



ACRES Commercial Realty Corp.

First Quarter 2022 Earnings Presentation

May 5, 2022



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are not historical facts but rather are based on our current beliefs, assumptions and expectations. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this presentation. We use words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “seek,” “estimate,” “target,” and variations of these words and similar expressions to identify forward-looking statements. Forward-looking statements are subject to various risks and uncertainties that could cause actual results to vary from our forward-looking statements, including, but not limited to:

- changes in our industry, interest rates, the debt securities markets, real estate markets or the general economy;
- increased rates of default and/or decreased recovery rates on our investments;
- the performance and financial condition of our borrowers;
- the cost and availability of our financings, which depend in part on our asset quality, the nature of our relationships with our lenders and other capital providers, our business prospects and outlook and general market conditions;
- the availability and attractiveness of terms of additional debt repurchases;
- availability, terms and deployment of short-term and long-term capital;
- availability of, and ability to retain, qualified personnel;
- changes in our business strategy;
- availability of investment opportunities in commercial real estate-related and commercial finance assets;
- the degree and nature of our competition;
- the resolution of our non-performing and sub-performing assets;
- The outbreak of widespread contagious disease, such as the novel coronavirus, COVID-19;
- our ability to comply with financial covenants in our debt instruments;
- the adequacy of our cash reserves and working capital;
- the timing of cash flows, if any, from our investments;
- unanticipated increases in financial and other costs, including a rise in interest rates;
- our ability to maintain compliance with over-collateralization and interest coverage tests in our CDOs and/or CLOs;
- our dependence on ACRES Capital, LLC, our “Manager”, and ability to find a suitable replacement in a timely manner, or at all, if our Manager or we were to terminate the management agreement;
- environmental and/or safety requirements;
- our ability to satisfy complex rules in order for us to qualify as a REIT, for federal income tax purposes and qualify for our exemption under the Investment Company Act of 1940, as amended, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;
- legislative and regulatory changes (including changes to laws governing the taxation of REITs or the exemptions from registration as an investment company); and
- other factors discussed under Item IA. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021 and those factors that may be contained in any subsequent filing we make with the Securities and Exchange Commission.

Disclaimer (continued)



Forward-Looking Statements (continued)

In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation might not occur and actual results, performance or achievement could differ materially from those anticipated or implied in the forward-looking statements. We undertake no obligation, and specifically disclaim any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Past Performance

Past performance is not indicative of future results. There is no guarantee that any investment strategy referenced herein will work under all market conditions. Prior to making any investment decision, you should evaluate your ability to invest for the long-term, especially during periods of downturns in the market. You alone assume the responsibility of evaluating the merits and risks associated with any potential investment or investment strategy referenced herein.

Notes on Presentation

This presentation contains information regarding financial results that is calculated and presented on the basis of methodologies other than in accordance with accounting principles generally accepted in the United States (“GAAP”), which management believes is relevant to assessing ACRES Commercial Realty Corp.’s (“ACR’s” or the “Company’s”) financial performance.

Commencing with the Company’s financial results for the quarter ended March 31, 2022, Earnings Available for Distribution, which is a non-GAAP financial measure intended to supplement the Company’s financial results computed in accordance with U.S. generally accepted accounting principles (“GAAP”), has replaced the Company’s prior presentation of Core Earnings. In addition, Core Earnings results from prior reporting periods have been relabeled Earnings Available for Distribution. In line with evolving industry practices, the Company believes the term Earnings Available for Distribution more accurately reflects the principal purpose of the measure than the term Core Earnings and serves as a useful indicator for investors in evaluating the Company’s performance and its ability to pay dividends. Please refer to page 25 for the reconciliation of Net (Loss) Income, a GAAP financial measure, to EAD, a Non-GAAP financial measure.

Unless otherwise indicated, information included in this presentation is as of or for the period ended March 31, 2022.

No Offer or Sale of Securities

This presentation is for informational purposes only and does not constitute an offer to sell or the solicitation of any offer to buy any securities of ACR or any other entity. Any offering of securities would be made pursuant to separate documentation and any such securities would not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

First Quarter 2022 Highlights¹



- **\$1.4 billion** of asset-specific financing, of which **89%** comprises non-recourse floating rate CLO² notes with duration into 2023 and an attractive 1M L² + **1.63%** weighted average coupon rate

Multifamily-focused CRE² Loan Portfolio

73%

of ACR's \$1.9B CRE loan portfolio are multifamily loans, including \$99.9 million of new multifamily loan originations during Q1 2022

GAAP Net Loss²

\$(0.30)

per share-diluted, including \$(0.12) of non-recurring amortization expenses due to the redemption of two CLOs and \$(0.05) of non-recurring debt extinguishment losses

Robust Liquidity at April 30, 2022

\$172.9M

of net liquidity, including unrestricted cash, CRE term facility and senior secured financing facility² unfinanced proceeds and 12.00% Senior Unsecured Notes² availability

Liquidation of 2020 Vintage CLOs

\$197.2M

of CLO notes (59.1% leverage) paid off at weighted average spread of 1M SOFR² plus 2.91% and refinanced loans into lower cost term facilities, CLOs or held the assets unlevered

Capital Stack Cost Reduction

\$39.8M

of 4.5% Convertible Senior Notes² repurchased during Q1 2022. \$48.2 million remains outstanding as of March 31, 2022.

Delivering Accretive Benefit to Book Value³

\$3.9M

or 314,552 shares, of common stock was repurchased by ACR, which resulted in **\$0.41 per share³ of accretion to book value** in the first quarter. \$12.4M remains available at March 31, 2022 for repurchase



Results for Quarter Ended March 31, 2022

Three Months Ended Mar. 31, 2022 Results and Recent Developments



Financial Results

- GAAP net loss⁴: **\$(0.30)**, and includes:
 - \$(0.12) of non-recurring deferred debt issuance cost amortization expense from the redemption of two CLOs
 - \$(0.16) of depreciation and amortization expense on investments in real estate properties, of which \$(0.08) is non-recurring
 - \$(0.05) of non-recurring debt extinguishment losses from the repurchase of 4.50% Convertible Senior Notes
 - \$(0.38) of general and administrative expenses, of which \$(0.08) is historically seasonal in nature to the first quarter and \$(0.03) is non-recurring
- Earnings Available for Distribution (“EAD”) (previously labeled Core Earnings)^{4,5,6}: **\$(0.25)**

Book Value³

- GAAP book value⁷: **\$24.10, up 1%** from \$23.87 in the fourth quarter of 2021 and **up 8%** from \$22.27 in the first quarter of 2021

CRE Loan Activity & CRE Portfolio

- **\$99.9M** of CRE loan originations⁴
- **\$1.9B** CRE loan portfolio⁷ with a weighted average LTV⁵ of **72%**
- **\$81.8M** of investments in real estate⁷, comprising properties acquired through direct investments in equity and properties acquired from lending activities

