



SEVEN HILLS
REALTY TRUST

Financial Results and Supplemental Information

SECOND QUARTER 2025

July 28, 2025

Seven Hills Realty Trust Announces Second Quarter 2025 Results

"During the second quarter, we delivered strong results despite continued downward pressure on net interest income. Distributable earnings of \$0.31 per share came in at the high end of our guidance, supported by our fully performing \$665 million loan portfolio. We also closed two new loans totaling \$46 million, underscoring our ability to secure new investments in an increasingly competitive environment. With our available liquidity and a right-sized dividend, we are well-positioned to thoughtfully deploy capital into compelling lending opportunities."

Tom Lorenzini, President and Chief Investment Officer of SEVN

Newton, MA (July 28, 2025). Seven Hills Realty Trust (Nasdaq: SEVN) today announced financial results for the quarter and six months ended June 30, 2025.

Distributions

On July 10, 2025, SEVN declared a quarterly distribution of \$0.28 per common share, or approximately \$4.2 million, to shareholders of record on July 21, 2025. SEVN expects to pay this distribution on or about August 14, 2025.

Conference Call

A conference call to discuss SEVN's second quarter 2025 results will be held on Tuesday, July 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, August 5, 2025. To access the replay, dial (877) 344-7529. The replay pass code is 4886783. 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 second 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 June 30, 2025, unless otherwise noted)

Strong Loan Portfolio

\$665 million

Floating rate
first mortgage loan commitments

\$29 million

Average
loan commitment

68%

Weighted average
LTV

8.4%

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

\$323 million

Unused financing
capacity

\$46 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.

Second Quarter 2025 Highlights



(As of and for the three months ended June 30, 2025, unless otherwise noted)

Financial Results

- Generated net income of \$2.7 million, or \$0.18 per diluted share.
- Generated Distributable Earnings of \$4.5 million, or \$0.31 per diluted share.

Investment Activity

- Closed two new loans during the quarter with aggregate total commitments of \$46.0 million:
 - \$28.0 million loan secured by an industrial property in San Antonio, TX with a coupon of S + 3.40% and an All In Yield of S + 3.88%.
 - \$18.0 million loan secured by a multifamily property in Boise, ID with a coupon of S + 3.50% and an All In Yield of S + 4.29%.
- Received \$70.6 million of repayment proceeds:
 - \$42.2 million on a loan secured by a retail property in Brandywine, MD.
 - \$25.4 million on a loan secured by a multifamily property in Las Vegas, NV.
 - \$3.0 million paydown in connection with a one year extension of a loan secured by an office property in Downers Grove, IL.
- In July 2025, received \$53.8 million of repayment proceeds:
 - \$24.3 million on a loan secured by an industrial property in Fountain Inn, SC.
 - \$29.5 million on a loan secured by a multifamily property in Farmington Hills, MI.

Portfolio

- Weighted average coupon of S + 3.64% and All In Yield of S + 3.98%.
- Weighted average risk rating of 2.9 and an allowance for credit losses representing 1.5% of total loan commitments.

Liquidity & Capitalization

- Cash on hand of \$46.0 million and unused financing capacity of \$322.8 million under our Secured Financing Facilities.
- Weighted average coupon of S + 2.20% 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.

Second Quarter 2025 Financial Summary



(amounts in thousands, except per share data)

Income Statement

	Three Months Ended June 30, 2025
Income from loan investments, net	\$ 6,835
Revenue from real estate owned	558
Other expenses	(3,803)
Provision for credit losses	(912)
Net income	\$ 2,678
Weighted average common shares outstanding - basic and diluted	14,785
Net income per common share - basic and diluted	\$ 0.18
Distributable Earnings ⁽¹⁾	\$ 4,536
Distributable Earnings per common share - basic and diluted ⁽¹⁾	\$ 0.31
Quarterly distribution per common share ⁽²⁾	\$ 0.28
Quarterly distributable earnings payout ratio ⁽²⁾	90%

