



Creative Media & Community Trust Corporation Reports 2023 Second Quarter Results

August 10, 2023

DALLAS--(BUSINESS WIRE)--Aug. 10, 2023-- Creative Media & Community Trust Corporation (NASDAQ and TASE: CMCT) (“we”, “our”, “CMCT”, or the “Company”), today reported operating results for the three and six months ended June 30, 2023.

Second Quarter 2023 Highlights

Real Estate Portfolio

- Same-store office portfolio⁽²⁾ was 84.1% leased.
- Executed 29,212 square feet of leases with terms longer than 12 months.

Financial Results

- Net loss attributable to common stockholders of \$23.8 million, or \$1.05 per diluted share.
- Funds from operations (“FFO”) attributable to common stockholders ⁽³⁾ was \$(4.2) million, or \$(0.19) per diluted share.
- Core FFO attributable to common stockholders⁽⁴⁾ was \$(3.9) million, or \$(0.17) per diluted share.

Management Commentary

“We intend to continue growing our portfolio of newer vintage, highly amenitized multifamily assets in high barrier-to-entry markets,” said David Thompson, Chief Executive Officer of Creative Media & Community Trust Corporation.

“After acquiring three multifamily properties totaling 696 units in the first quarter, we made strides improving occupancy at the two assets that are still in their initial lease-up phase following completion of construction. We believe the continued lease-up of these two assets will lead to improving funds from operations. Our office occupancy also improved quarter over quarter and we continue to see very strong performance from our one hotel asset.”

“We made significant progress in our value-add and development pipeline in the second quarter,” said Shaul Kuba, Chief Investment Officer of Creative Media & Community Trust Corporation.

“At our Austin and East Austin properties, we just received entitlements to develop multifamily units at both of these sites. We are now proceeding towards design and permitting.”

Second Quarter 2023 Results

Real Estate Portfolio

As of June 30, 2023, our real estate portfolio consisted of 25 assets, all of which were fee-simple properties, including two office properties (one of which is being partially converted into multifamily units) and one multifamily property which the Company has an ownership interest in through investments in unconsolidated joint ventures. The portfolio included 13 office properties totaling approximately 1.3 million of rentable square feet, three multifamily properties with a total of 696 units, seven development sites (two being used as parking lots), and one 503-room hotel with an ancillary parking garage.

Financial Results

Net loss attributable to common stockholders was \$23.8 million, or \$1.05 per diluted share of common stock, for the three months ended June 30, 2023, compared to a net loss attributable to common stockholders of \$2.3 million, or \$0.10 per diluted share of common stock, for the same period in 2022. The increase in net loss attributable to common stockholders was driven by the \$6.8 million decrease in FFO discussed below as well as an increase in depreciation and amortization expense of \$15.5 million.

FFO attributable to common stockholders⁽³⁾ was \$(4.2) million, or \$(0.19) per diluted share of common stock, for the three months ended June 30, 2023, a decrease of \$6.8 million compared to \$2.6 million, or \$0.11 per diluted share of common stock, for the same period in 2022. The decrease in FFO was primarily attributable to an increase in non-lending segment interest expense of \$5.1 million, an increase in redeemable preferred stock dividends and redeemable preferred stock redemptions of \$980,000 and \$209,000, respectively, and a decrease of \$838,000 in segment net operating income (discussed in more detail below).

Core FFO attributable to common stockholders⁽⁴⁾ was \$(3.9) million, or \$(0.17) per diluted share of common stock, for the three months ended June 30, 2023, compared to \$2.7 million, or \$0.11 per diluted share of common stock, for the same period in 2022. The decrease in Core FFO is attributable to the aforementioned changes in FFO, while not impacted by the increase in redeemable preferred stock redemptions as these are excluded from our Core FFO calculation.

Segment Information

Our reportable segments during the three months ended June 30, 2023 and 2022 consisted of three types of commercial real estate properties, namely, office, hotel and multifamily, as well as a segment for our lending business. Total segment net operating income (“NOI”) ⁽⁵⁾ was \$12.0 million for the three months ended June 30, 2023, compared to \$12.8 million for the same period in 2022.