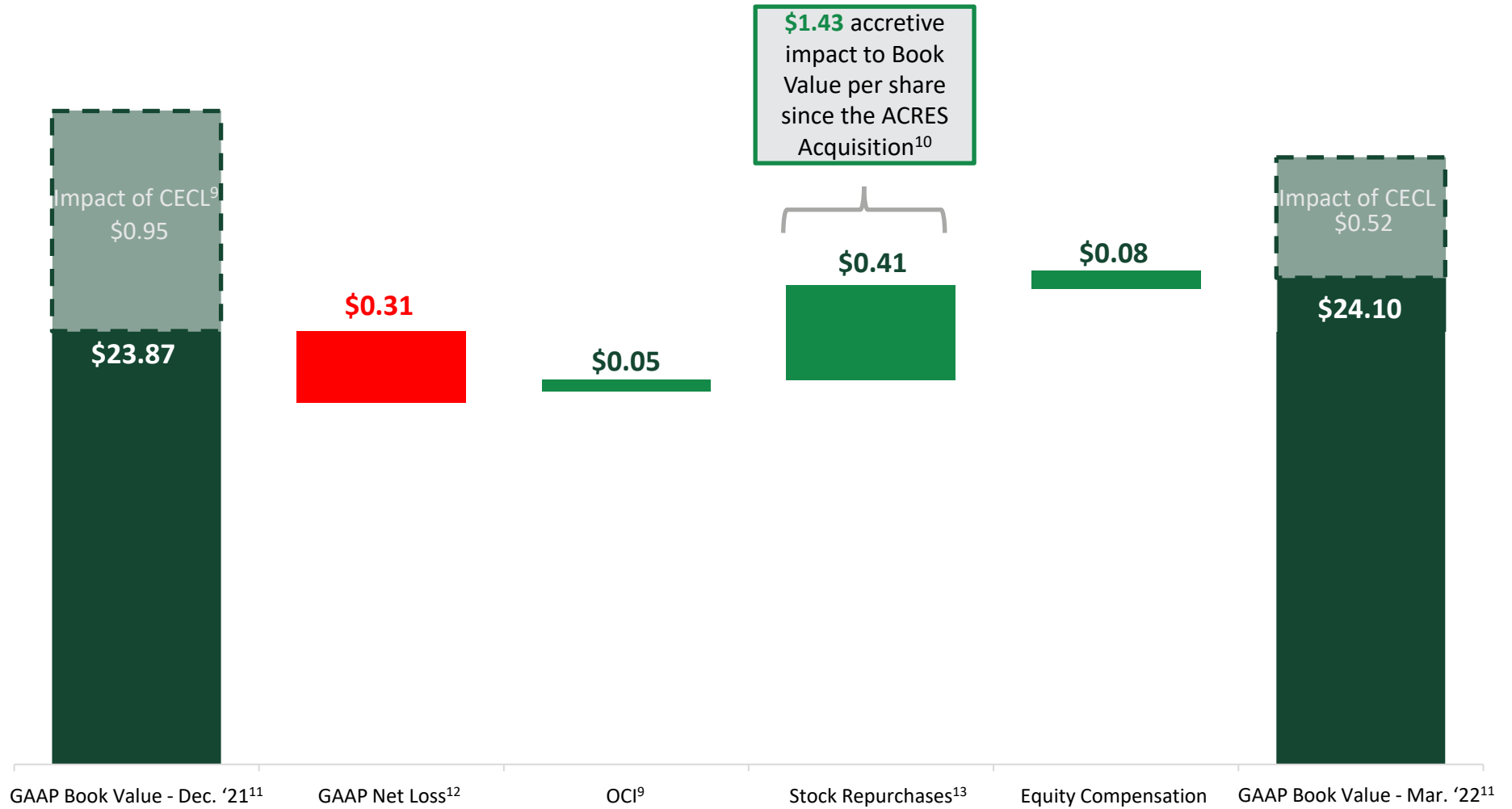
Capitalization & Liquidity

- Redeemed **\$69.0M** and **\$128.2M** of non-recourse floating rate notes from the 2020-RSO9 and 2020-RSO8 CLOs in February 2022 and March 2022, respectively.
- Repurchased **\$39.8M** of 4.50% Convertible Senior Notes in February 2022
- Non-recourse, non-mark-to-market CLO financings comprised **89%** of asset-specific borrowings⁷
- Net liquidity of **\$172.9M⁸**

First Quarter 2022 Book Value



GAAP Book Value per Share Walk





CRE Loan Activity and CRE Portfolio

Deployment Progress



CRE Loan Production, at Par					
\$ in Millions	1 st Quarter 2022	4 th Quarter 2021	3 rd Quarter 2021	2 nd Quarter 2021	12 Mos. Ended Mar. 31, 2022
New CRE floating-rate loan commitments	\$99.9	\$447.2	\$468.2	\$470.2	\$1,485.5
Sales, payoffs and paydowns	(92.3)	(363.2)	(120.3)	(353.1)	(928.9)
Future fundings	10.7	9.7	7.0	6.5	33.9
New unfunded loan commitments	(2.8)	(35.2)	(69.9)	(39.0)	(146.9)
Net CRE loans funded	\$15.5	\$58.5	\$285.0	\$84.6	\$443.6
New CRE loans:					
Weighted average LTV ¹⁴	69%	72%	73%	70%	71%
Weighted average coupon	1M BR ¹⁵ + 3.37%	1M BR + 3.53%	1M L + 3.46%	1M L + 3.81%	1M BR + 3.59%
Weighted average BR floor ¹⁶	0.08%	0.10%	0.18%	0.22%	0.16%

Production, Payoff and Paydown Detail



<small>\$ in Millions</small> New Loan Production in the 1st Qtr. 2022	W. Avg. Coupon Rate	Commitments
Multifamily (3 Loans)	1M BR (0.08% floor) + 3.37%	\$99.9

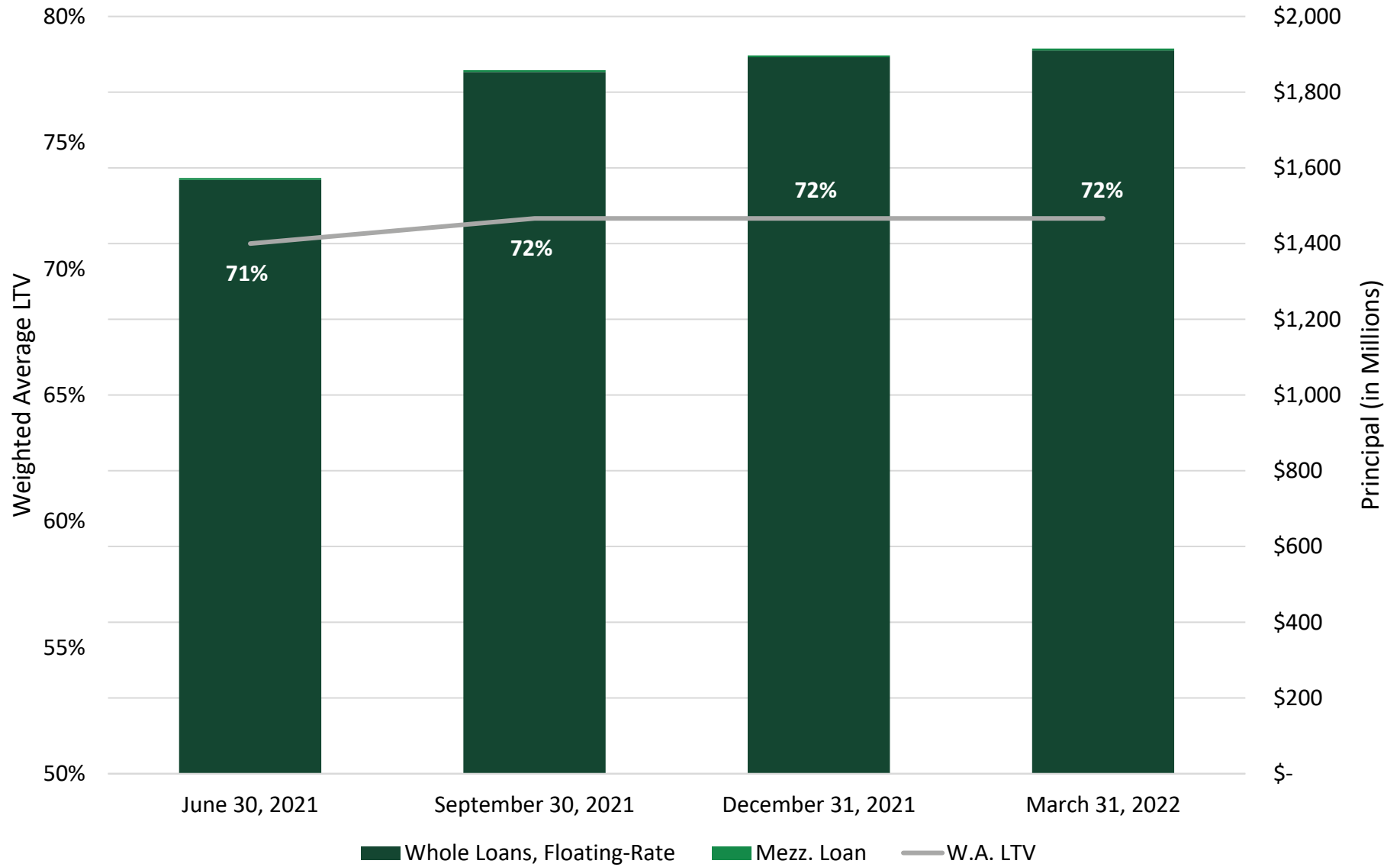
<small>\$ in Millions</small> Loan Payoffs & Paydowns in the 1st Qtr. 2022 ¹⁷	W. Avg. Months on Balance Sheet	W. Avg. Flt. Coupon Rate	Payoffs & Paydowns
Multifamily (3 Loans)	26	1M L (1.68% floor) + 2.82%	\$39.4
Retail (2 Loans)	105	1M L (1.50% floor) + 4.48%	18.4
Office (1 Loan)	31	1M L (2.22% floor) + 3.50%	17.5
Manufactured Housing (1 Loan)	26	1M L (2.40% floor) + 3.50%	8.6
Hotel (1 Loan)	32	1M L (2.45% floor) + 4.00%	8.4
W. Avg/Total (8 Loans)	43 months	1M L (1.89% floor) + 3.45%	\$92.3

