



SEVEN HILLS
REALTY TRUST

Financial Results and Supplemental Information

FIRST QUARTER 2025

April 28, 2025

Seven Hills Realty Trust Announces First Quarter 2025 Results



"We delivered solid first quarter results, highlighted by sequential quarter growth in distributable earnings per share of \$0.34. We closed two loans totaling \$49.7 million during the quarter and have a robust pipeline of actionable opportunities. Our portfolio remains strong with all loans performing and our average risk rating decreasing from 3.1 to 2.9, reflecting the quality of our underlying collateral and our sponsors' continued support for their properties. With available liquidity to invest, we remain focused on deploying capital selectively as we navigate the current macroeconomic and interest rate environment."

Tom Lorenzini, President and Chief Investment Officer of SEVN

Newton, MA (April 28, 2025). Seven Hills Realty Trust (Nasdaq: SEVN) today announced financial results for the quarter ended March 31, 2025.

Distributions

On April 10, 2025, SEVN declared a quarterly distribution of \$0.35 per common share, or approximately \$5.2 million, to shareholders of record on April 22, 2025. SEVN expects to pay this distribution on or about May 15, 2025.

Conference Call

A conference call to discuss SEVN's first quarter 2025 results will be held on Tuesday, April 29, 2025 at 11:00 a.m. Eastern Time. The conference call telephone number is (866) 739-7850. Participants calling from outside the United States and Canada should dial (412) 317-6592. No pass code is necessary to access the call from either number. Participants should dial in about 15 minutes prior to the scheduled start of the call. A replay of the conference call will be available through 11:59 p.m. Eastern Time on Tuesday, May 6, 2025. To access the replay, dial (877) 344-7529. The replay pass code is 9699993. A live audio webcast of the conference call will also be available in a listen only mode on SEVN's website, at www.sevnreit.com. The archived webcast will be available for replay on SEVN's website after the call. The transcription, recording and retransmission of SEVN's first quarter conference call in any way are strictly prohibited without the prior written consent of SEVN.

About Seven Hills Realty Trust

Seven Hills Realty Trust (Nasdaq: SEVN), or SEVN, we, our or us, is a real estate investment trust, or REIT, that originates and invests in first mortgage loans secured by middle market transitional commercial real estate. SEVN is managed by Tremont Realty Capital, an affiliate of The RMR Group (Nasdaq: RMR), a leading U.S. alternative asset management company with approximately \$40 billion in assets under management and more than 35 years of institutional experience in buying, selling, financing and operating commercial real estate. For more information about SEVN, please visit www.sevnreit.com.

Company Snapshot



(As of March 31, 2025, unless otherwise noted)

Strong Loan Portfolio

\$691 million

Floating rate
first mortgage loan commitments

\$30 million

Average
loan commitment

67%

Weighted average
LTV

8.5%

Weighted average
All In Yield

100% floating rate first mortgage loan portfolio secured by diverse property types and geographic regions and owned by high quality sponsors.

Conservative Leverage

1.6x

Debt to equity ratio

\$740 million

Maximum
facility size

\$298 million

Unused financing
capacity

\$42 million

Cash
on hand

Conservative leverage levels and ample cash on hand provide SEVN with liquidity to continue to originate accretive loans that meet our disciplined underwriting criteria.

Integrated with RMR Real Estate Platform

11%

Ownership of SEVN

~\$40 billion
of Gross AUM

~900

CRE professionals

~1,900

Properties managed
across the U.S.

SEVN is managed by Tremont Realty Capital, a wholly owned subsidiary of RMR, providing a depth of market knowledge and an extensive network of real estate owners, operators, sponsors and financial institutions.

First Quarter 2025 Highlights



(As of and for the three months ended March 31, 2025, unless otherwise noted)

Financial Results

- Generated net income of \$4.5 million, or \$0.30 per diluted share, and Distributable Earnings of \$5.0 million, or \$0.34 per diluted share.
- Quarterly distribution of \$0.35 per common share declared and paid during the quarter.

Investment Activity

- Closed two new loans during the quarter with aggregate total commitments of \$49.7 million:
 - \$31.2 million loan secured by a student housing property in San Marcos, TX with a coupon rate of S + 3.25% and an All In Yield of S + 3.68%.
 - \$18.5 million loan secured by a student housing property in Waco, TX with a coupon rate of S + 3.35% and an All In Yield of S + 3.75%.

Portfolio

- Weighted average coupon of S + 3.69% and All In Yield of S + 4.08%.
- Weighted average risk rating of 2.9 and an allowance for credit losses representing 1.3% of total loan commitments.

Liquidity & Capitalization

- Cash on hand of \$41.6 million and unused capacity of \$298.0 million available under our Secured Financing Facilities.
- Weighted average coupon of S + 2.21% on borrowings under our Secured Financing Facilities.

Please refer to Non-GAAP Financial Measures and Other Measures and Definitions within the Appendix for terms used throughout this document. All amounts in this presentation are unaudited.

First Quarter 2025 Financial Summary

(amounts in thousands, except per share data)

Income Statement

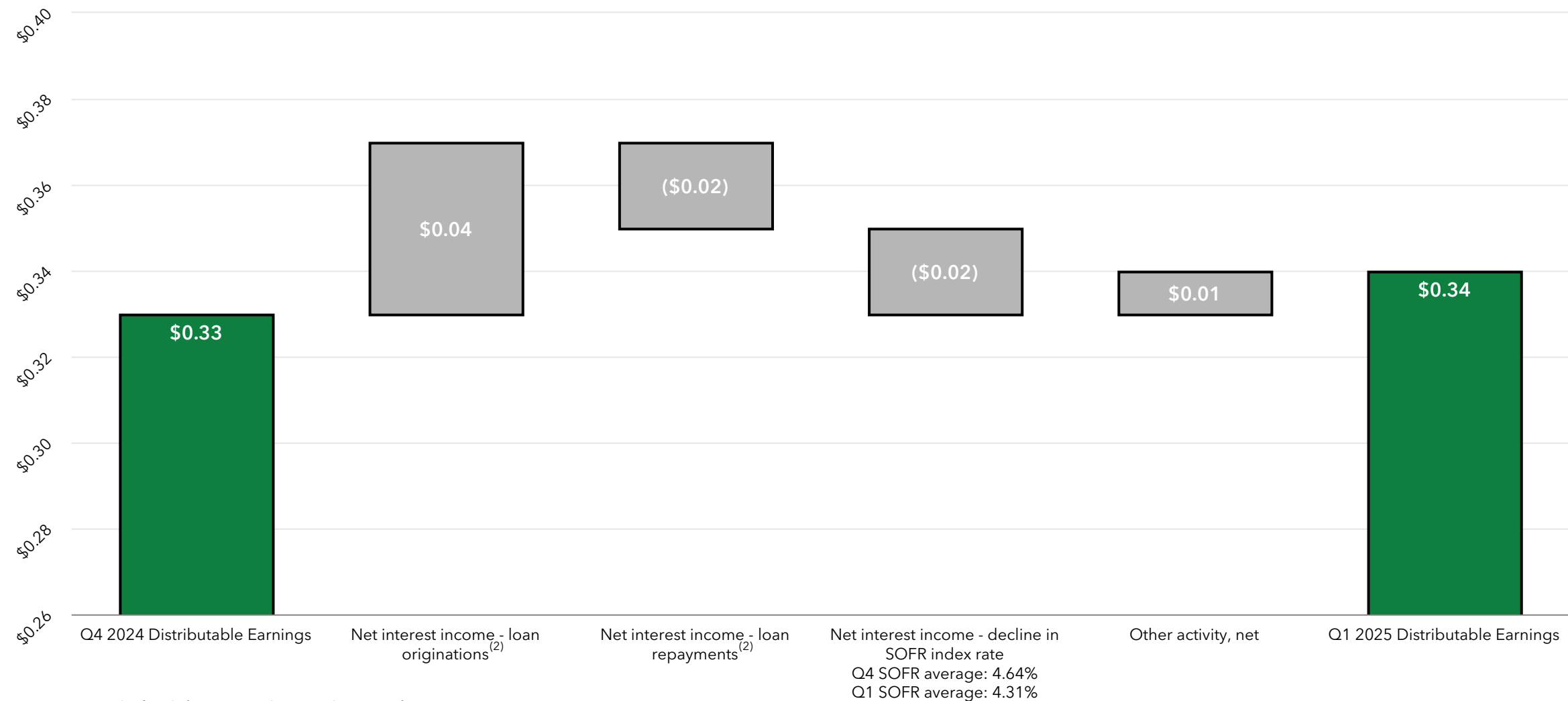
	Three Months Ended March 31, 2025
Income from loan investments, net	\$ 6,885
Revenue from real estate owned	709
Other expenses	(3,215)
Reversal of credit losses	153
Net income	\$ 4,532
Weighted average common shares outstanding - basic and diluted	14,757
Net income per common share - basic and diluted	\$ 0.30
Distributable Earnings ⁽¹⁾	\$ 5,004
Distributable Earnings per common share - basic and diluted ⁽¹⁾	\$ 0.34
Quarterly distribution per common share	\$ 0.35
Quarterly distributable earnings payout ratio	103%