Office

Same-Store

Same-store⁽²⁾ office segment NOI⁽⁵⁾ decreased to \$7.4 million for the three months ended June 30, 2023, compared to \$7.8 million in the same period in 2022, while same-store⁽¹⁾ office Cash NOI⁽⁶⁾ increased to \$7.7 million for the three months ended June 30, 2023, compared to \$7.5 million in the same period in 2022. The increase in same-store⁽¹⁾ office Cash NOI⁽⁶⁾ was primarily due to an increase in rental revenue at an office property in Beverly Hills, California, due to increased occupancy and rental rates, partially offset by a decrease in the Company's share of income from an unconsolidated joint venture which owns an office property in Los Angeles, California, primarily due to an increase in mortgage interest expense. The decrease in same-store⁽²⁾ office segment NOI⁽⁵⁾ was driven by several office properties where increases in cash rental rates at existing leases were negated by the impact of deferred rent adjustments, primarily at an office property in Oakland, California, an office property in Austin, Texas, and an office property in Los Angeles, California.

At June 30, 2023, the Company's same-store⁽²⁾ office portfolio was 82.6% occupied, a decrease of 160 basis points year-over-year on a same-store⁽²⁾ basis, and 84.1% leased, a decrease of 90 basis points year-over-year on a same-store⁽²⁾ basis. The annualized rent per occupied square foot⁽⁷⁾ on a same-store⁽²⁾ basis was \$56.80 at June 30, 2023 compared to \$54.19 at June 30, 2022. During the three months ended June 30, 2023, the Company executed 29,212 square feet of leases with terms longer than 12 months at our same-store⁽²⁾ office portfolio.

Total

Office Segment NOI⁽⁵⁾ decreased to \$6.8 million for the three months ended June 30, 2023, from \$7.9 million for the same period in 2022. The decrease is primarily due to the decrease in same-store⁽²⁾ office segment NOI⁽⁵⁾ discussed above as well as a decrease in non-same-store⁽²⁾ office Segment NOI⁽⁵⁾ of \$701,000 which was driven by a loss from an unconsolidated office entity due to an increase in mortgage interest expense and an unrealized loss related to the entity's investment in real estate during the three months ended June 30, 2023.

Hotel

Hotel Segment NOI⁽⁵⁾ increased to \$4.1 million for the three months ended June 30, 2023, from \$3.2 million for the same period in 2022, due to an increase in occupancy and average daily rate.

	Three Months Ended June 30,	
	2023	2022
Occupancy	81.3%	77.5%
Average daily rate ^(a)	\$ 201.17	\$ 175.67
Revenue per available room ^(b)	\$ 163.50	\$ 136.09

(a) Calculated as trailing 3-month room revenue divided by the number of rooms occupied.

(b) Calculated as trailing 3-month room revenue divided by the number of available rooms.

Multifamily

Our Multifamily Segment consists of two multifamily buildings located in Oakland, California as well as an investment in a multifamily building in the Echo Park neighborhood of Los Angeles, California through a 50% joint-venture partnership, all of which were acquired during the first quarter of 2023. Our Multifamily Segment NOI⁽⁵⁾ was \$522,000 for the three months ended June 30, 2023. As of June 30, 2023, our Multifamily Segment was 83.9% occupied and the monthly rent per occupied unit⁽⁸⁾ was \$2,914.

Lending

Our lending segment primarily consists of our SBA 7(a) lending platform, which is a national lender that primarily originates loans to small businesses in the hospitality industry. Lending Segment NOI⁽⁵⁾ was \$524,000 for the three months ended June 30, 2023, compared to \$1.7 million for the same period in 2022. The decrease was primarily due to an increase in interest expense related to the issuance of new SBA 7(a) loan-backed notes in connection with the securitization that closed in March 2023 as well as an increase in allocated payroll expense.

Debt and Equity

During the three months ended June 30, 2023, we issued 1,195,589 shares of Series A1 Preferred Stock for aggregate net proceeds of \$27.4 million. Net proceeds represent gross proceeds offset by costs specifically identifiable to the offering, such as commissions, dealer manager fees and other offering fees and expenses. Additionally, during the three months ended June 30, 2023, we had net incremental paydowns of \$30.0 million on our revolving credit facility.

Dividends

On June 27, 2023, we declared a quarterly cash dividend of \$0.0850 per share of our common stock, which was paid on July 24, 2023.