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

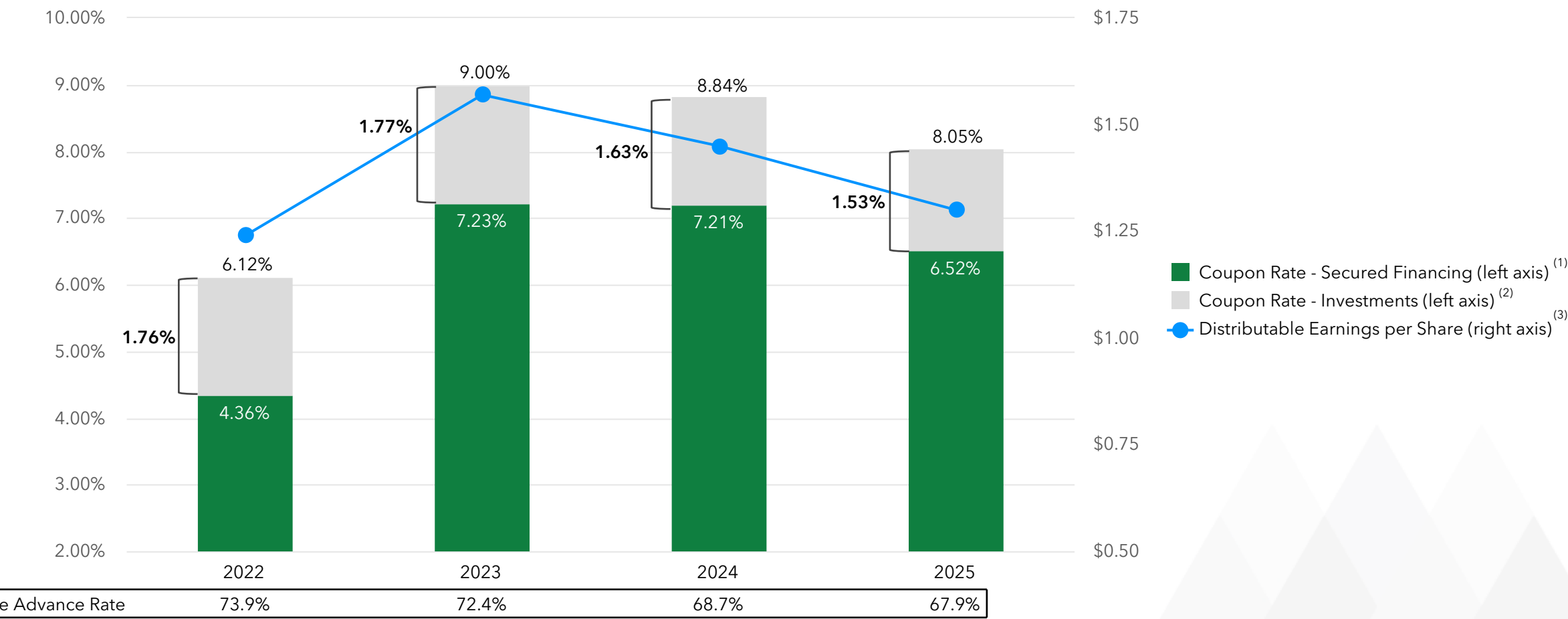
(2) Reflects dividend declared in July 2025.

Balance Sheet

	June 30, 2025
Loans held for investment, net	\$ 621,943
Real estate owned, net	10,988
Cash and cash equivalents	45,951
Other	8,501
Total assets	\$ 687,383
Secured financing facilities, net	\$ 415,999
Other	4,364
Total liabilities	\$ 420,363
Total shareholders' equity	\$ 267,020
Total common shares outstanding	14,944
Book value per common share	\$ 17.87
Adjusted book value ⁽¹⁾	\$ 276,687
Adjusted book value per common share ⁽¹⁾	\$ 18.51