(1) See appendix for definitions and reconciliations of non-GAAP measures.

Balance Sheet

	March 31, 2025
Loans held for investment, net	\$ 652,589
Real estate owned, net	11,085
Cash and cash equivalents	41,637
Other	9,091
Total assets	\$ 714,402
Secured financing facilities, net	\$ 440,474
Other	4,983
Total liabilities	\$ 445,457
Total shareholders' equity	\$ 268,945
Total outstanding common shares	14,907
Book value per common share	\$ 18.04
Adjusted book value ⁽¹⁾	\$ 277,700
Adjusted book value per common share ⁽¹⁾	\$ 18.63

Distributable Earnings Bridge ⁽¹⁾

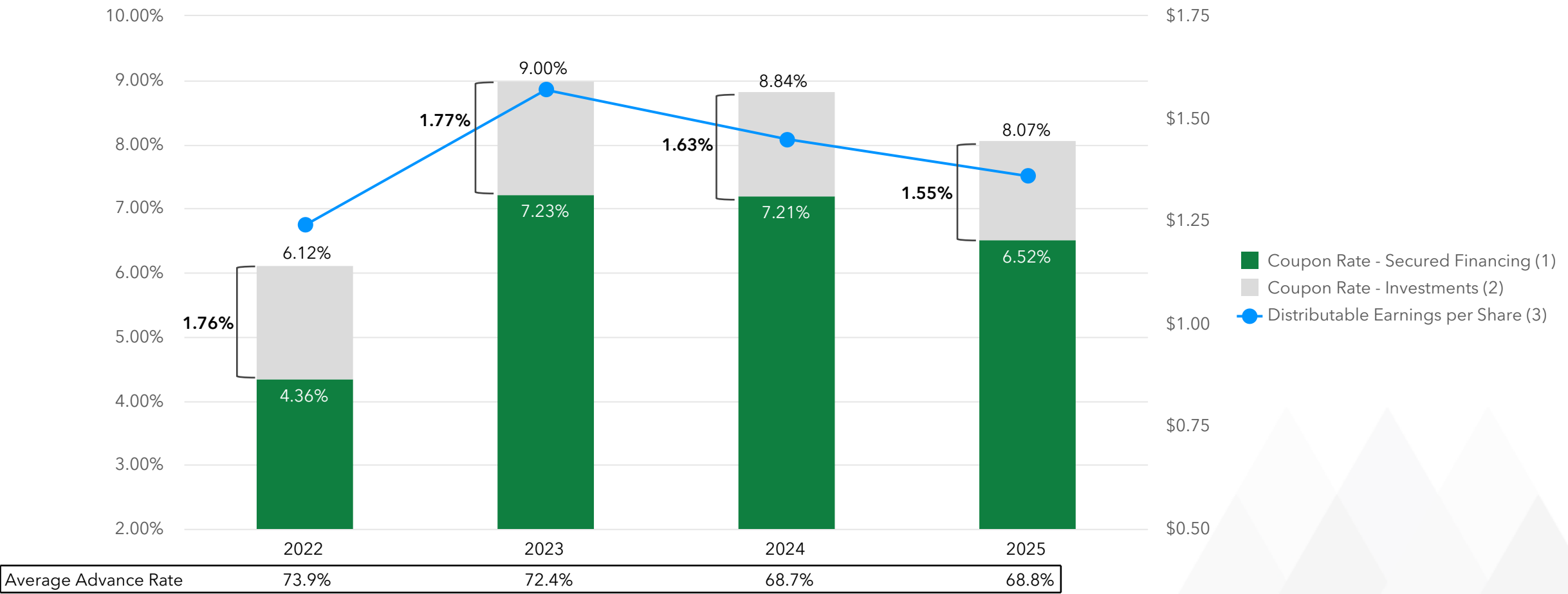


(1) See appendix for definitions and reconciliations of non-GAAP measures.

(2) Reflects the full quarter impact related to loans originated or repaid during the three months ended December 31, 2024 and loans originated and repaid during the three months ended March 31, 2025.

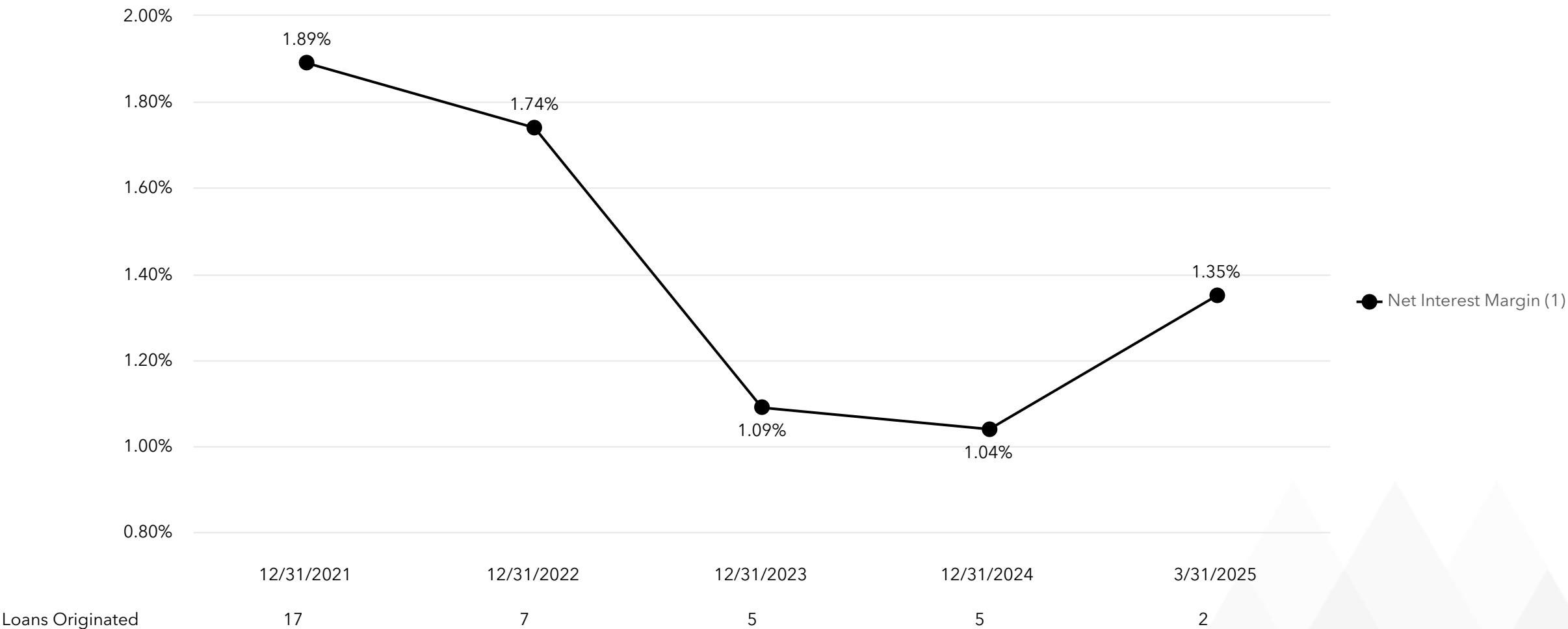
Income from Loan Investments, Net - Interest Rate Trends

