$52.5	\$52.5	\$52.0	L+6.10%	2.1%	8.8%	Oct 2022	I/O
46	Senior	NY	Jan 2020	56.5	43.8	43.4	L+5.00%	1.6%	8.3%	Feb 2021	I/O
47	Senior	NC	May 2019	40.5	34.8	34.6	L+4.05%	1.6%	5.9%	Mar 2024	I/O
48	Senior	CA	Nov 2019	26.6	21.1	20.9	L+4.50%	1.9%	7.4%	Dec 2021	I/O
49	Senior	CA	Aug 2019	19.6	13.0	12.8	L+3.75%	2.0%	6.3%	Mar 2023	I/O
Total Industrial				\$195.7	\$165.2	\$163.7					
Residential/Condominium Loans:											
50	Senior	CA	Jan 2018	\$16.7	\$12.2	\$12.2	13.00%	N/A	14.4%	Aug 2020	I/O
51	Subordinated	NY	Oct 2018	16.1	15.5	15.4	L+14.00%	2.3%	19.1%	May 2021	I/O
52	Subordinated	HI	Aug 2018	11.5	11.5	11.5	14.00%	N/A	14.5%	Oct 2020	I/O
Total Residential/Condominium				\$44.3	\$39.2	\$39.1					
Self Storage Loans:											
53	Senior	FL	Feb 2019	\$19.5	\$19.5	\$19.4	L+3.50%	2.0%	6.0%	Mar 2022	I/O
Total Self Storage				\$19.5	\$19.5	\$19.4					
Loan Portfolio Total/Weighted Average				\$2,158.1	\$1,883.1	\$1,870.6		1.8%⁽¹¹⁾	6.2%		

See footnotes on page 16.

Consolidated Balance Sheets

	As of	
	March 31, 2020 (unaudited)	December 31, 2019
<i>(\$ in thousands, except share and per share data)</i>		
ASSETS		
Cash and cash equivalents	\$ 74,498	\$ 5,256
Restricted cash	379	379
Loans held for investment (\$425,817 and \$515,896 related to consolidated VIEs, respectively)	1,870,639	1,682,498
Current expected credit loss reserve	(29,143)	—
Loans held for investment, net of current expected credit loss reserve	1,841,496	1,682,498
Real estate owned, net	37,907	37,901
Other assets (\$1,010 and \$1,309 of interest receivable related to consolidated VIEs, respectively; \$131,183 and \$41,104 of other receivables related to consolidated VIEs, respectively)	147,075	58,100
Total assets	<u>\$ 2,101,355</u>	<u>\$ 1,784,134</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Secured funding agreements	\$ 990,564	\$ 728,589
Notes payable and secured borrowings	65,047	54,708
Secured term loan	109,378	109,149
Collateralized loan obligation securitization debt (consolidated VIE)	443,558	443,177
Due to affiliate	2,836	2,761
Dividends payable	11,057	9,546
Other liabilities (\$691 and \$718 of interest payable related to consolidated VIEs, respectively)	12,850	9,865
Total liabilities	<u>1,635,290</u>	<u>1,357,795</u>
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 per share, 450,000,000 shares authorized at March 31, 2020 and December 31, 2019 and 33,398,952 and 28,865,610 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	329	283
Additional paid-in capital	496,689	423,619
Accumulated earnings (deficit)	(30,953)	2,437
Total stockholders' equity	<u>466,065</u>	<u>426,339</u>
Total liabilities and stockholders' equity	<u>\$ 2,101,355</u>	<u>\$ 1,784,134</u>

Consolidated Statements of Operations

	For the Three Months Ended				
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
<i>(\$ in thousands, except share and per share data)</i>					
Revenue:					
Interest income from loans held for investment	\$ 31,448	\$ 28,536	\$ 28,269	\$ 29,993	\$ 27,986
Interest expense	(15,534)	(15,044)	(15,124)	(16,675)	(15,740)
Net interest margin	15,914	13,492	13,145	13,318	12,246
Revenue from real estate owned	5,220	8,088	6,702	8,357	1,911
Total revenue	21,134	21,580	19,847	21,675	14,157
Expenses:					
Management and incentive fees to affiliate	1,773	1,959	1,578	2,252	1,574
Professional fees	903	641	542	532	478
General and administrative expenses	868	1,035	1,005	1,029	1,120
General and administrative expenses reimbursed to affiliate	1,051	764	831	771	659
Expenses from real estate owned	6,676	7,338	6,838	7,118	1,687
Total expenses	11,271	11,737	10,794	11,702	5,518
Provision for current expected credit losses	27,117	—	—	—	—
Income (loss) before income taxes	(17,254)	9,843	9,053	9,973	8,639
Income tax expense, including excise tax	9	183	19	218	96
Net income (loss) attributable to common stockholders	\$ (17,263)	\$ 9,660	\$ 9,034	\$ 9,755	\$ 8,543
Earnings (loss) per common share:					
Basic earnings (loss) per common share	\$ (0.54)	\$ 0.34	\$ 0.32	\$ 0.34	\$ 0.30
Diluted earnings (loss) per common share	\$ (0.54)	\$ 0.33	\$ 0.31	\$ 0.34	\$ 0.30
Weighted average number of common shares outstanding:					
Basic weighted average shares of common stock outstanding	31,897,952	28,640,363	28,634,514	28,599,282	28,561,827
Diluted weighted average shares of common stock outstanding	31,897,952	28,872,975	28,867,603	28,863,765	28,780,980
Dividends declared per share of common stock*	\$ 0.33	\$ 0.33	\$ 0.33	\$ 0.33	\$ 0.33