CRE Loan Portfolio Overview



\$ in Millions	Mar. 31, 2022 (89 loans)	Dec. 31, 2021 (94 loans)	Sep. 30, 2021 (96 loans)	Jun. 30, 2021 (88 loans)
CRE whole loans, floating-rate ^{18,19}	\$1,892	\$1,878	\$1,841	\$1,559
CRE mezzanine loan	5	5	5	5
Total loans held for investment amortized cost	\$1,897	\$1,883	\$1,846	\$1,564
Allowance for credit losses	(5)	(9)	(19)	(18)
Total loans held for investment carrying value	\$1,892	\$1,874	\$1,827	\$1,546
Weighted Averages				
CRE whole loans, floating-rate ^{18,19}	1M BR + 3.67%	1M BR + 3.67%	1M L + 3.71%	1M L + 3.78%
1M BR Floor ^{18,19}	0.66%	0.75%	1.03%	1.31%
CRE mezzanine loan coupon rate	10.00%	10.00%	10.00%	10.00%
Total CRE loan portfolio LTV²⁰	72%	72%	72%	71%

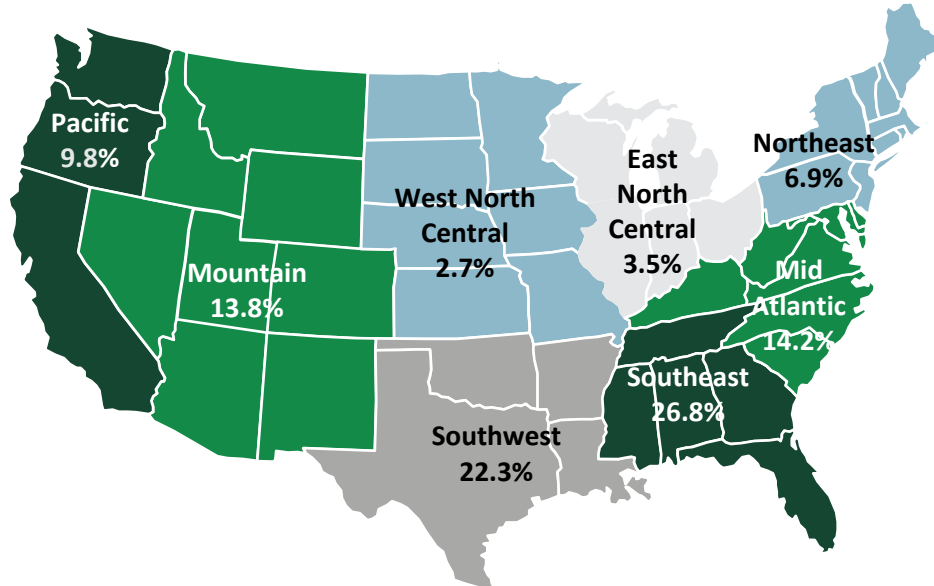
CRE Loan Portfolio LTV



CRE Loan Portfolio Diversification



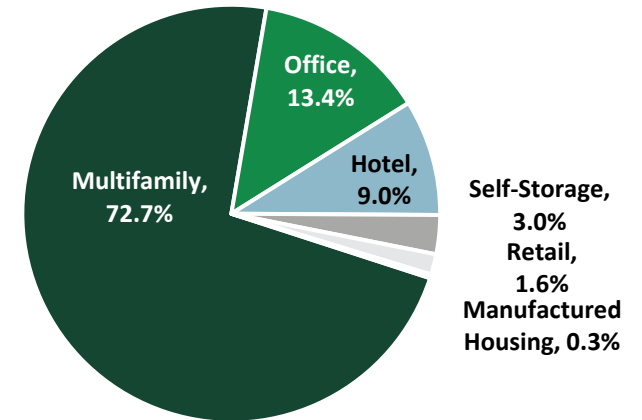
Balance by Region^{21,22}



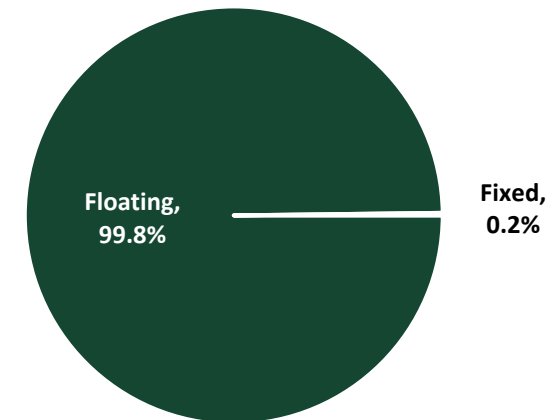
Top State Concentration Metrics:

- Texas: 22.3%
- Florida: 21.7%
- Arizona: 10.7%
- South Carolina: 6.7%
- California: 6.4%