Despite a well performing portfolio, recent declines in index rates, paired with continued compression of net interest margins on new loan originations coupled with less overall portfolio leverage, present continued headwinds to SEVN's earnings.



(1) Represents the weighted average coupon rate for SEVN's Secured Financing Facilities during the respective period.
(2) Represents the weighted average coupon rate for SEVN's portfolio of investment loans during the respective period.
(3) Represents annual Distributable Earnings per share, annualized for the three months ended March 31, 2025. See appendix for definitions and reconciliations of non-GAAP measures.

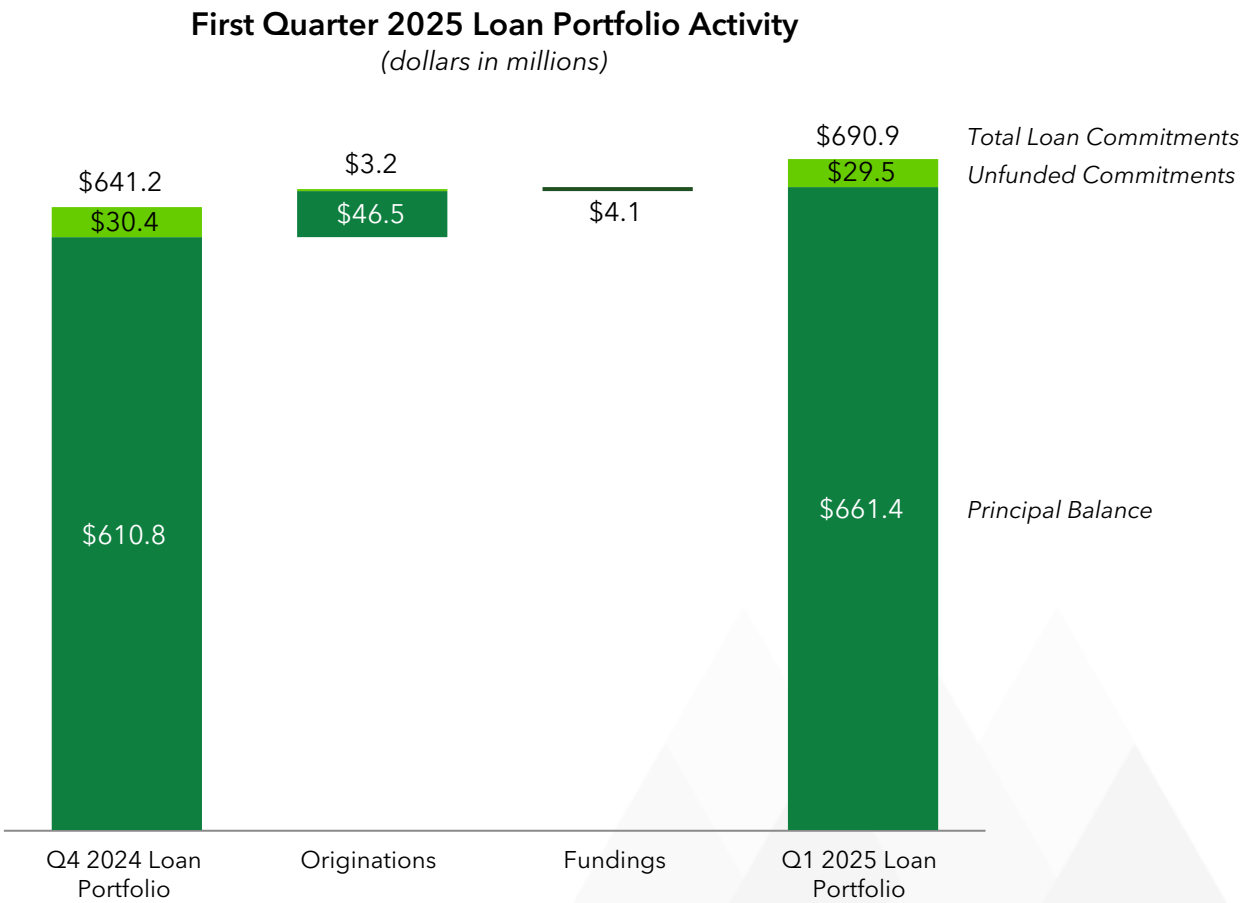
Loan Origination Trends - Net Interest Margin



(1) Represents the difference between the interest rate margin for the new loan investment originations and the interest rate margin under the respective Secured Financing Facility for that loan.