Income from Loan Investments, Net - Interest Rate Trends

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

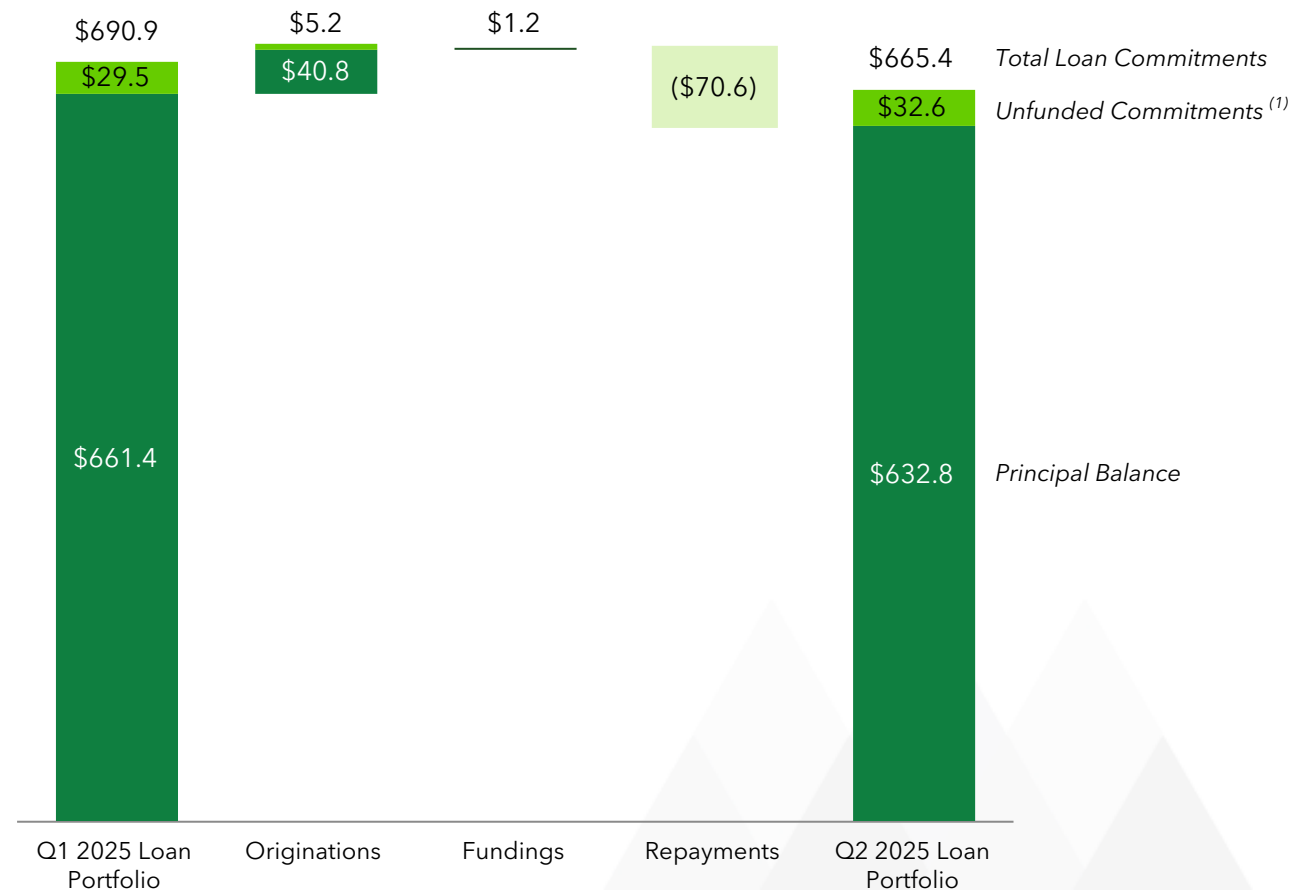


(1) Represents the weighted average coupon rate for SEVN's Secured Financing Facilities during the respective period.
(2) Represents the weighted average coupon rate for SEVN's portfolio of investment loans during the respective period.
(3) Represents annual Distributable Earnings per share, annualized for the six months ended June 30, 2025. See appendix for definitions and reconciliations of non-GAAP measures.

Loan Portfolio Summary

<i>(dollars in thousands)</i>	Second Quarter Originations	As of June 30, 2025
Number of loans	2	23
Average loan commitment	\$23,000	\$28,931
Total loan commitments	\$46,000	\$665,421
Unfunded loan commitments	\$5,200	\$32,595
Principal balance	\$40,800	\$632,826
Weighted average coupon rate	7.75%	8.03%
Weighted average All In Yield	8.37%	8.37%
Weighted average Maximum Maturity	5.0	2.7
Weighted average LTV	70%	68%
Weighted average floor	3.00%	2.56%
Weighted average risk rating	3.0	2.9