Property Type²²



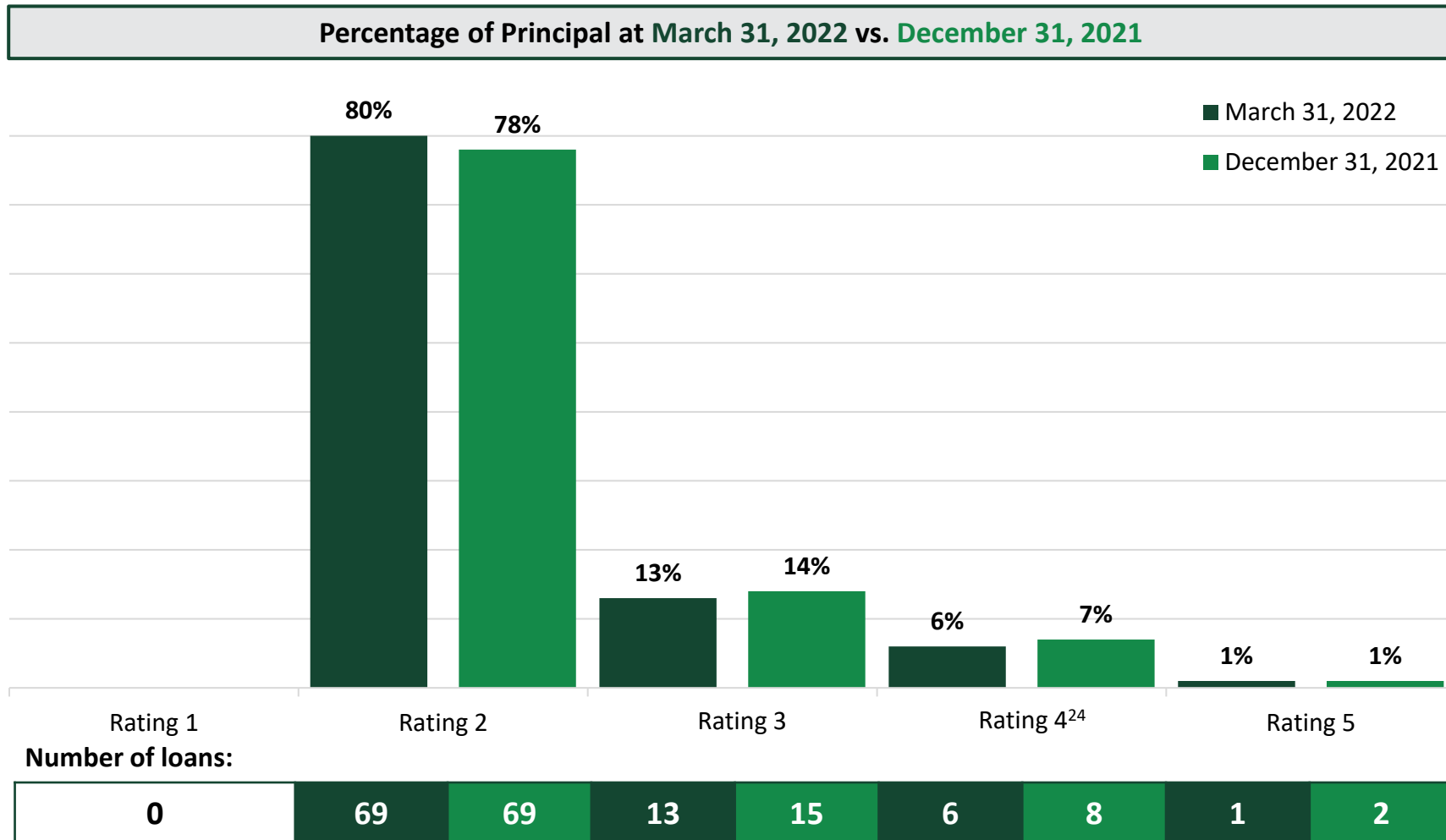
Interest Rate Type²²



CRE Loan Portfolio Risk Ratings²³



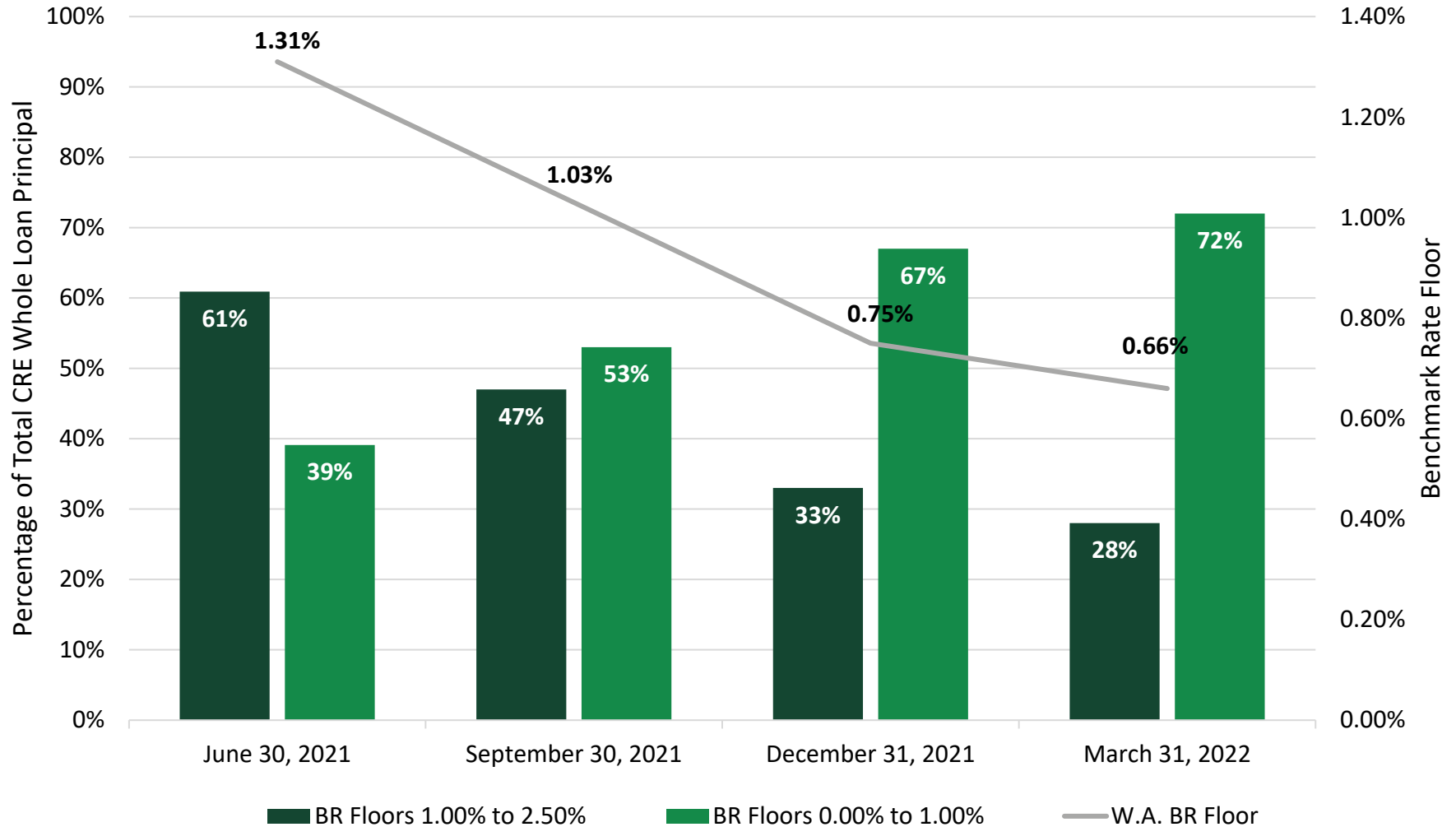
- **93%** of ACR's loans have a risk rating of 2 or 3 that are performing in line or near underwritten expectations
- **All but two** of ACR's 89 loans are current on contractual payments through March 2022



BR Floor Trend



BR Floor Trend by Weighted Average Floor Pool



Investments in Real Estate Properties



- **\$115.7 million** of investments in real estate^{25, 26, 27} are being managed to generate a positive return for ACR's shareholders

Office Value Add \$14.6M



- 99K SF Class A office / life science/ lab space
- Equity investment in the northeast region
- Lease up as life science / lab building
- Acquired in October 2021

Hotel \$39.8M



- 279-unit hotel next to a convention center
- Equity via lending activities in the northeast region
- Stabilize hotel asset
- Acquired the deed in November 2020

Multifamily Development \$14.2M



- 12-acre parcel of land for multifamily development
- Equity investment in the northeast region
- Development of a multifamily complex
- Acquired in November 2021

Hotel \$38.6M



- 388 key hotel next to a convention center
- Equity investment in the east north central region
- Conversion to a Hilton hotel and stabilization
- Acquired in April 2022

Student Housing \$13M



- Existing structure and development of adjacent lot
- Equity investment in the southeast region
- Value add and development project
- Acquired in April 2022

Note: The student housing and \$38.6M hotel properties were acquired after March 31st and are not included on the consolidated balance sheet. Investments in real estate do not include property held for sale.



Capitalization and Liquidity

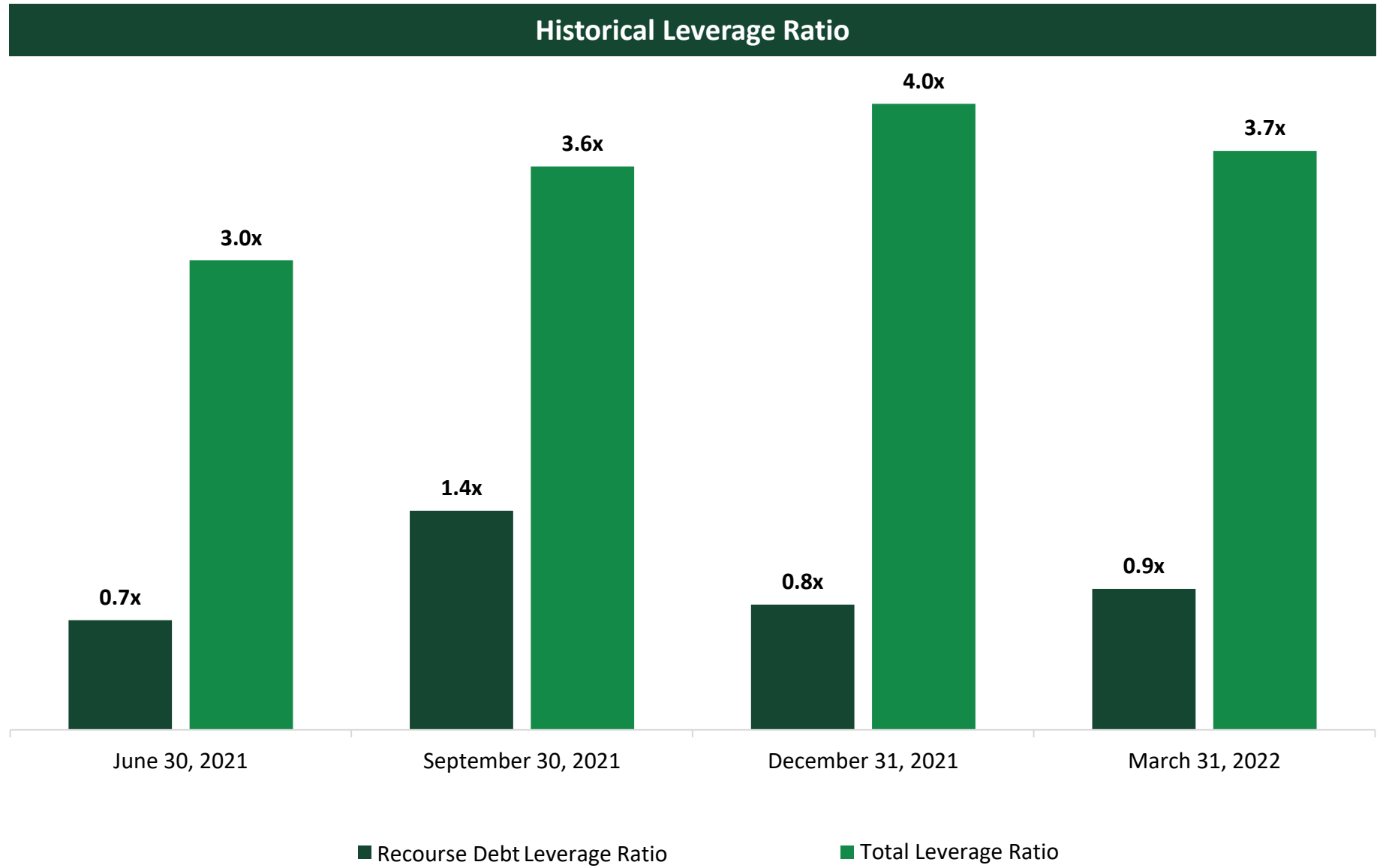
Summary Capitalization



- **\$919.1 million** of availability²⁸ on the term warehouse, senior secured financing facilities and 12.00% Senior Unsecured Notes