Loan Portfolio Summary

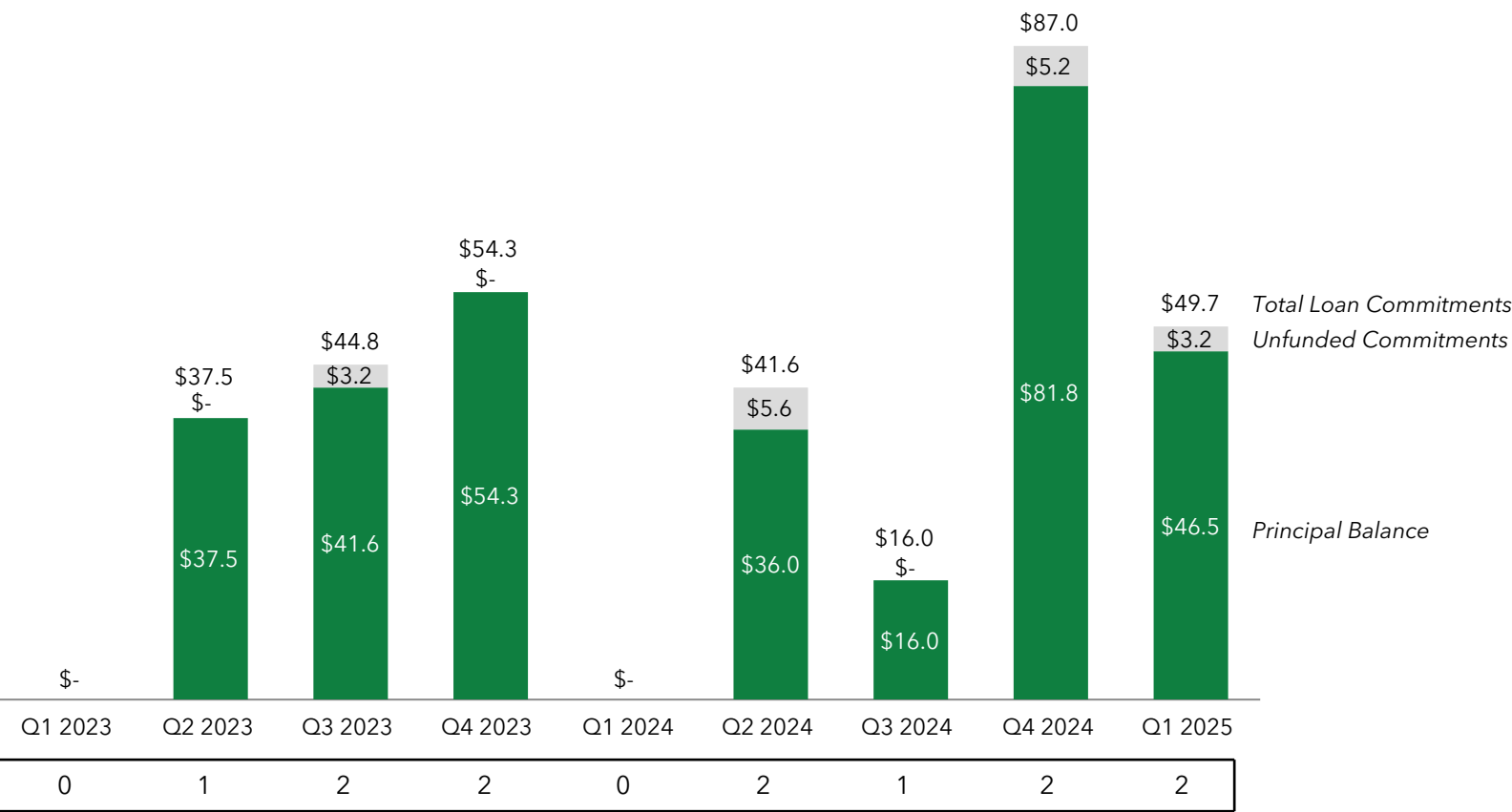
<i>(dollars in thousands)</i>	First Quarter Originations	As of March 31, 2025
Number of loans	2	23
Average loan commitment	\$24,850	\$30,040
Total loan commitments	\$49,700	\$690,913
Unfunded loan commitments	\$3,195	\$29,524
Principal balance	\$46,505	\$661,389
Weighted average coupon rate	7.60%	8.07%
Weighted average All In Yield	8.02%	8.46%
Weighted average Maximum Maturity	4.9	2.6
Weighted average LTV	66%	67%
Weighted average floor	2.85%	2.16%
Weighted average risk rating	3.0	2.9



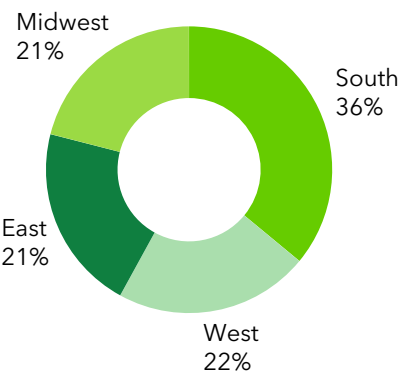
Loan Portfolio Originations and Diversity

Loan Originations by Quarter

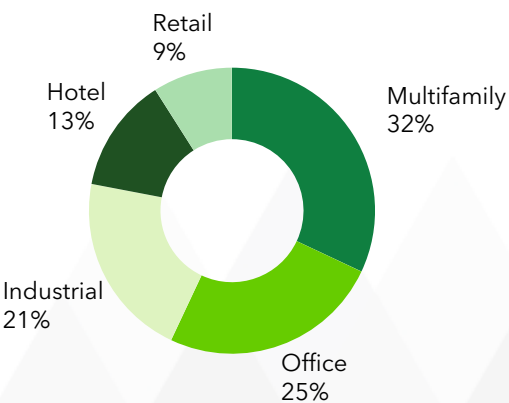
(dollars in millions)



Geographic Region ⁽¹⁾



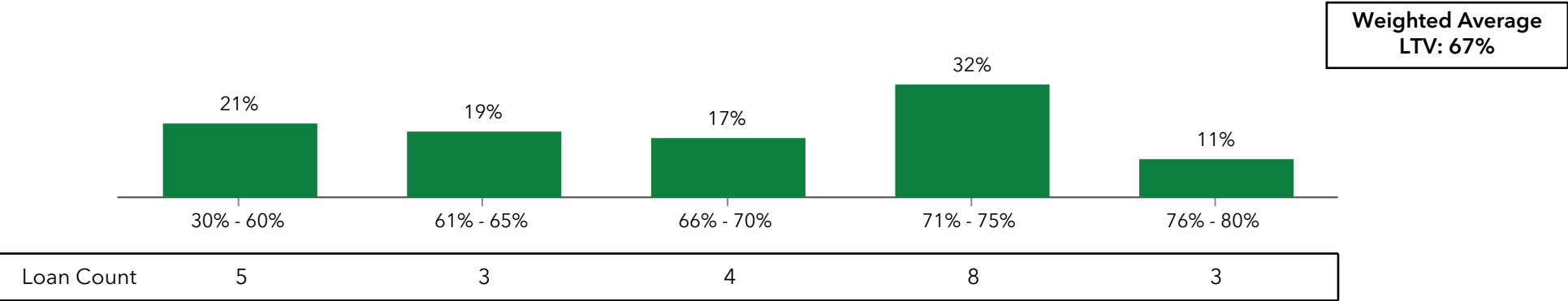
Property Type ⁽¹⁾



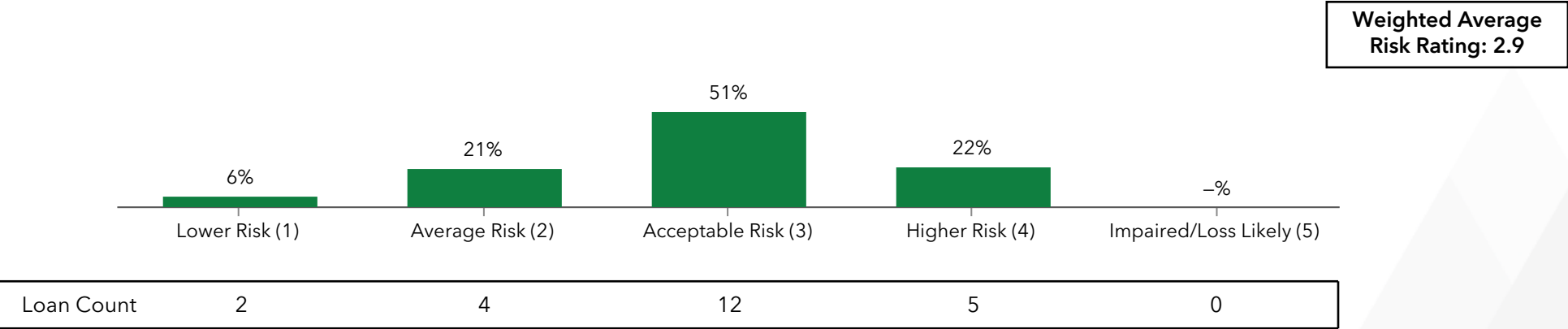
(1) Based on principal balance of loans held for investment as of March 31, 2025.