Second Quarter 2025 Loan Portfolio Activity *(dollars in millions)*

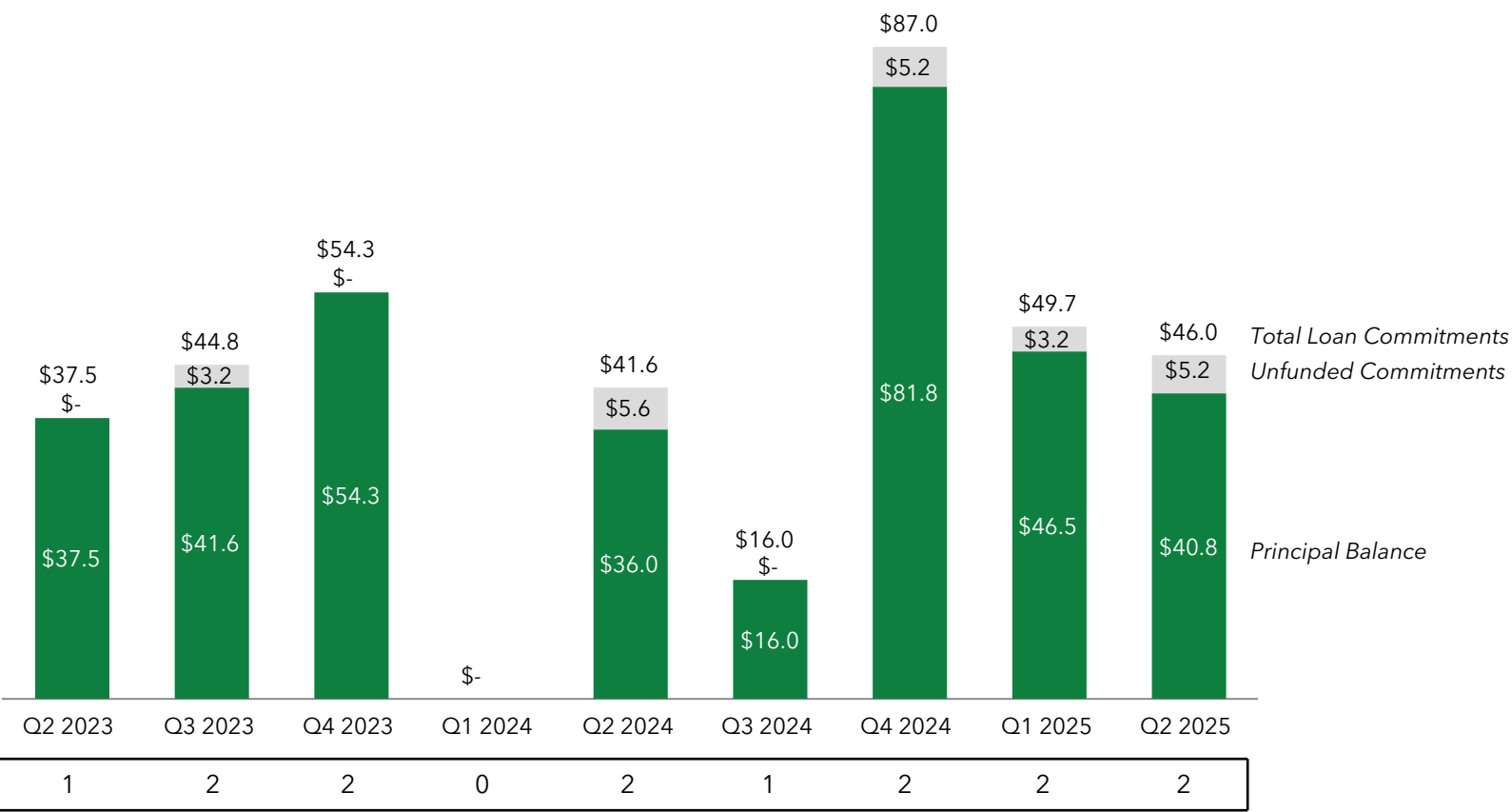


(1) Loans repaid during Q2 2025 had an aggregate unfunded commitment balance of \$0.9 million.

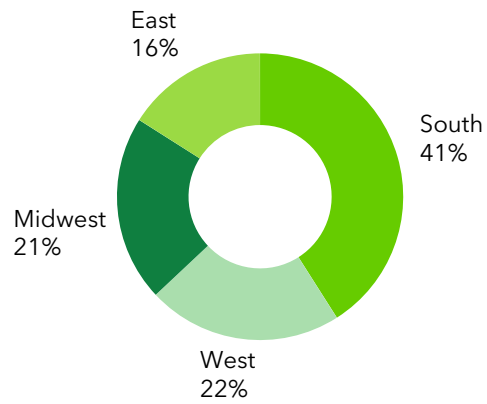
Loan Portfolio Originations and Diversity

Loan Originations by Quarter

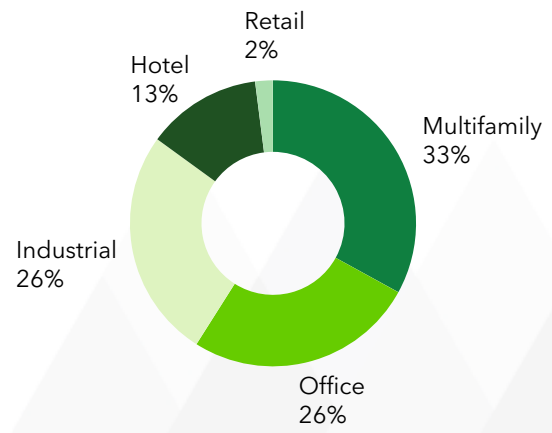
(dollars in millions)