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

Reconciliation of Net Income (Loss) to Non-GAAP Core Earnings⁽¹⁾

	For the Three Months Ended				
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
<i>(\$ in thousands, except per share data)</i>					
Net income (loss) attributable to common stockholders	\$ (17,263)	\$ 9,660	\$ 9,034	\$ 9,755	\$ 8,543
Stock-based compensation	225	482	479	427	492
Incentive fees to affiliate	—	378	—	674	—
Depreciation of real estate owned	221	219	207	188	54
Provision for current expected credit losses	27,117	—	—	—	—
Core Earnings	\$ 10,300	\$ 10,739	\$ 9,720	\$ 11,044	\$ 9,089
Net income (loss) attributable to common stockholders	\$ (0.54)	\$ 0.34	\$ 0.32	\$ 0.34	\$ 0.30
Stock-based compensation	0.01	0.02	0.02	0.01	0.02
Incentive fees to affiliate	—	0.01	—	0.02	—
Depreciation of real estate owned	0.01	0.01	0.01	0.01	—
Provision for current expected credit losses	0.85	—	—	—	—
Basic Core Earnings per common share	\$ 0.32	\$ 0.37	\$ 0.34	\$ 0.39	\$ 0.32
Net income (loss) attributable to common stockholders	\$ (0.54)	\$ 0.33	\$ 0.31	\$ 0.34	\$ 0.30
Stock-based compensation	0.01	0.02	0.02	0.01	0.02
Incentive fees to affiliate	—	0.01	—	0.02	—
Depreciation of real estate owned	0.01	0.01	0.01	0.01	—
Provision for current expected credit losses	0.84	—	—	—	—
Diluted Core Earnings per common share	\$ 0.32	\$ 0.37	\$ 0.34	\$ 0.38	\$ 0.32

Footnotes

1. The Company believes the disclosure of Core Earnings provides useful information to investors regarding the calculation of incentive fees the Company pays to its manager, Ares Commercial Real Estate Management LLC, and the Company's financial performance. Core Earnings is an adjusted non-GAAP 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. 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. Core Earnings is defined as net income (loss) computed in accordance with GAAP, excluding non-cash equity compensation expense, the incentive fee, 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.
2. 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. The total 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.
3. Represents total commitments. Ability to draw on available capacity is subject to available collateral and lender approvals.
4. Based on outstanding principal balance.
5. Based on outstanding principal balance on new loans closed for the three months ended March 31, 2020.
6. Includes outstanding principal funded of \$284.6 million on initial fundings on new commitments and \$12.7 million on previously originated commitments.
7. Represents the estimated hypothetical increases/(decreases) in net income (loss) per diluted common share for a twelve month period, assuming (1) an immediate increase or decrease in 30-day LIBOR as of March 31, 2020 and (2) no change in the outstanding principal balance of the Company's loans held for investment portfolio and borrowings as of March 31, 2020. The analysis detailed herein represents the Company's perspective and is merely a mathematical illustration. These metrics are shown for illustrative purposes only and the terms and characteristics of such transactions are not necessarily indicative of every type of transaction entered into or arranged by the Company. Any future results may differ from those discussed herein. Accordingly, no representation or warranty is made in respect of this information.
8. I/O = interest only, P/I = principal and interest.
9. At origination, the Oregon/Washington loan was structured as both a senior and mezzanine loan with the Company holding both positions. The mezzanine position of this loan, which had an outstanding principal balance of \$13.1 million as of March 31, 2020, was on non-accrual status as of March 31, 2020 and therefore, the Unleveraged Effective Yield presented is for the senior position only as the mezzanine position is non-interest accruing.
10. Loan was on non-accrual status as of March 31, 2020 and therefore, there is no Unleveraged Effective Yield as the loan is non-interest accruing.
11. The weighted average floor is calculated based on loans with LIBOR floors.