Loan Portfolio Credit Quality

Loan to Value ⁽¹⁾
% of Portfolio



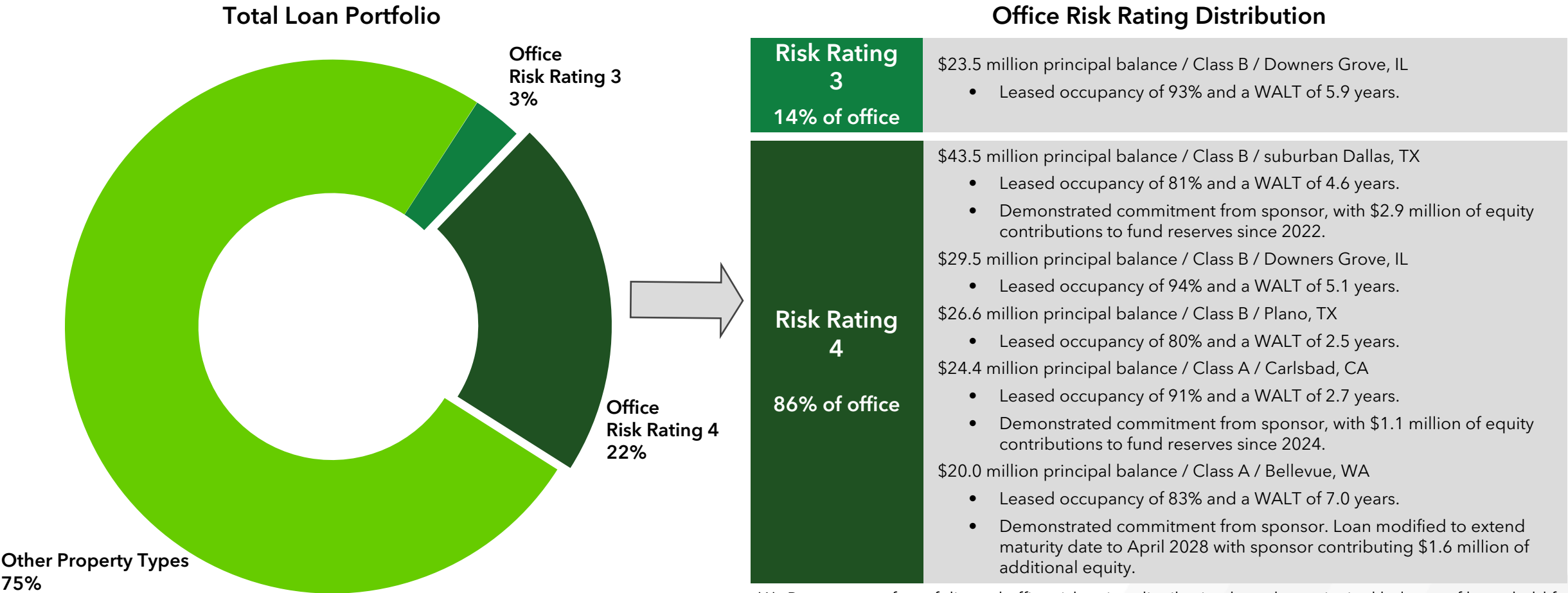
Risk Rating Distribution ⁽¹⁾
% of Portfolio



(1) Percentage of portfolio based on principal balance of loans held for investment as of March 31, 2025.

Office Loans ⁽¹⁾

- No office loans in urban or CBD markets in our portfolio.
- As of March 31, 2025, all of our borrowers had paid their debt service obligations owed and due to us.
- Reduced office loan exposure from 27% at December 31, 2024 to 25% at March 31, 2025.



(1) Percentage of portfolio and office risk rating distribution based on principal balance of loans held for investment as of March 31, 2025.

Secured Financing Facilities

(As of March 31, 2025)

	UBS	Citibank	BMO	Wells Fargo	Total/Weighted Average
<i>(dollars in thousands)</i>					
Maximum facility size	\$ 250,000	\$ 215,000	\$ 150,000	\$ 125,000	\$ 740,000
Principal balance	\$ 181,989	\$ 93,314	\$ 103,855	\$ 62,868	\$ 442,026
Unused capacity	\$ 68,011	\$ 121,686	\$ 46,145	\$ 62,132	\$ 297,974
Weighted average coupon rate	6.77%	6.49%	6.30%	6.22%	6.52%
Weighted average advance rate	67.5%	64.0%	70.9%	77.6%	68.8%
Weighted average remaining maturity (years) ⁽¹⁾	0.6	1.3	0.7	0.6	0.8
Collateral:					
Number of loans	9	5	5	3	22
Principal balance	\$ 269,609	\$ 145,773	\$ 146,471	\$ 81,036	\$ 642,889

(1) The weighted average remaining maturity of our Master Repurchase Facilities is determined using the earlier of the underlying loan investment maturity date and the respective repurchase agreement maturity date. The weighted average remaining maturity of the BMO Facility is determined using the underlying loan investment maturity date.

Appendix

Company Profile, Governance and Research Coverage



Management

Our manager, Tremont, is registered with the Securities and Exchange Commission, or SEC, as an investment adviser and is owned by RMR. As of March 31, 2025, RMR had approximately \$40 billion of real estate assets under management and the combined RMR managed companies had more than \$5 billion of annual revenues, approximately 1,900 properties and over 18,000 employees. We believe Tremont’s relationship with RMR provides us with a depth of market knowledge that may allow us to identify high quality investment opportunities and to evaluate them more thoroughly than many of our competitors, including other commercial mortgage REITs. We also believe RMR’s broad platform provides us with access to RMR’s extensive network of real estate owners, operators, intermediaries, sponsors, financial institutions and other real estate related professionals and businesses with which RMR has historical relationships. We also believe that Tremont provides us with significant experience and expertise in investing in middle market and transitional CRE.

Board of Trustees

Ann M. Danner <i>Independent Trustee</i>	Barbara D. Gilmore <i>Independent Trustee</i>	William A. Lamkin <i>Independent Trustee</i>	Joseph L. Morea <i>Lead Independent Trustee</i>
Jeffrey P. Somers <i>Independent Trustee</i>	Matthew P. Jordan <i>Managing Trustee</i>	Adam D. Portnoy <i>Chair of the Board & Managing Trustee</i>	

Executive Officers

Thomas J. Lorenzini <i>President and Chief Investment Officer</i>	Matthew C. Brown <i>Chief Financial Officer and Treasurer</i>
Jared R. Lewis <i>Vice President</i>	

Equity Research Coverage

JMP Securities Chris Muller (212) 906-3559 cmuller@jmpsecurities.com	Janney Montgomery Scott Jason Stewart (215) 665-2710 jstewart@janney.com
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Jones Trading Institutional Services, LLC
Jason Weaver
(646) 454-2710
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SEVN is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding SEVN’s performance made by these analysts do not represent opinions, estimates or forecasts of SEVN or its management. SEVN does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts.