\$ in Millions	Capitalization ⁷				
	Maximum Capacity	Amount	Availability ²⁸	Wghtd. Avg. Coupon	Leverage Ratio ²⁹
Term warehouse financing facilities ³⁰	\$750.0	\$152.2	\$594.1	2.57%	0.4x
Senior secured financing facility ^{30,31}	250.0	(3.3)	250.0	5.75%	0.0x
Senior unsecured notes ^{33,34}	225.0	146.9	75.0	5.75% - 12.00%	0.3x
Convertible senior notes ³⁵	47.6	47.7	-	4.50%	0.1x
Trust preferred securities	51.5	51.5	-	3M L ³⁷ + 3.95%	0.1x
Total recourse debt³²	\$1,324.1	\$395.0	\$919.1		0.9x
Securitizations ^{30,32,36} (non-MTM)	1,231.2	1,231.2	-	1M L + 1.63%	2.8x
Total leverage	\$2,555.3	\$1,626.2	\$919.1		3.7x
Preferred equity ³⁵		226.6		8.26%	
Common equity		216.1			
Total capitalization		\$2,068.9		3.31% WACC³⁸	

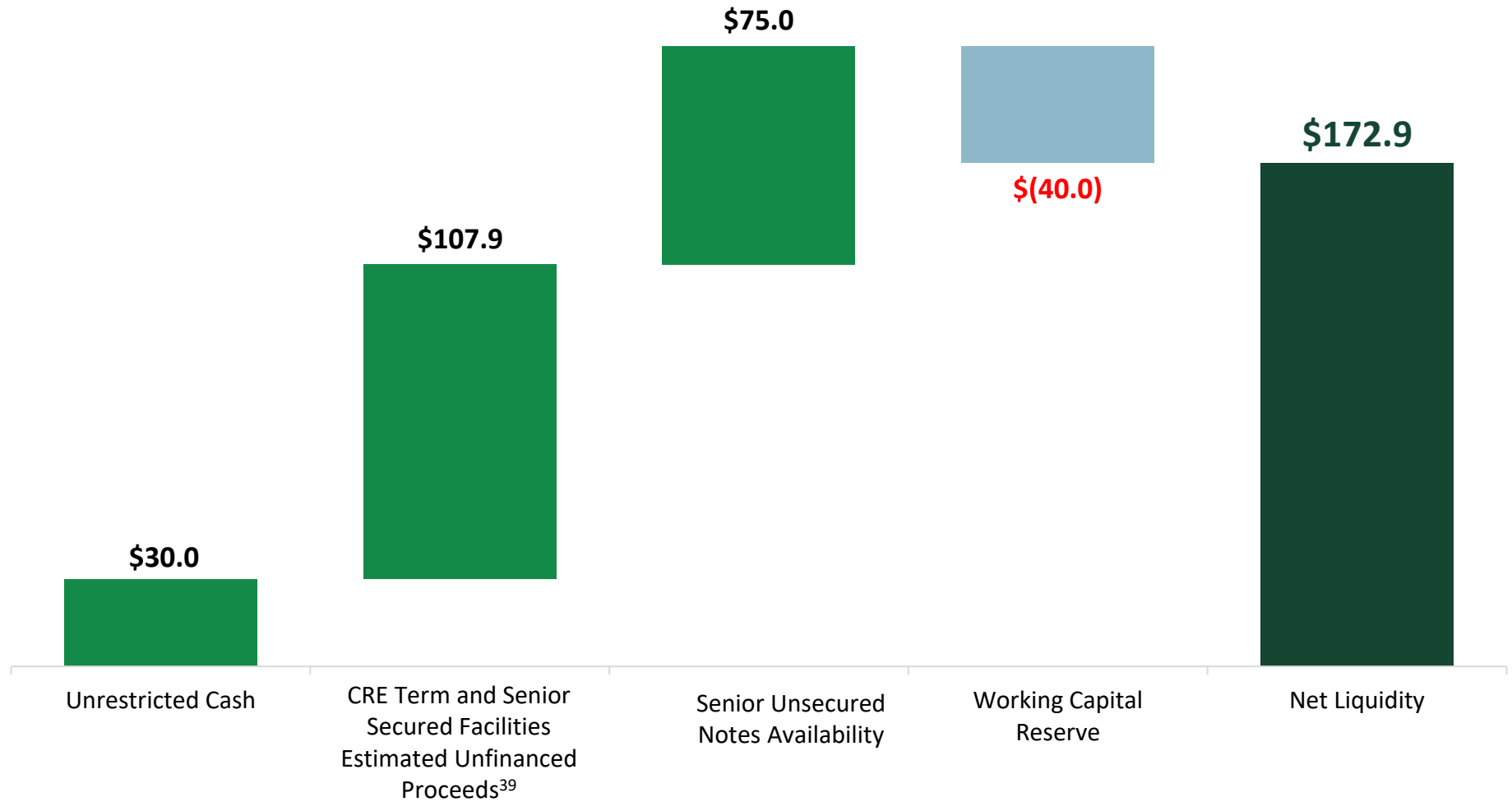
Historical Leverage Ratios



Liquidity at April 30, 2022



(\$ in Millions)





Appendix

Consolidated Balance Sheets



(in thousands, except share and per share data)

	Mar. 31, 2022	Dec. 31, 2021
	(unaudited)	
Assets		
Cash and cash equivalents	\$79,561	\$35,500
Restricted cash	5,734	248,431
Accrued interest receivable	6,282	6,112
CRE loans	1,896,425	1,882,551
Less: allowance for credit losses	(4,706)	(8,805)
CRE loans, net	1,891,719	1,873,746
Principal paydowns receivable	-	14,899
Loan receivable - related party	11,525	11,575
Investments in unconsolidated entities	1,548	1,548
Property held for sale	17,657	17,846
Investment in real estate	58,782	59,308
Right of use assets	5,918	5,951
Intangible assets	2,987	3,877
Other assets	5,412	5,482
Total Assets	\$2,087,125	\$2,284,275
Liabilities		
Accounts payable and other liabilities	\$8,182	\$7,025
Management fee payable - related party	557	561
Accrued interest payable	2,598	5,937
Borrowings	1,626,204	1,814,424
Lease liabilities	3,514	3,537
Distributions payable	3,262	3,262
Accrued tax liability	106	1
Liabilities held for sale	-	1,333
Total Liabilities	1,644,423	1,836,080
Stockholders' Equity		
Preferred stock, par value \$0.001: 10,000,000 shares authorized 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share; 4,800,000 and 4,800,000 shares issued and outstanding	5	5
Preferred stock, par value \$0.001: 6,800,000 shares authorized 7.875% Series D Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share; 4,607,857 and 4,607,857 shares issued and outstanding	5	5
Common stock, par value \$0.001: 41,666,666 shares authorized; 8,834,527 and 9,149,079 shares issued and outstanding (including 333,329 and 333,329 unvested restricted shares)	9	9
Additional paid-in capital	1,176,685	1,179,863
Accumulated other comprehensive loss	(7,671)	(8,127)
Distributions in excess of earnings	(726,331)	(723,560)
Total Stockholders' Equity	442,702	448,195
Total Liabilities and Stockholders' Equity	\$2,087,125	\$2,284,275

Consolidated Statements of Operations



(unaudited, in thousands, except share and per share data)

	For the Three Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Revenues		
Interest income	\$22,676	\$24,749
Interest expense	14,907	13,724
Net interest income	7,769	11,025
Real estate income	3,138	1,654
Other revenue	16	16
Total revenues	10,923	12,695
Operating Expenses		
General and administrative	3,457	3,153
Real estate expenses	4,794	1,831
Management fees – related party	1,682	1,326
Equity compensation – related party	744	19
Corporate depreciation and amortization	22	44
Reversal of credit losses, net	(1,802)	(5,641)
Total operating expenses	8,897	732
Other Income (Expense)		
Net realized and unrealized gain on investment securities available-for-sale and loans and derivatives	-	878
Loss on extinguishment of debt	(460)	-
Other income	798	215
Total other income	338	1,093
Income before Taxes	2,364	13,056
Income tax expense	(280)	-
Net Income	2,084	13,056
Net income allocated to preferred shares	(4,855)	(2,588)
Net (Loss) Income Allocable to Common Shares	\$(2,771)	\$10,468
Net (Loss) Income Per Common Share - Basic	\$(0.30)	\$1.03
Net (Loss) Income Per Common Share - Diluted	\$(0.30)	\$1.03
Weighted Average Number of Common Shares Outstanding - Basic	9,096,977	10,196,124
Weighted Average Number of Common Shares Outstanding - Diluted	9,096,977	10,205,369