On July 12, 2023, we declared a quarterly cash dividend of \$0.34375 per share of our Series A Preferred Stock for the third quarter of 2023. The dividend will be payable monthly as follows: \$0.114583 per share to be paid on August 15, 2023 to Series A Preferred Stockholders of record on August 5, 2023; \$0.114583 per share to be paid on September 15, 2023 to Series A Preferred Stockholders of record on September 5, 2023; and \$0.114583 per share to be paid on October 16, 2023 to Series A Preferred Stockholders of record on October 5, 2023.

On July 12, 2023, we declared a quarterly cash dividend of \$0.473750 per share of our Series A1 Preferred Stock for the third quarter of 2023. The quarterly cash dividend of \$0.473750 per share represents an annualized dividend rate of 7.58% (2.5% plus the federal funds rate of 5.08% on the

applicable determination date). The dividend will be payable monthly as follows: \$0.157916 per share to be paid on August 15, 2023 to Series A1 Preferred Stockholders of record on August 5, 2023; \$0.157916 per share to be paid on September 15, 2023 to Series A1 Preferred Stockholders of record on September 5, 2023; and \$0.157916 per share to be paid on October 16, 2023 to Series A1 Preferred Stockholders of record on October 5, 2023. For shares of Series A1 Preferred Stock issued in the third quarter of 2023, the dividend will be prorated from the date of issuance, and the monthly dividend payments will reflect such proration.

On July 12, 2023, we declared a quarterly cash dividend of \$0.353125 per share of our Series D Preferred Stock for the third quarter of 2023. The dividend will be payable monthly as follows: \$0.117708 per share to be paid on August 15, 2023 to Series D Preferred Stockholders of record on August 5, 2023; \$0.117708 per share to be paid on September 15, 2023 to Series D Preferred Stockholders of record on September 5, 2023; and \$0.117708 per share to be paid on October 16, 2023 to Series D Preferred Stockholders of record on October 5, 2023.

Acquisitions

The following table details our acquisition activity during the six months ended June 30, 2023:

Property	Asset Type	Date of Acquisition	Units	Interest Acquired	Purchase Price
					(in thousands)
Channel House	Multifamily	January 31, 2023	333	89.4 %	\$ 134,615
F3 Land Site	Multifamily	January 31, 2023	N/A	89.4 %	\$ 250
466 Water Street Land Site ⁽¹⁾	Multifamily	January 31, 2023	N/A	89.4 %	\$ 2,500
1150 Clay	Multifamily	March 28, 2023	288	98.1 %	\$ 145,500
4750 Wilshire Boulevard ⁽²⁾⁽³⁾	Office / Multifamily	February 17, 2023	N/A	20.0 %	\$ 8,600
1902 Park Avenue ⁽²⁾	Multifamily	February 28, 2023	75	50.0 %	\$ 6,626

(1) Currently utilized as a surface parking lot.

(2) Represents an unconsolidated joint venture investment.

(3) We sold 80% of our interest in 4750 Wilshire Boulevard (excluding a vacant land parcel which was not included in the sale) to third-party co-investors with whom we formed a joint venture. The remaining 20% interest represents our interest in the newly formed unconsolidated joint venture.

About the Data

Descriptions of certain performance measures, including Segment NOI, Cash NOI, FFO attributable to common stockholders, and Core FFO are provided below. Refer to the subsequent tables for reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure.

- (1) **Stabilized office portfolio:** represents office properties where occupancy was not impacted by a redevelopment or repositioning during the period.
- (2) **Same-store properties:** are properties that we have owned and operated in a consistent manner and reported in our consolidated results during the entire span of the periods being reported. We excluded from our same-store property set this quarter any properties (i) acquired on or after April 1, 2022; (ii) sold or otherwise removed from our consolidated financial statements on or before June 30, 2023; or (iii) that underwent a major repositioning project we believed significantly affected its results at any point during the period commencing on April 1, 2022 and ending on June 30, 2023. When determining our same-store properties as of June 30, 2023, one property was excluded pursuant to (i) and (iii) above and no properties were excluded pursuant to (ii) above.
- (3) **FFO attributable to common stockholders:** represents net income (loss) attributable to common stockholders, computed in accordance with GAAP, which reflects the deduction of redeemable preferred stock dividends accumulated, excluding gain (or loss) from sales of real estate, impairment of real estate, and real estate depreciation and amortization. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts (the "NAREIT"). See 'Core FFO' definition below for discussion of the benefits and limitations of FFO as a supplemental measure of operating performance.
- (4) **Core FFO attributable to common stockholders ("Core FFO"):** represents FFO attributable to common stockholders (computed as described above), excluding gain (loss) on early extinguishment of debt, redeemable preferred stock deemed dividends, redeemable preferred stock redemptions, gain (loss) on termination of interest rate swaps, and transaction costs.