Contact Information

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Investor Relations at (617) 796-8253 or
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Loan Investment Details

(dollars in thousands)

First mortgage loans as of March 31, 2025:

#	Location	Property Type	Origination Date	Committed Principal Amount	Principal Balance	Coupon Rate	All in Yield	Maturity Date	Maximum Maturity Date	LTV	Risk Rating
1	Olmsted Falls, OH	Multifamily	01/28/2021	\$ 54,575	\$ 54,575	S + 4.00%	S + 4.29%	01/28/2026	01/28/2026	63%	2
2	Passaic, NJ	Industrial	09/08/2022	47,000	44,767	S + 3.85%	S + 4.28%	09/08/2025	09/08/2027	69%	3
3	Dallas, TX	Office	08/25/2021	46,811	43,511	S + 3.25%	S + 3.27%	08/25/2026	08/25/2026	72%	4
4	Boston, MA	Hotel	12/16/2024	45,000	39,800	S + 3.95%	S + 4.39%	12/16/2027	12/16/2029	49%	3
5	Brandywine, MD	Retail	03/29/2022	42,500	42,200	S + 3.85%	S + 4.78%	06/27/2025	03/29/2027	62%	3
6	Oxford, MS	Multifamily	11/26/2024	42,000	42,000	S + 2.95%	S + 3.35%	11/26/2027	11/26/2029	75%	2
7	San Marcos, TX	Multifamily	01/14/2025	31,200	28,005	S + 3.25%	S + 3.68%	01/14/2028	01/14/2030	62%	3
8	Farmington Hills, MI	Multifamily	05/24/2022	30,520	29,501	S + 3.15%	S + 3.52%	05/24/2025	05/24/2027	75%	3
9	Downers Grove, IL ⁽¹⁾	Office	09/25/2020	30,000	29,500	S + 5.00%	S + 5.31%	04/25/2025	05/23/2025	67%	4
10	Anaheim, CA	Hotel	11/29/2023	29,000	29,000	S + 4.00%	S + 4.56%	11/29/2025	11/29/2028	55%	2
11	Fountain Inn, SC	Industrial	07/13/2023	27,500	24,300	S + 4.25%	S + 4.85%	07/13/2025	07/13/2026	76%	1
12	Plano, TX	Office	07/01/2021	27,385	26,569	S + 3.75%	S + 3.76%	07/01/2026	07/01/2026	78%	4
13	Las Vegas, NV	Multifamily	06/10/2022	25,992	25,448	S + 3.30%	S + 4.07%	06/10/2025	06/10/2027	60%	3

Loan Investment Details (Continued)

(dollars in thousands)

First mortgage loans as of March 31, 2025:

#	Location	Property Type	Origination Date	Committed Principal Amount	Principal Balance	Coupon Rate	All in Yield	Maturity Date	Maximum Maturity Date	LTV	Risk Rating
14	Fayetteville, GA	Industrial	10/06/2023	25,250	25,250	S + 3.35%	S + 3.73%	10/06/2026	10/06/2028	55%	3
15	Carlsbad, CA	Office	10/27/2021	24,750	24,417	S + 3.25%	S + 3.26%	10/27/2026	10/27/2026	78%	4
16	Fontana, CA	Industrial	11/18/2022	24,355	22,000	S + 3.75%	S + 4.09%	11/18/2025	11/18/2026	72%	3
17	Los Angeles, CA	Industrial	06/28/2024	23,800	22,218	S + 3.40%	S + 3.83%	06/28/2027	06/28/2029	58%	3
18	Downers Grove, IL	Office	12/09/2021	23,530	23,530	S + 4.25%	S + 4.54%	12/09/2025	12/09/2026	72%	3
19	Bellevue, WA ⁽²⁾	Office	11/05/2021	21,000	20,000	S + 3.85%	S + 3.89%	04/07/2025	11/05/2026	68%	4
20	Waco, TX	Multifamily	03/06/2025	18,500	18,500	S + 3.35%	S + 3.75%	03/06/2028	03/06/2030	73%	3
21	Newport News, VA	Multifamily	04/25/2024	17,757	15,012	S + 3.15%	S + 3.86%	04/25/2027	04/25/2029	71%	3
22	Sandy Springs, GA	Retail	09/23/2021	16,488	15,286	S + 3.75%	S + 4.05%	09/23/2025	09/23/2026	72%	1
23	Lake Mary, FL	Hotel	09/06/2024	16,000	16,000	S + 4.00%	S + 4.41%	09/06/2027	09/06/2029	68%	2
Total/weighted average				<u>\$ 690,913</u>	<u>\$ 661,389</u>	<u>S + 3.69%</u>	<u>S + 4.08%</u>			<u>67%</u>	<u>2.9</u>

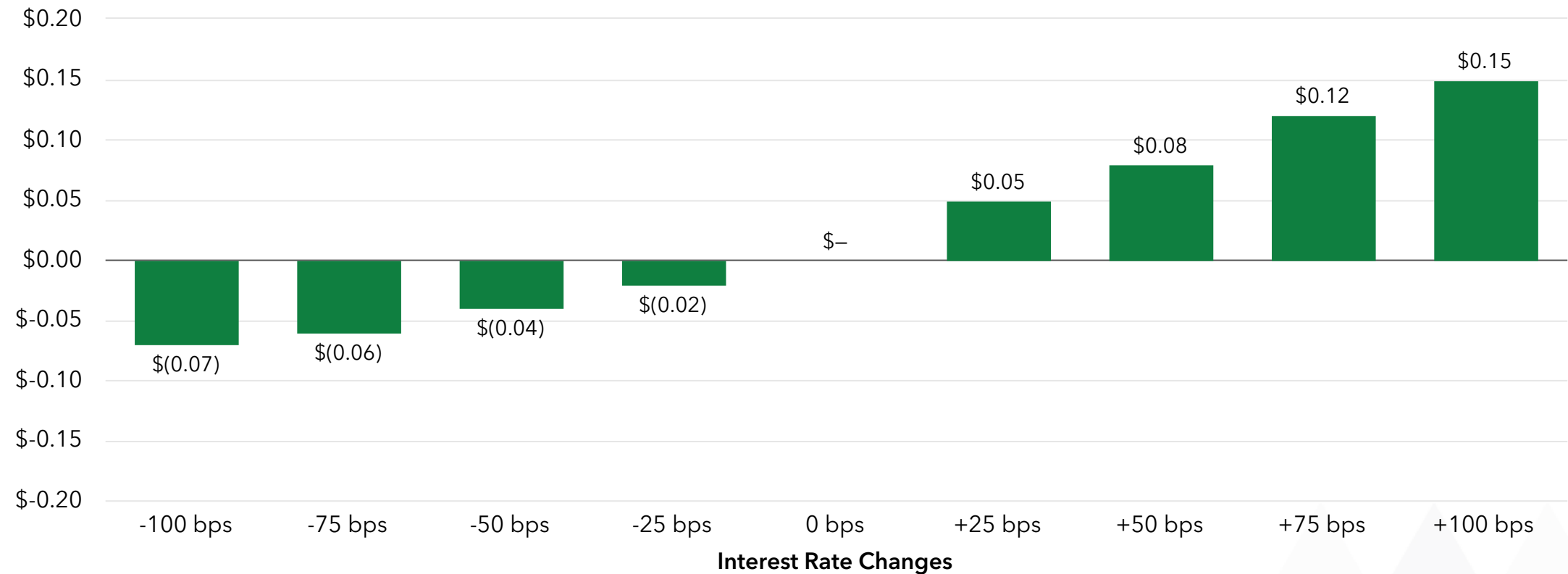
(1) In April 2025, the maturity date of this loan was extended to May 23, 2025.