Earnings Available for Distribution⁴⁰



- The following table provides a reconciliation from GAAP net (loss) income allocable to common shares to Earnings Available for Distribution (previously labeled Core Earnings) allocable to common shares, a non-GAAP measure, for the periods presented:

(unaudited, in thousands, except share and per share data)

	For the Three Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Net (Loss) Income Allocable to Common Shares - GAAP	\$(2,771)	\$10,468
Reconciling Items From Continuing Operations:		
Non-cash equity compensation expense	744	19
Non-cash reversal of CRE credit losses	(1,802)	(5,641)
Realized loss on core activities ^{41,42}	-	(5,246)
Unrealized gain on core activities ⁴²	-	(878)
Real estate depreciation and amortization	1,391	531
Non-cash amortization of discounts or premiums associated with borrowings	847	822
Net income from non-core assets	(656)	(33)
Reconciling Items From Legacy CRE Assets:		
Net interest income on legacy CRE assets	(29)	(161)
EAD to Common Shares	\$(2,276)	\$(119)
EAD per Common Share – Diluted	\$(0.25)	\$(0.01)
Weighted Average Number of Common Shares Outstanding - Diluted on EAD Allocable to Common Shares	9,096,977	10,196,124

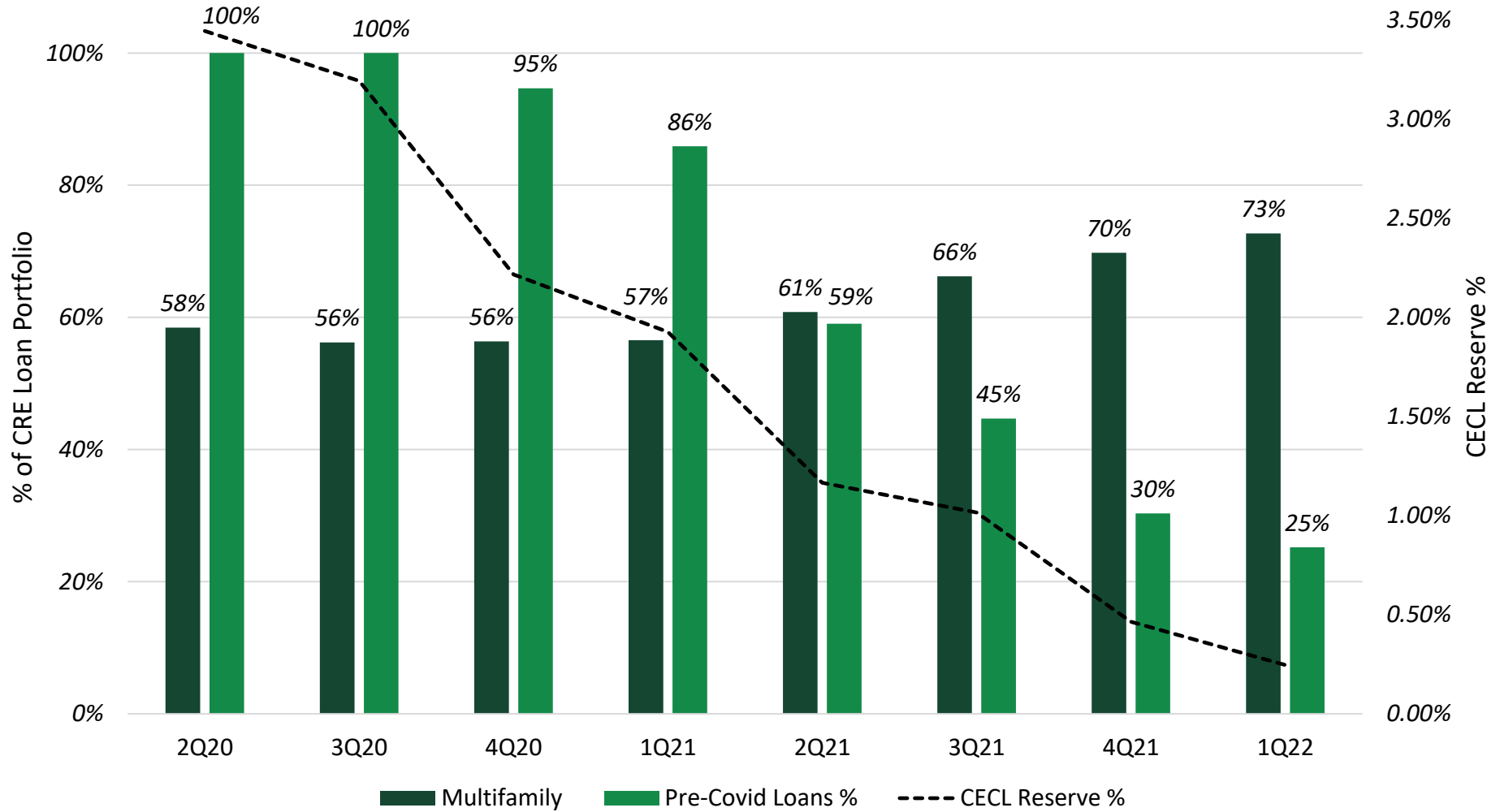
41. In January 2022, ACR received \$9.2 million of proceeds on the discounted payoff of its last legacy CRE loan with value. Upon payoff losses of \$2.3 million that were previously recorded through the provision for credit losses became realized and, accordingly, were excluded from the calculation of EAD.

42. In March 2021, the CMBS portfolio was sold for \$3.0 million, representing a total realized loss of \$5.2 million that was included in EAD during the quarter ended March 31, 2021. Unrealized gain on core activities includes the unrealized gains on the CMBS portfolio, which were excluded from EAD.

CECL Trend Analysis Chart



- We have seen our CECL reserve as a % of the total CRE loan portfolio decline as we have (i) increased our % of multifamily loans and (ii) simultaneously reduced our % of loans originated prior to 4Q20 (“Pre-Covid Loans”)⁶⁰



Illustrative Earnings Potential⁴³



- The chart below is meant to display the illustrative earnings potential of the Company. It is not meant to represent performance guidance for any period

Projected Maximum CRE Loan Portfolio Size⁷ & GAAP EPS & EAD per Share		
	(In millions, except per share data)	
Projected maximum CRE loan portfolio size	\$2,100.0	\$2,500.0
Target range of asset-specific leverage ⁴⁴	3.5x	4.4x
<hr/>		
Illustrative return on net deployable capital ⁴⁵	10.5%	12.5%
CRE net interest income	\$56.5	\$67.3
Less: general & administrative ⁴⁶	(10.7)	(10.7)
Less: base management fee ⁴⁶	(6.6)	(6.6)
Less: corporate interest expense	(13.8)	(13.8)
Less: net REO and other GAAP activities ⁴⁷	(5.9)	(6.9)
Less: preferred dividends	(19.4)	(19.4)
Illustrative GAAP earnings	\$0.1	\$9.9
Add: other GAAP activities ⁴⁷	9.1	10.1
Illustrative EAD	\$9.2	\$20.0
<hr/>		
<i>Fully diluted share count⁷</i>	<i>9.1</i>	<i>9.1</i>
GAAP EPS⁴⁸	\$0.01	\$1.09
EAD EPS^{40, 48}	\$1.01	\$2.20