We believe that FFO is a widely recognized and appropriate measure of the performance of a REIT and that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. In addition, we believe that Core FFO is a useful metric for securities analysts, investors and other interested parties in the evaluation of our Company as it excludes from FFO the effect of certain amounts that we believe are non-recurring, are non-operating in nature as they relate to the manner in which we finance our operations, or transactions outside of the ordinary course of business.

Like any metric, FFO and Core FFO should not be used as the only measure of our performance because it excludes depreciation and amortization and captures neither the changes in the value of our real estate properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, and Core FFO excludes amounts incurred in connection with non-recurring special projects, prepaying or defeasing our debt, repurchasing our preferred stock, and adjusting the carrying value of our preferred stock classified in temporary equity to its redemption value, all of which have real economic effect and could materially impact our operating results. Other REITs may not calculate FFO and Core FFO in the same manner as we do, or at all; accordingly, our FFO and Core FFO may not be comparable to the FFOs and Core FFOs of other REITs. Therefore, FFO and Core FFO should be considered only as a supplement to net income (loss) as a measure of our performance and should not be used as a supplement to or substitute measure for cash flows from operating activities computed in accordance with GAAP. FFO and Core FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends. FFO and Core FFO per share for the year-to-date period may differ from the sum of quarterly FFO and Core FFO per share amounts due to the required method for

computing per share amounts for the respective periods. In addition, FFO and Core FFO per share is calculated independently for each component and may not be additive due to rounding.

- (5) **Segment NOI:** for our real estate segments represents rental and other property income and expense reimbursements less property related expenses and excludes non-property income and expenses, interest expense, depreciation and amortization, corporate related general and administrative expenses, gain (loss) on sale of real estate, gain (loss) on early extinguishment of debt, impairment of real estate, transaction costs, and benefit (provision) for income taxes. For our lending segment, Segment NOI represents interest income net of interest expense and general overhead expenses. See 'Cash NOI' definition below for discussion of the benefits and limitations of Segment NOI as a supplemental measure of operating performance.
- (6) **Cash NOI:** for our real estate segments, represents Segment NOI adjusted to exclude the effect of the straight lining of rents, acquired above/below market lease amortization and other adjustments required by generally accepted accounting principles ("GAAP"). For our lending segment, there is no distinction between Cash NOI and Segment NOI. We also evaluate the operating performance and financial results of our operating segments using cash basis NOI excluding lease termination income, or "Cash NOI excluding lease termination income". Segment NOI and Cash NOI are not measures of operating results or cash flows from operating activities as measured by GAAP and should not be considered alternatives to income from continuing operations, or to cash flows as a measure of liquidity, or as an indication of our performance or of our ability to pay dividends. Companies may not calculate Segment NOI or Cash NOI in the same manner. We consider Segment NOI and Cash NOI to be useful performance measures to investors and management because, when compared across periods, they reflect the revenues and expenses directly associated with owning and operating our properties and the impact to operations from trends in occupancy rates, rental rates and operating costs, providing a perspective not immediately apparent from income from continuing operations. Additionally, we believe that Cash NOI is helpful to investors because it eliminates straight line rent and other non-cash adjustments to revenue and expenses.
- (7) **Annualized rent per occupied square foot:** represents gross monthly base rent under leases commenced as of the specified periods, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail.
- (8) **Monthly rent per occupied unit:** Represents gross monthly base rent under leases commenced as of the specified period, divided by occupied units. This amount reflects total cash rent before concessions.