Geographic Region ⁽¹⁾



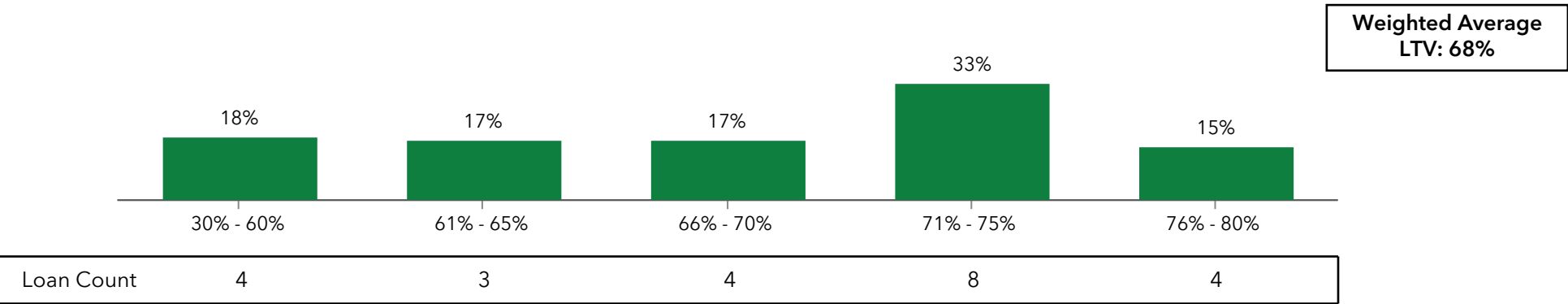
Property Type ⁽¹⁾



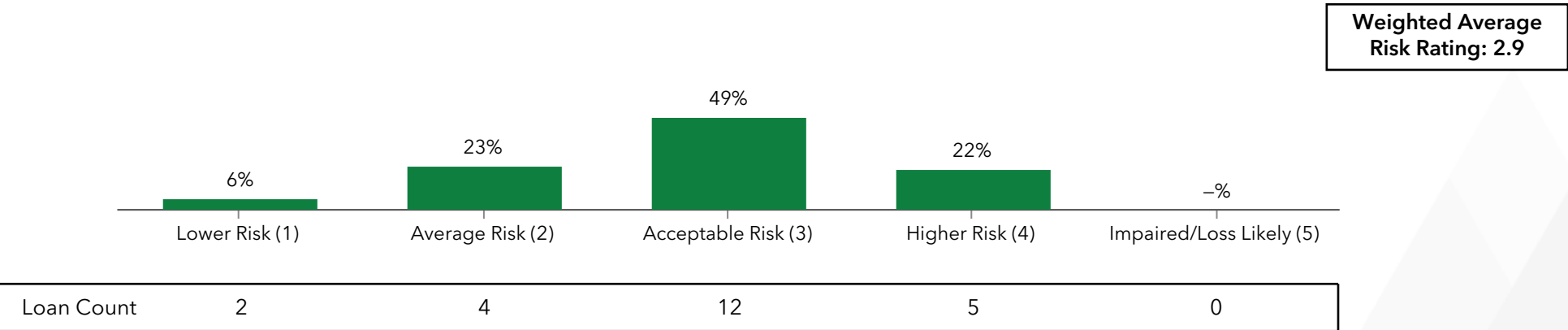
(1) Based on principal balance of loans held for investment as of June 30, 2025.