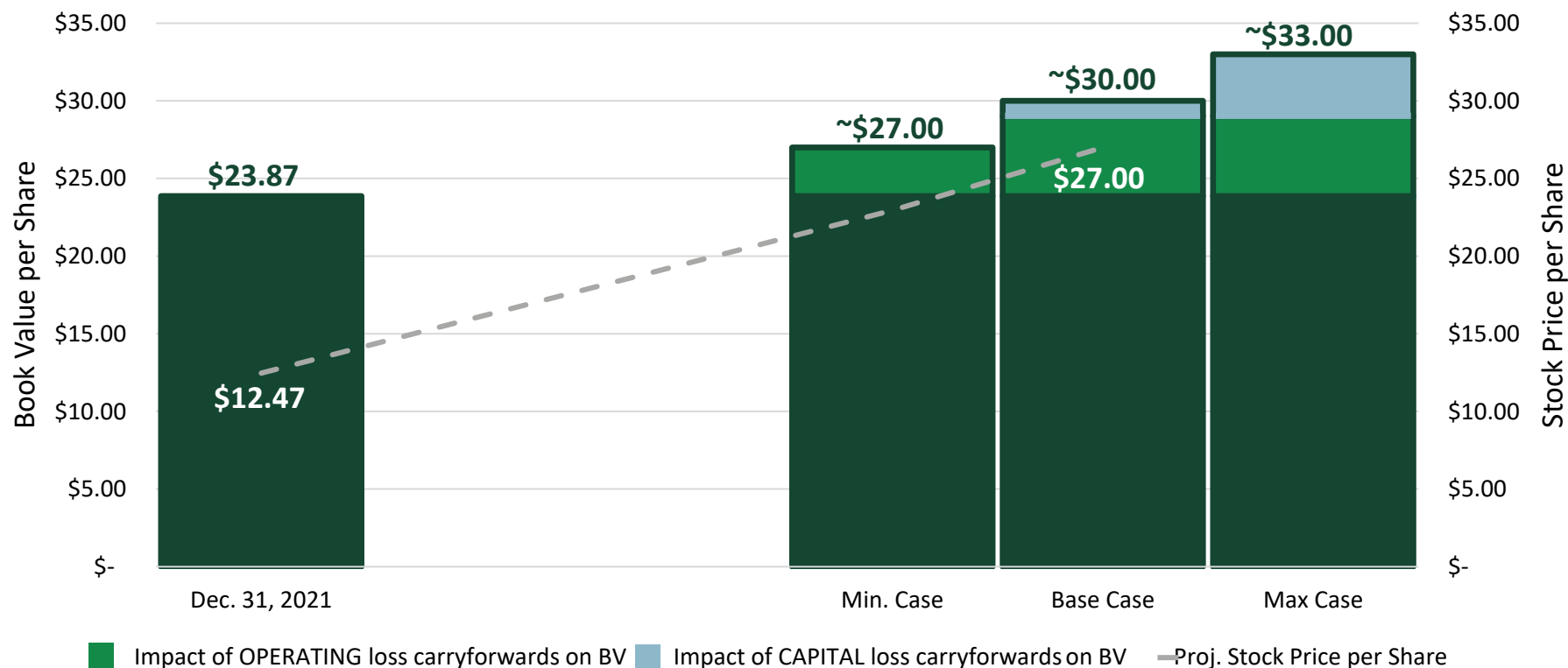
43. ACR has presented this slide for illustrative purposes only. The illustrative earnings potential is based on current market conditions and assumptions with respect to general business, economic, regulatory, and financial conditions and other future events, as well as matters specific to ACR's business, all of which are difficult to predict and many of which are beyond ACR's control. As a result, there can be no assurance that any of the results will be realized or achieved. The illustration should not be relied upon as being necessarily indicative of future results, and you are cautioned not to place undue reliance on these scenarios.

Projected Book Value & Common Stock Growth⁴⁹



- ACR's strategy is to drive book value ("BV") growth over the coming years
- Projected **OPERATING** loss carryforwards⁵⁰ of approx. **\$63M**, expected to be fully utilized
- Projected **CAPITAL** loss carryforwards⁵¹ of approx. **\$137M**, expected to be partially utilized
- Projected operating loss carryforwards at TRSs⁵² of approx. **\$60M**, expected to be partially utilized
- **117%** common stock appreciation to Base Case⁵³

Projected BV Growth Under Multiple Scenarios⁵⁴



49. ACR has presented this slide for illustrative purposes only. The projected book value and common stock growth is based on available projections and current market conditions and assumptions with respect to general business, economic, regulatory, and financial conditions and other future events, as well as matters specific to ACR's business, all of which are difficult to predict and many of which are beyond ACR's control. As a result, there can be no assurance that any of the results will be realized or achieved. The illustration should not be relied upon as being necessarily indicative of future results, and you are cautioned not to place undue reliance on these scenarios.

Summary of Tax Loss Carryforwards



➤ The following table summarizes the expected tax assets and the conditions of the useful lives:

\$ in Millions Tax Asset Item	Tax Year Recognized	REIT (QRS) Ordinary Losses	REIT (QRS) Capital Losses	TRS Ordinary Losses	TRS Capital Losses
NOL Carryforwards⁵⁵:					
Historical ⁵⁶	Prior Years			\$58.7	
Per tax return	2020 Return	\$47.7		\$1.5	
Estimated - realized in 2021 ⁵⁷	2021	\$5.3			
Estimated - realized in 2022 ⁵⁸	2022	\$9.5			
Net Capital Loss Carryforwards⁵⁹:					
Historical	Prior Years		\$10.6		\$1.0
Per tax return	2020 Return		\$126.3		
Total tax asset estimates		\$62.5	\$136.9	\$60.2	\$1.0
Tax asset useful life		Unlimited	5 Years⁵⁹	Various⁵⁶	5 Years⁵⁹

- ACR plans to acquire equity investments in commercial real estate properties to utilize the capital loss carryforwards in its qualified REIT subsidiaries
- These investments offer the opportunity for enhanced returns that may be reinvested into the loan origination pipeline if or when realized



1. “First quarter 2022 highlights” includes activity that occurred during the second quarter of 2022 or balances at April 30, 2022, where specifically referenced.
2. “CLO” refers to collateralized loan obligation. “1M L” refers to the one-month London Interbank Offered Rate (“LIBOR”). “CRE” refers to commercial real estate. “GAAP net loss” refers to GAAP net loss allocable to common shares - diluted. The “senior secured financing facility” refers to the senior secured financing facility with MassMutual with total commitments of \$250.0 million. The “12.00% Senior Unsecured Notes” refer to the 12.00% senior unsecured notes issuable until July 31, 2022. “1M SOFR” refers to the one-month Term Secured Overnight Finance Rate (SOFR). “4.50% Convertible Senior Notes” refer to the 4.50% convertible senior notes due 2022.
3. GAAP book value is presented per common share, excluding unvested restricted stock and including warrants to purchase common stock. The measure refers to common stock book value, which is calculated as total stockholders’ equity less preferred stock equity.
4. During the three months ended March 31, 2022.
5. “Earnings Available for Distribution” refers to Earnings Available for Distribution (“EAD”) allocable to common shares - diluted, a non-GAAP measure. This was previously labeled Core Earnings. “LTV” refers to loan-to-collateral value.
6. Refer to page 25 for the reconciliation of Net (Loss) Income, a GAAP financial measure, to EAD, a Non-GAAP financial measure.
7. At March 31, 2022.
8. At April 30, 2022.
9. “CECL” refers to current expected credit losses, the determinant of the estimate of the CRE loan allowance. “OCI” refers to the change in accumulated other comprehensive loss attributable to terminated derivatives.
10. At July 31, 2020.
11. Per share calculations exclude unvested restricted stock, as disclosed on the consolidated balance sheets, of 333,329 shares at March 31, 2022 and December 31, 2021, and include warrants to purchase up to 466,661 shares of common stock at March 31, 2022 and December 31, 2021, see footnote 34 below. The denominators for the calculations are 8,967,859 and 9,282,411 at March 31, 2022 and December 31, 2021, respectively.
12. The per share amount is calculated with the denominator referenced in footnote 11 at March 31, 2022. Net loss per common share - diluted of \$(0.30) is calculated using the weighted average diluted shares outstanding during the three months ended March 31, 2022.
13. In November 2021, ACR’s board of directors (“Board”) reauthorized and approved the plan to repurchase an additional \$20.0 million of the outstanding common stock. As of March 31, 2022, \$7.6 million, or 589,081 shares, were repurchased under the reauthorized plan.
14. LTV is based on the initial funding divided by the as-is appraised property value for new CRE loans, the average of which is weighted based on the initial CRE loan commitments of originated CRE loans.
15. “BR” refers to the collective one-month LIBOR and one-month Term Secured Overnight Finance Rate (“SOFR”) rates that are used as benchmarks on the originated loans during the associated period.
16. Excludes one CRE floating-rate whole loan without a 1M LIBOR floor that was originated in April 2021 with a principal balance of \$44.9 million.
17. Includes partial paydowns of \$52,000 on one CRE loan during the first quarter.
18. Includes one legacy CRE loan previously reported at its amortized cost of \$11.5 million at June 30, 2021, September 30, 2021 and December 31, 2021; classified as a CRE loan on the consolidated balance sheets. The loan paid off in January 2022.
19. Includes one loan with an amortized cost of \$20.8 million that earned a fixed rate of interest of 5.75% from June 2021 through November 2021 in connection with a modification. The loan’s interest rate was excluded from the calculations of the weighted average CRE whole loan, floating rate and 1M BR floor at September 30, 2021 and June 30, 2021. The loan paid off in November 2021.
20. LTV is based on the outstanding principal divided by the as-is appraised property value available as of each respective period end.
21. Regions refer to the regions identified by the National Council of Real Estate Investment Fiduciaries.
22. At March 31, 2022; percentages are calculated based on \$1.9 billion carrying value.
23. See page 32 for additional information.
24. Includes one mezzanine loan, 0.2% of total principal, risk rated a 4 at March 31, 2022 and December 31, 2021.