(2) In April 2025, the coupon rate of this loan was reduced from SOFR + 3.85% to SOFR + 2.85% and the maturity date was extended to April 7, 2028.

Interest Rate Sensitivity

(As of March 31, 2025)

Annualized Impact to Net Interest Income per Share



- Weighted average interest rate floor of 2.16%. All but one of our loan agreements contain floor provisions, ranging from 0.10% to 5.20%.
- One of our loans currently has an active interest rate floor.
- No interest rate floors on advances under our Secured Financing Facilities.

The above table illustrates the incremental impact on our annual income from investments, net, from hypothetical immediate changes in SOFR, taking into consideration our borrowers' interest rate floors as of March 31, 2025. The results in the table above are based on our loan portfolio and debt outstanding as of March 31, 2025. Any changes to the mix of our investments or debt outstanding could impact the interest rate sensitivity analysis. This illustration is not meant to forecast future results.

Condensed Consolidated Balance Sheets



(dollars in thousands, except per share data)

	March 31, 2025	December 31, 2024
<u>ASSETS</u>		
Cash and cash equivalents	\$ 41,637	\$ 70,750
Loans held for investment	660,237	609,916
Allowance for credit losses	(7,648)	(8,074)
Loans held for investment, net	652,589	601,842
Real estate owned, net	11,085	11,187
Acquired real estate leases, net	3,209	3,366
Accrued interest receivable	3,329	2,954
Prepaid expenses and other assets, net	2,553	2,709
Total assets	<u>\$ 714,402</u>	<u>\$ 692,808</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Accounts payable, accrued liabilities and other liabilities	\$ 3,751	\$ 3,982
Secured financing facilities, net	440,474	417,796
Due to related persons	1,232	1,752
Total liabilities	<u>445,457</u>	<u>423,530</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$0.001 par value per share; 25,000,000 shares authorized; 14,907,123 and 14,902,773 shares issued and outstanding, respectively	15	15
Additional paid in capital	240,776	240,425
Cumulative net income	94,012	89,480
Cumulative distributions	(65,858)	(60,642)
Total shareholders' equity	<u>268,945</u>	<u>269,278</u>
Total liabilities and shareholders' equity	<u>\$ 714,402</u>	<u>\$ 692,808</u>

Condensed Consolidated Statements of Operations



(amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2025	2024
INCOME FROM INVESTMENTS:		
Interest and related income	\$ 14,322	\$ 16,311
Purchase discount accretion	–	1,145
Less: interest and related expenses	(7,437)	(8,673)
Income from loan investments, net	6,885	8,783
Revenue from real estate owned	709	579
Total revenue	7,594	9,362
OTHER EXPENSES:		
Base management fees	1,079	1,080
Incentive fees	18	50
General and administrative expenses	963	963
Reimbursement of shared services expenses	550	691
(Reversal of) provision for credit losses	(153)	697
Expenses from real estate owned	594	645
Total other expenses	3,051	4,126
Income before income taxes	4,543	5,236
Income tax expense	(11)	(3)
Net income	\$ 4,532	\$ 5,233
Weighted average common shares outstanding - basic and diluted	14,757	14,675
Net income per common share - basic and diluted	\$ 0.30	\$ 0.35

Non-GAAP Financial Measures

(amounts in thousands, except per share data)

		Three Months Ended				
		March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Distributable Earnings	Net income	\$ 4,532	\$ 4,879	\$ 3,479	\$ 4,229	\$ 5,233
	Non-cash equity compensation expense	356	159	367	497	336
	Non-cash accretion of purchase discount	–	–	(420)	(782)	(1,145)
	(Reversal of) provision for credit losses	(153)	(450)	1,518	1,315	697
	Depreciation and amortization of real estate owned	269	279	307	305	357
	Exit fees collected on loans acquired in Merger ⁽¹⁾	–	–	34	–	90
	Distributable Earnings	\$ 5,004	\$ 4,867	\$ 5,285	\$ 5,564	\$ 5,568
	Weighted average common shares outstanding - basic and diluted	14,757	14,756	14,723	14,691	14,675
	Distributable Earnings per common share - basic and diluted	\$ 0.34	\$ 0.33	\$ 0.36	\$ 0.38	\$ 0.38

		As of				
		March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Adjusted Book Value	Shareholders' equity	\$ 268,945	\$ 269,278	\$ 269,506	\$ 271,089	\$ 271,558
	Unaccreted purchase discount	–	–	–	420	1,202
	Allowance for credit losses ⁽²⁾	8,755	8,908	9,358	7,840	6,525
	Adjusted Book Value	\$ 277,700	\$ 278,186	\$ 278,864	\$ 279,349	\$ 279,285
	Total outstanding common shares	14,907	14,903	14,906	14,833	14,805
	Book value per common share	\$ 18.04	\$ 18.07	\$ 18.08	\$ 18.28	\$ 18.34
	Adjusted Book Value per common share	\$ 18.63	\$ 18.67	\$ 18.71	\$ 18.83	\$ 18.86

(1) Exit fees collected on loans acquired in the Merger represent fees collected upon repayment of loans for which no income has previously been recognized in Distributable Earnings. In accordance with GAAP, exit fees on loans acquired in the Merger were accreted as a component of the purchase discount and were excluded from Distributable Earnings as a non-cash item. Accordingly, these exit fees have been recognized in Distributable Earnings upon collection.

(2) Amounts include our allowance for credit losses for our loan portfolio and our unfunded commitments. The allowance for credit losses for our unfunded commitments is included in accounts payable, accrued liabilities and other liabilities in our condensed consolidated balance sheets.

Non-GAAP Financial Measures (Continued)



We present Distributable Earnings, Distributable Earnings per common share, Adjusted Book Value and Adjusted Book Value per common share, which are considered “non-GAAP financial measures” within the meaning of the applicable SEC rules. These non-GAAP financial measures do not represent net income, net income per common share or cash generated from operating activities and should not be considered as alternatives to net income or net income per common share determined in accordance with GAAP or as an indication of our cash flows from operations determined in accordance with GAAP, a measure of our liquidity or operating performance or an indication of funds available for our cash needs. In addition, our methodologies for calculating these non-GAAP financial measures may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures; therefore, our reported Distributable Earnings and Distributable Earnings per common share may not be comparable to distributable earnings and distributable earnings per common share as reported by other companies.

We believe that Adjusted Book Value per common share is a meaningful measure of our capital adequacy because it excludes the impact of certain non-cash estimates or adjustments, including the unaccreted purchase discount resulting from the excess of the fair value of the loans TRMT then held for investment and that we acquired as a result of the Merger, over the consideration we paid in the Merger and our allowance for credit losses for our loan portfolio and unfunded loan commitments. Adjusted Book Value per common share does not represent book value per common share or alternative measures determined in accordance with GAAP. Our methodology for calculating Adjusted Book Value per common share may differ from the methodologies employed by other companies to calculate the same or similar supplemental capital adequacy measures; therefore, our Adjusted Book Value per common share may not be comparable to the adjusted book value per common share reported by other companies.