Loan Portfolio Credit Quality

Loan to Value ⁽¹⁾
% of Portfolio



Risk Rating Distribution ⁽¹⁾
% of Portfolio

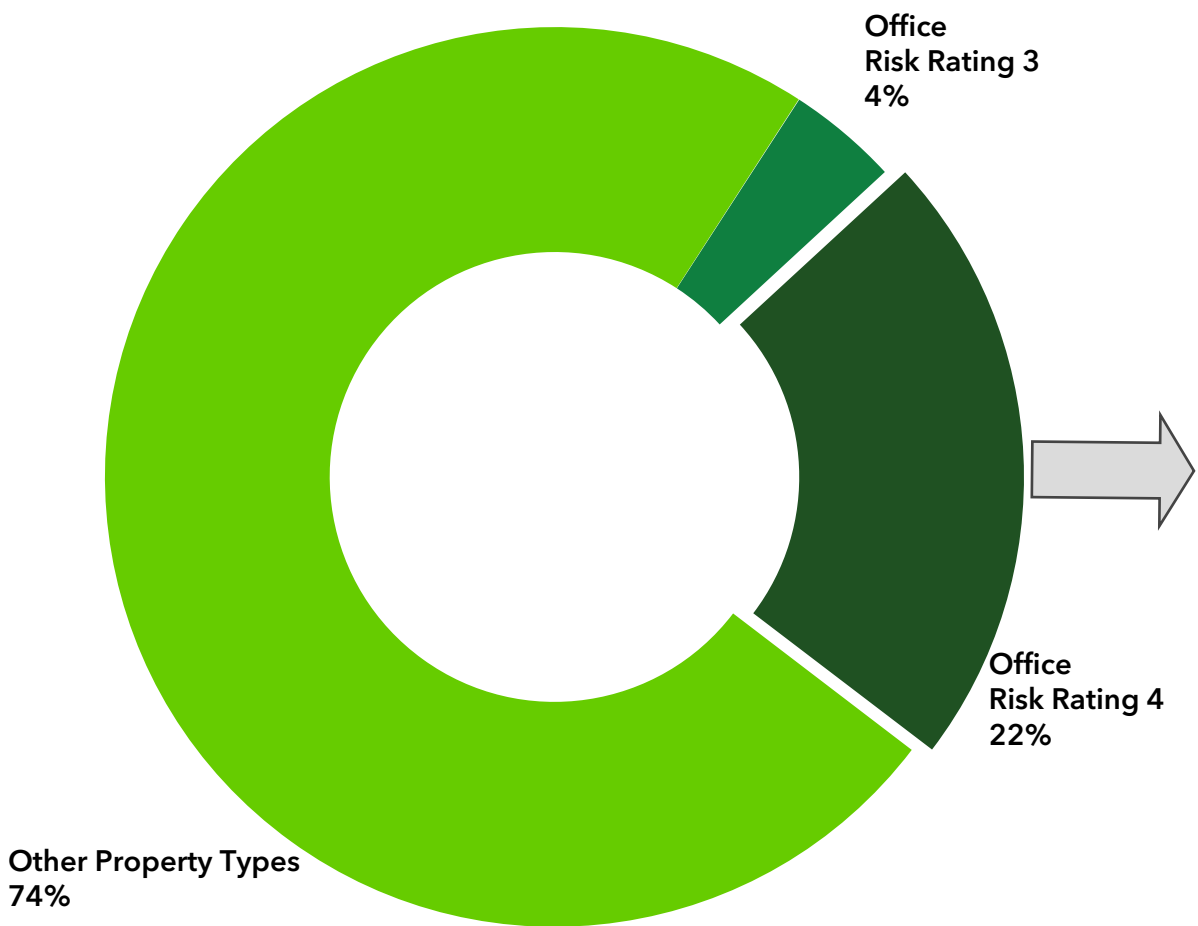


(1) Percentage of portfolio based on principal balance of loans held for investment as of June 30, 2025.

Office Loans ⁽¹⁾

- No office loans in urban or CBD markets in our portfolio.
- As of June 30, 2025, all of our borrowers had paid their debt service obligations owed and due to us.

Total Loan Portfolio



Office Risk Rating Distribution

Risk Rating 3 14% of office	<p>\$23.5 million principal balance / Class B / Downers Grove, IL</p> <ul style="list-style-type: none">• Leased occupancy of 93% and a WALT of 5.7 years.
Risk Rating 4 86% of office	<p>\$43.5 million principal balance / Class B / suburban Dallas, TX</p> <ul style="list-style-type: none">• Leased occupancy of 81% and a WALT of 4.4 years.• Demonstrated commitment from sponsor, with \$2.9 million of equity contributions to fund reserves since 2022. <p>\$26.6 million principal balance / Class B / Plano, TX</p> <ul style="list-style-type: none">• Leased occupancy of 79% and a WALT of 3.0 years. <p>\$26.5 million principal balance / Class B / Downers Grove, IL</p> <ul style="list-style-type: none">• Leased occupancy of 89% and a WALT of 4.6 years.• Loan modified to extend maturity to May 2026, with \$3.0 million principal repayment in May 2025. <p>\$24.4 million principal balance / Class A / Carlsbad, CA</p> <ul style="list-style-type: none">• Leased occupancy of 91% and a WALT of 2.0 years.• Demonstrated commitment from sponsor, with \$1.1 million of equity contributions to fund reserves since 2024. <p>\$20.0 million principal balance / Class B / Bellevue, WA</p> <ul style="list-style-type: none">• Leased occupancy of 83% and a WALT of 6.7 years.• Demonstrated commitment from sponsor. Loan modified to extend maturity date to April 2028 with sponsor contributing \$1.6 million of additional equity.

(1) Percentage of portfolio and office risk rating distribution based on principal balance of loans held for investment as of June 30, 2025.

Secured Financing Facilities

(As of June 30, 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	\$ 156,929	\$ 108,113	\$ 72,205	\$ 79,968	\$ 417,215
Unused capacity	\$ 93,071	\$ 106,887	\$ 77,795	\$ 45,032	\$ 322,785
Weighted average coupon rate	6.76%	6.46%	6.36%	6.22%	6.51%
Weighted average advance rate	65.1%	65.8%	68.5%	77.0%	67.9%
Weighted average remaining maturity (years) ⁽¹⁾	0.5	1.2	0.6	0.5	0.7
Collateral:					
Number of loans	8	6	4	4	22
Principal balance	\$ 241,161	\$ 164,387	\$ 105,442	\$ 103,836	\$ 614,826

(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 June 30, 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
jweaver@jonestrading.com

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 June 30, 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	45,179	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	Oxford, MS	Multifamily	11/26/2024	42,000	42,000	S + 2.95%	S + 3.33%	11/26/2027	11/26/2029	75%	2
6	San Marcos, TX	Multifamily	01/14/2025	31,200	28,005	S + 3.25%	S + 3.69%	01/14/2028	01/14/2030	62%	3
7	Farmington Hills, MI	Multifamily	05/24/2022	30,520	29,501	S + 3.15%	S + 3.56%	07/23/2025	05/24/2027	75%	3
8	Anaheim, CA	Hotel	11/29/2023	29,000	29,000	S + 4.00%	S + 4.56%	11/29/2025	11/29/2028	55%	2
9	San Antonio, TX	Industrial	06/13/2025	28,000	22,800	S + 3.40%	S + 3.88%	06/13/2028	06/13/2030	62%	3
10	Fountain Inn, SC	Industrial	07/13/2023	27,500	24,300	S + 4.25%	S + 4.87%	07/13/2025	07/13/2026	76%	1
11	Plano, TX	Office	07/01/2021	27,385	26,569	S + 3.75%	S + 3.76%	07/01/2026	07/01/2026	78%	4
12	Downers Grove, IL	Office	09/25/2020	27,000	26,500	S + 5.00%	S + 5.15%	05/22/2026	05/22/2026	67%	4
13	Fayetteville, GA	Industrial	10/06/2023	25,250	25,250	S + 3.35%	S + 3.73%	10/06/2026	10/06/2028	55%	3