Footnotes (Continued)



25. Investment in real estate is the depreciated/amortized cost basis of the real estate-related assets and liabilities on March 31, 2022 excluding the property held for sale plus the two real estate equity investments made in April 2022.
26. Gains or losses on sales of investments in real estate, equity, are capital in nature for tax purposes. Net taxable income from operations from investments in real estate, equity, are ordinary in nature.
27. Net taxable income from operations and gains or losses on sales of investments in real estate from lending activities are ordinary in nature for tax purposes.
28. Availability is calculated as the difference between the maximum capacity on the applicable borrowing and the principal outstanding.
29. The leverage ratio is calculated as the respective period ended borrowings over total equity.
30. Represents asset-specific borrowings.
31. The facility has an initial two-year revolving period followed by a five-year term that matures on July 31, 2027 and charges interest at 5.75%.
32. Borrowings included as recourse debt are guaranteed by ACR while CRE securitizations have no recourse against the Company.
33. \$75.0 million of the 12.00% Senior Unsecured Notes are available through July 2022.
34. ACR issued warrants to purchase 466,661 shares of its common stock at an exercise price of \$0.03 per share in connection with the issuance of the \$50.0 million of 12.00% Senior Unsecured Notes to MassMutual and Oaktree, in the aggregate. The issuance of the remaining \$75.0 million of unsecured notes will trigger the issuance of additional warrants to purchase 699,992 common shares ratably as commitments are funded.
35. Face amount of convertible senior notes and preferred equity are \$48.2 million and \$235.2 million, respectively.
36. Securitizations include (a) a CLO that closed in May 2021 and includes \$3.2 million of uninvested proceeds that can be reinvested into the CLO through May 2023; (b) a CLO that closed in December 2021 and includes \$1.1 million in an unused proceeds from the issuance of the third-party owned notes that can be used to acquire additional loans 180 days after close. Additionally, the CLO referenced in (b) allows for the reinvestment of principal payoff or paydown proceeds into the CLO through December 2023.
37. "3M L" refers to the three-month LIBOR rate.
38. "WACC" refers to the weighted average cost of capital. The calculation of weighted average cost of capital excludes the impact of common equity in the denominator.
39. CRE term and senior secured facilities estimated unfinanced proceeds includes the projected amount of proceeds available to the Company if the unfinanced loans were financed with the applicable facilities.
40. See page 33 for additional information.
44. Asset-specific leverage is calculated over total equity at March 31, 2022. It excludes corporate leverage.
45. Net deployable capital is calculated as the total current corporate capital of approximately \$690.9 million, less total projected commitments for investments in real estate, excluding potential financing, of approximately \$110.7 million and a working capital reserve of \$40.0 million for a total of \$540.2 million.
46. Represents ACR's projected annualized general and administrative expenses and base management fee. The projection excludes the impact of the expected increase of incentive compensation in the fourth quarter of 2022.
47. Includes annualized projections of real estate income, real estate depreciation, provision for credit losses, equity compensation expense, non-cash amortization expense of the unamortized discount and deferred debt issuance costs on the convertible senior notes. Real estate depreciation, provision for credit losses, equity compensation expense and certain non-cash amortization expenses are excluded from the calculation of Earnings Available for Distribution. See page 33 for additional information.
48. "GAAP EPS" refers to GAAP earnings per common share-diluted and "EAD EPS" refers to EAD per common share-diluted.
50. Operating loss carryforwards comprise qualified REIT subsidiary ("QRS") net operating loss carryforwards, including projections for the tax years ended December 31, 2021 and 2022, which have an unlimited useful life.
51. Capital loss carryforwards comprise QRS net capital loss carryforwards which have a useful life of five years. Approximately \$3.8 million of capital loss carryforwards are set to expire as of December 31, 2021.
52. "TRS" refers to taxable REIT subsidiaries.

Footnotes (Continued)



53. Calculated as the increase from the \$12.47 price per share of ACR's common stock to \$27.00, which is an estimate of 90% of the projected common stock book value.
54. The "Min. Case" scenario assumes the partial utilization of the OPERATING loss carryforwards. The "Base Case" scenario assumes the full utilization of existent OPERATING loss carryforwards (\$48 million), plus a portion of the CAPITAL loss carryforwards. The "Max Case" scenario assumes the full utilization of existent OPERATING loss carryforwards, plus a greater portion of the capital loss carryforwards than the "Base Case" Scenario.
55. In general, net operating loss ("NOL") carryforwards can be used to offset both ordinary taxable income and capital gains in future years.
56. Includes \$39.9 million of NOL carryforwards realized prior to the effective date of the Tax Cuts and Jobs Act of 2017, some of which expire in 2044. The remaining NOL carryforwards have an unlimited useful life.
57. Includes original issuance discount ("OID") losses on senior note classes in two CLOs that were redeemed in 2021.
58. Includes OID losses on senior note classes in CLOs that were redeemed in 2022.
59. Net capital loss carryforwards may be carried forward up to five years to offset future capital gains.
60. The CECL reserves and the Pre-Covid Loans percentages are based on total CRE loans at par. The multifamily loan percentages are based on total carrying value of the CRE loans.



Commercial Real Estate Loans Risk Ratings

CRE loans are collateralized by a diversified mix of real estate properties and are assessed for credit quality based on the collective evaluation of several factors, including but not limited to: collateral performance relative to underwritten plan, time since origination, current implied and/or reunderwritten loan-to-collateral value ratios, loan structure and exit plan. Depending on the loan's performance against these various factors, loans are rated on a scale from 1 to 5, with loans rated 1 representing loans with the highest credit quality and loans rated 5 representing loans with the lowest credit quality. The factors evaluated provide general criteria to monitor credit migration in the Company's loan portfolio; as such, a loan's rating may improve or worsen, depending on new information received.

The criteria set forth below should be used as general guidelines and, therefore, not every loan will have all of the characteristics described in each category below.

- Rating 1:
 - Property performance has surpassed underwritten expectations
 - Occupancy is stabilized, the property has had a history of consistently high occupancy, and the property has a diverse and high-quality tenant mix
- Rating 2:
 - Property performance is consistent with underwritten expectations and covenants and performance criteria are being met or exceeded
 - Occupancy is stabilized, near stabilized or is on track with underwriting
- Rating 3:
 - Property performance lags behind underwritten expectations
 - Occupancy is not stabilized and the property has some tenancy rollover
- Rating 4:
 - Property performance significantly lags behind underwritten expectations. Performance criteria and loan covenants have required occasional waivers
 - Occupancy is not stabilized and the property has a large amount of tenancy rollover
- Rating 5:
 - Property performance is significantly worse than underwritten expectations. The loan is not in compliance with loan covenants and performance criteria and may be in default. Expected sale proceeds would not be sufficient to pay off the loan at maturity
 - The property has a material vacancy rate and significant rollover of remaining tenants
 - An updated appraisal is required upon designation and updated on an as-needed basis

Other Disclosures (continued)



Earnings Available for Distribution

Earnings Available for Distribution (“EAD”) (previously labeled Core Earnings) is a non-GAAP financial measure that we use to evaluate our operating performance. EAD excludes the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current CRE loan portfolio and other CRE-related investments and operations. EAD excludes income (loss) from all non-core assets comprised of investments and securities owned by the Company at the initial measurement date of December 31, 2016 in commercial finance, middle market lending, residential mortgage lending, certain legacy CRE loans and other non-CRE assets designated as assets held for sale.

EAD, for reporting purposes, is defined as GAAP net income (loss) allocable to common shares, excluding (i) non-cash equity compensation expense, (ii) unrealized gains and losses, (iii) non-cash provisions for loan losses, (iv) non-cash impairments on securities, (v) non-cash amortization of discounts or premiums associated with borrowings, (vi) net income or loss from a limited partnership interest owned at the initial measurement date, (vii) net income or loss from non-core assets, (viii) real estate depreciation and amortization, (ix) foreign currency gains or losses and (x) income or loss from discontinued operations. EAD may also be adjusted periodically to exclude certain one-time events pursuant to changes in GAAP and certain non-cash items.

Although pursuant to the Fourth Amended and Restated Management Agreement we calculate the Manager’s incentive compensation using EAD excluding incentive fees payable to the Manager, we include incentive fees payable to the Manager in EAD for reporting purposes.

Company Information



ACRES Commercial Realty Corp. is a real estate investment trust that is primarily focused on originating, holding and managing commercial real estate mortgage loans and equity investments in commercial real estate property through direct ownership and joint ventures. Additional information is available at the Company's website, www.acresreit.com.

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New York Stock Exchange:

Common Stock Symbol: ACR
Pref. Stock Symbols:
ACRPrC & ACRPrD