In order to maintain our qualification for taxation as a REIT, we are generally required to distribute substantially all of our taxable income, subject to certain adjustments, to our shareholders. We believe that one of the factors that investors consider important in deciding whether to buy or sell securities of a REIT is its distribution rate. Over time, Distributable Earnings and Distributable Earnings per common share may be useful indicators of distributions to our shareholders and are measures that are considered by our Board of Trustees when determining the amount of distributions. We believe that Distributable Earnings and Distributable Earnings per common share provide meaningful information to consider in addition to net income, net income per common share and cash flows from operating activities determined in accordance with GAAP. These measures help us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations. In addition, Distributable Earnings, excluding incentive fees, is used in determining the amount of base management and management incentive fees payable by us to Tremont under our management agreement.

Distributable Earnings:

We calculate Distributable Earnings and Distributable Earnings per common share as net income and net income per common share, respectively, computed in accordance with GAAP, including realized losses not otherwise included in net income determined in accordance with GAAP, and excluding: (a) depreciation and amortization of real estate owned and related intangible assets, if any; (b) non-cash equity compensation expense; (c) unrealized gains, losses and other similar non-cash items that are included in net income for the period of the calculation (regardless of whether such items are included in or deducted from net income or in other comprehensive income under GAAP), if any; and (d) one-time events pursuant to changes in GAAP and certain non-cash items, if any. Distributable Earnings are reduced for realized losses on loan investments when amounts are deemed uncollectable. This is generally at the time a loan is repaid, or in the case of foreclosure, when the underlying asset is sold, but may also be when, in our determination, it is nearly certain that all amounts due will not be collected. The realized loss amount reflected in Distributable Earnings will equal the difference between the cash received or expected to be received and the carrying value of the asset.

Other Measures and Definitions

All In Yield:

All In Yield represents the yield on a loan, including amortization of deferred fees over the initial term of the loan and excluding any purchase discount accretion.

BMO Facility:

Amounts advanced under the facility loan agreement and security agreement with BMO Harris Bank N.A., or BMO, are pursuant to separate facility loan agreements that we refer to as the BMO Facility.

CBD:

The central business district, or CBD, is the center of business and economic activity in major markets of the United States.

GAAP:

GAAP refers to generally accepted accounting principles.

Gross AUM:

Gross AUM refers to gross assets under management.

LTV:

Loan to value ratio, or LTV, represents the initial loan amount divided by the underwritten in-place value of the underlying collateral at closing.

Master Repurchase Facilities:

Collectively, we refer to the master repurchase facilities with UBS AG, or UBS, Citibank, N.A., or Citibank, and Wells Fargo, National Association, or Wells Fargo, as our Master Repurchase Facilities.

Maximum Maturity:

Maximum Maturity assumes all borrower loan extension options have been exercised, which options are subject to the borrower meeting certain conditions.

Merger:

On September 30, 2021, TRMT merged with and into us. We refer to this transaction as the Merger.

Secured Financing Facilities:

Collectively, we refer to the Master Repurchase Facilities and our BMO Facility as our Secured Financing Facilities.

SOFR:

SOFR refers to the Secured Overnight Financing Rate.

TRMT:

TRMT refers to Tremont Mortgage Trust.

WALT:

WALT refers to weighted average lease term.

Warning Concerning Forward-Looking Statements

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. These statements include words such as "believe", "could", "expect", "anticipate", "intend", "plan", "estimate", "will", "would", "should", "may" and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: SEVN's investment portfolio and loan investment performance; the quality of the sponsors of SEVN's borrowers; SEVN's office sector exposure; SEVN's future lending activity and opportunities; SEVN's liquidity and leverage levels and capacity; the ability of SEVN to capitalize on opportunities; SEVN's ability to achieve its investment objectives and generate attractive returns for its shareholders; the benefits and opportunities SEVN believes that Tremont's relationship with RMR provide to SEVN; and the amount and timing of future distributions.

Forward-looking statements reflect SEVN's current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause SEVN's actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in any forward-looking statements. Some of the risks, uncertainties and other factors that may cause SEVN's actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following: SEVN's borrowers' ability to successfully execute their business plans, including SEVN's borrowers' ability to manage and stabilize properties; whether the diversity and other characteristics of its loan portfolio will benefit SEVN to the extent it expects; SEVN's ability to carry out its business strategy and take advantage of opportunities for its business that it believes exist; the impact of inflation, geopolitical instability, interest rate fluctuations, new trade policies, tariffs and economic recession or downturn on the commercial real estate, or CRE, industry generally and specific CRE sectors applicable to SEVN's investments and lending markets, SEVN and its borrowers; fluctuations in interest rates and credit spreads may reduce the returns SEVN may receive on its investments and increase its borrowing costs; fluctuations in market demand for CRE debt and the volume of transactions and available opportunities in the CRE debt market, including the middle market; dislocations and volatility in the capital markets; SEVN's ability to utilize its Secured Financing Facilities and to obtain additional capital to enable it to attain its target leverage, to make additional investments and to increase its potential returns and the cost of that capital; SEVN's ability to pay distributions to its shareholders and sustain or increase the amount of such distributions; SEVN's ability to successfully execute, achieve and benefit from its operating and investment targets, investment and financing strategies and leverage policies; the amount and timing of cash flows SEVN receives from its investments; the ability of SEVN's manager, Tremont Realty Capital LLC, or Tremont, to make suitable investments for it, to monitor, service and administer SEVN's existing investments and to otherwise implement its investment strategy and successfully manage SEVN; SEVN's ability to maintain and improve a favorable net interest spread between the interest it earns on its investments and the interest SEVN pays on its borrowings; the extent to which SEVN earns and receives origination, extension, exit, prepayment or other fees it may earn from its investments; yields that may be available to SEVN from mortgages on middle market and transitional CRE; the duration and other terms of SEVN's loan agreements with borrowers and its ability to match its loan investments with its repurchase lending arrangements; the credit qualities of SEVN's borrowers; the ability and willingness of SEVN's borrowers to repay its investments in a timely manner or at all; the extent to which SEVN's borrowers' sponsors provide support to its borrowers or SEVN regarding its loans; SEVN's ability to maintain its exemption from registration under the Investment Company Act of 1940, as amended; events giving rise to increases in SEVN's credit loss reserves; SEVN's ability to diversify its investment portfolio based on industry and market conditions; the ability of SEVN's manager to arrange for the successful management of real estate SEVN owns and SEVN's ability to sell those properties at prices that allow SEVN to recover amounts it invested; SEVN's ability to successfully compete; market trends in SEVN's industry or with respect to interest rates, real estate values, the debt securities markets or the economy generally; reduced demand for office or retail space; regulatory requirements and the effect they may have on SEVN or its competitors; competition within the CRE lending industry; changes in the availability, sourcing and structuring of CRE lending; defaults by SEVN's borrowers; compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters; limitations imposed on SEVN's business and its ability to satisfy complex rules in order for SEVN to maintain its qualification for taxation as a REIT for U.S. federal income tax purposes; actual and potential conflicts of interest with SEVN's related parties, including its Managing Trustees, Tremont, RMR, and others affiliated with them; acts of God, earthquakes, hurricanes, outbreaks or continuation of pandemics, or other public health safety events or conditions, supply chain disruptions, climate change and other man-made or natural disasters or war, terrorism, social unrest or civil disturbances; and other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in SEVN's periodic filings. The information contained in SEVN's filings with the SEC, including under the caption "Risk Factors" in its periodic reports, or incorporated therein, identifies important factors that could cause differences from the forward-looking statements in this presentation. SEVN's filings with the SEC are available on its website and at www.sec.gov.

You should not place undue reliance on forward-looking statements. Except as required by law, SEVN does not intend to update or change any forward-looking statement, whether as a result of new information, future events or otherwise.