Loan Investment Details (Continued)



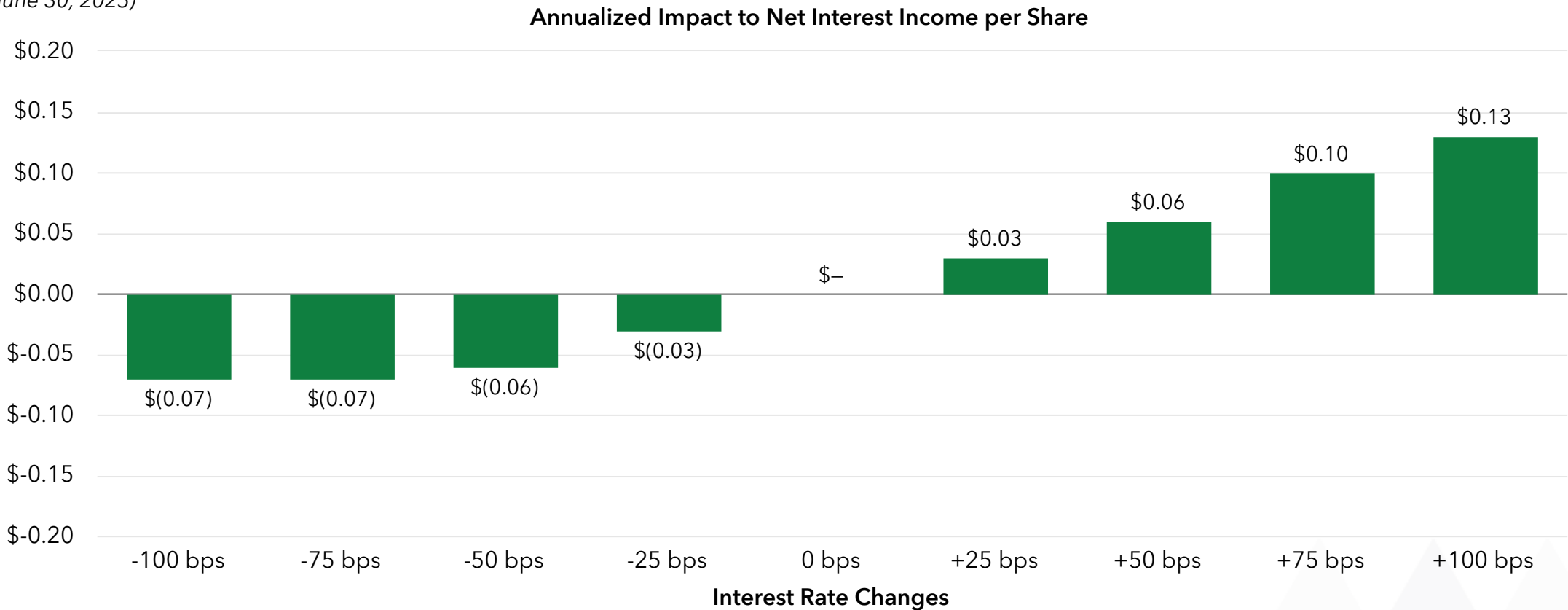
(dollars in thousands)

First mortgage loans as of June 30, 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	Carlsbad, CA	Office	10/27/2021	24,750	24,417	S + 3.25%	S + 3.26%	10/27/2026	10/27/2026	78%	4
15	Fontana, CA	Industrial	11/18/2022	24,355	22,460	S + 3.75%	S + 4.08%	11/18/2025	11/18/2026	72%	3
16	Los Angeles, CA	Industrial	06/28/2024	23,800	22,517	S + 3.40%	S + 3.83%	06/28/2027	06/28/2029	58%	3
17	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
18	Bellevue, WA	Office	11/05/2021	21,000	20,000	S + 2.85%	S + 2.85%	04/07/2028	04/07/2029	68%	4
19	Waco, TX	Multifamily	03/06/2025	18,500	18,500	S + 3.35%	S + 3.75%	03/06/2028	03/06/2030	73%	3
20	Boise, ID	Multifamily	06/26/2025	18,000	18,000	S + 3.50%	S + 4.29%	06/26/2028	06/26/2030	79%	3
21	Newport News, VA	Multifamily	04/25/2024	17,757	15,126	S + 3.15%	S + 3.85%	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				\$ 665,421	\$ 632,826	S + 3.64%	S + 3.98%			68%	2.9

Interest Rate Sensitivity

(As of June 30, 2025)



- Weighted average interest rate floor of 2.56%. All but one of our loan agreements contain floor provisions, ranging from 0.25% 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 June 30, 2025. The results in the table above are based on our loan portfolio and debt outstanding as of June 30, 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)

	June 30, 2025	December 31, 2024
<u>ASSETS</u>		
Cash and cash equivalents	\$ 45,951	\$ 70,750
Loans held for investment	631,318	609,916
Allowance for credit losses	(9,375)	(8,074)
Loans held for investment, net	621,943	601,842
Real estate owned, net	10,988	11,187
Acquired real estate leases, net	3,052	3,366
Accrued interest receivable	2,827	2,954
Prepaid expenses and other assets, net	2,622	2,709
Total assets	<u>\$ 687,383</u>	<u>\$ 692,808</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Accounts payable, accrued liabilities and other liabilities	\$ 2,991	\$ 3,982
Secured financing facilities, net	415,999	417,796
Due to related persons	1,373	1,752
Total liabilities	<u>420,363</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; 14,943,728 and 14,902,773 shares issued and outstanding, respectively	15	15
Additional paid in capital	241,390	240,425
Cumulative net income	96,690	89,480
Cumulative distributions	(71,075)	(60,642)
Total shareholders' equity	<u>267,020</u>	<u>269,278</u>
Total liabilities and shareholders' equity	<u>\$ 687,383</u>	<u>\$ 692,808</u>

Condensed Consolidated Statements of Operations



(amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
INCOME FROM INVESTMENTS:				
Interest and related income	\$ 14,359	\$ 16,415	\$ 28,681	\$ 32,726
Purchase discount accretion	–	782	–	1,927
Less: interest and related expenses	(7,524)	(8,385)	(14,961)	(17,058)
Income from loan investments, net	6,835	8,812	13,720	17,595
Revenue from real estate owned	558	568	1,267	1,147
Total revenue	7,393	9,380	14,987	18,742
OTHER EXPENSES:				
Base management fees	1,076	1,082	2,155	2,162
Incentive fees	229	370	247	420
General and administrative expenses ⁽¹⁾	1,381	1,081	2,344	2,044
Reimbursement of shared services expenses	551	691	1,101	1,382
Provision for credit losses	912	1,315	759	2,012
Expenses from real estate owned	569	599	1,163	1,244
Total other expenses	4,718	5,138	7,769	9,264
Income before income taxes	2,675	4,242	7,218	9,478
Income tax benefit (expense)	3	(13)	(8)	(16)
Net income	\$ 2,678	\$ 4,229	\$ 7,210	\$ 9,462
Weighted average common shares outstanding - basic and diluted	14,785	14,691	14,771	14,683
Net income per common share - basic and diluted	\$ 0.18	\$ 0.28	\$ 0.48	\$ 0.64

(1) Increase reflects non-cash equity compensation expense to SEVN's Board of Trustees during the three months ended June 30, 2025.

Non-GAAP Financial Measures



(amounts in thousands, except per share data)

		Three Months Ended				
		June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Distributable Earnings	Net income	\$ 2,678	\$ 4,532	\$ 4,879	\$ 3,479	\$ 4,229
	Non-cash equity compensation expense	677	356	159	367	497
	Non-cash accretion of purchase discount	–	–	–	(420)	(782)
	Provision for (reversal of) credit losses	912	(153)	(450)	1,518	1,315
	Depreciation and amortization of real estate owned	269	269	279	307	305
	Exit fees collected on loans acquired in Merger ⁽¹⁾	–	–	–	34	–
	Distributable Earnings	\$ 4,536	\$ 5,004	\$ 4,867	\$ 5,285	\$ 5,564
	Weighted average common shares outstanding - basic and diluted	14,785	14,757	14,756	14,723	14,691
	Distributable Earnings per common share - basic and diluted	\$ 0.31	\$ 0.34	\$ 0.33	\$ 0.36	\$ 0.38

(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.

		As of				
		June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Adjusted Book Value	Shareholders' equity	\$ 267,020	\$ 268,945	\$ 269,278	\$ 269,506	\$ 271,089
	Unaccreted purchase discount	–	–	–	–	420
	Allowance for credit losses ⁽²⁾	9,667	8,755	8,908	9,358	7,840
	Adjusted Book Value	\$ 276,687	\$ 277,700	\$ 278,186	\$ 278,864	\$ 279,349
	Total outstanding common shares	14,944	14,907	14,903	14,906	14,833
	Book value per common share	\$ 17.87	\$ 18.04	\$ 18.07	\$ 18.08	\$ 18.28
	Adjusted Book Value per common share	\$ 18.51	\$ 18.63	\$ 18.67	\$ 18.71	\$ 18.83

(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 book value per common share, net income, net income per common share or cash generated from operating activities and should not be considered as alternatives to net income, book value per common share, 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 Adjusted Book Value per common share, Distributable Earnings and Distributable Earnings per common share may not be comparable to adjusted book value per common share 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.