FORWARD-LOOKING STATEMENTS

This press release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), which are intended to be covered by the safe harbors created thereby. These statements include the plans and objectives of management for future operations, including plans and objectives relating to future growth of CMCT's business and availability of funds. Such forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "project," "target," "expect," "intend," "might," "believe," "anticipate," "estimate," "could," "would," "continue," "pursue," "potential," "forecast," "seek," "plan," or "should," or "goal" or the negative thereof or other variations or similar words or phrases. Such forward-looking statements also include, among others, statements about CMCT's plans and objectives relating to future growth and outlook. Such forward-looking statements are based on particular assumptions that management of CMCT has made in light of its experience, as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. Forward-looking statements are necessarily estimates reflecting the judgment of CMCT's management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include those associated with (i) the timing, form, and operational effects of CMCT's development activities, (ii) the ability of CMCT to raise in place rents to existing market rents and to maintain or increase occupancy levels, (iii) fluctuations in market rents, (iv) the effects of inflation and higher interest rates on the operations and profitability of CMCT and (vii) general economic, market and other conditions. Additional important factors that could cause CMCT's actual results to differ materially from CMCT's expectations are discussed under the section "Risk Factors" in CMCT's Annual Report on Form 10-K for the year ended December 31, 2022 and in CMCT's Quarterly Report on Form 10-Q for the period ended March 31, 2023. The forward-looking statements included herein are based on current expectations and there can be no assurance that these expectations will be attained. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond CMCT's control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included herein will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements expressed or implied herein, the inclusion of such information should not be regarded as a representation by CMCT or any other person that CMCT's objectives and plans will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made. CMCT does not undertake to update them to reflect changes that occur after the date they are made, except as may be required by applicable securities law.

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(Unaudited and in thousands, except share and per share amounts)

	<u>June 30,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u>
ASSETS		
Investments in real estate, net	\$ 711,848	\$ 502,006
Investments in unconsolidated entities	27,525	12,381
Cash and cash equivalents	24,561	46,190
Restricted cash	23,783	11,290
Loans receivable, net (Note 5)	60,451	62,547
Accounts receivable, net	4,673	3,780
Deferred rent receivable and charges, net	32,773	37,543
Other intangible assets, net	13,552	4,461
Other assets	20,529	10,050
TOTAL ASSETS	<u>\$ 919,695</u>	<u>\$ 690,248</u>

LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY

LIABILITIES:

Debt, net	\$ 487,802	\$ 184,267
Accounts payable and accrued expenses	31,482	107,220
Intangible liabilities, net	93	20
Due to related parties	4,725	3,155
Other liabilities	14,271	17,856
Total liabilities	<u>538,373</u>	<u>312,518</u>

COMMITMENTS AND CONTINGENCIES (Note 15)

REDEEMABLE PREFERRED STOCK: Series A cumulative redeemable preferred stock, \$0.001 par value; 35,061,620 shares authorized; no shares issued or outstanding as of June 30, 2023 and 693,741 and 693,741 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	—	15,697
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Series A cumulative redeemable preferred stock, \$0.001 par value; 35,061,620 shares authorized; 8,820,338 and 7,881,958 shares issued and outstanding, respectively, as of June 30, 2023 and 8,126,597 and 7,565,349 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	196,911	189,048
Series A1 cumulative redeemable preferred stock, \$0.001 par value; 27,966,000 shares authorized; 8,194,099 and 8,160,099 shares issued and outstanding, respectively, as of June 30, 2023 and 5,966,077 and 5,956,147 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	202,069	147,514
Series D cumulative redeemable preferred stock, \$0.001 par value; 26,991,590 shares authorized; 56,857 and 48,447 shares issued and outstanding, respectively, as of June 30, 2023 and 56,857 and 48,857 shares issued and outstanding, respectively, as of December 31, 2022; liquidation preference of \$25.00 per share, subject to adjustment	1,190	1,200
Common stock, \$0.001 par value; 900,000,000 shares authorized; 22,737,853 shares issued and outstanding as of June 30, 2023 and 22,737,853 shares issued and outstanding as of December 31, 2022.	23	23
Additional paid-in capital	856,235	861,721
Distributions in excess of earnings	<u>(878,854)</u>	<u>(837,846)</u>
Total stockholders' equity	377,574	361,660
Noncontrolling interests	3,748	373
Total equity	<u>381,322</u>	<u>362,033</u>
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY	<u>\$ 919,695</u>	<u>\$ 690,248</u>

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
REVENUES:				
Rental and other property income	\$ 18,052	\$ 14,194	\$ 32,938	\$ 28,290
Hotel income	11,182	9,107	22,105	16,511
Interest and other income	3,526	3,102	6,629	6,384
Total Revenues	<u>32,760</u>	<u>26,403</u>	<u>61,672</u>	<u>51,185</u>
EXPENSES:				
Rental and other property operating	16,979	12,731	32,204	24,223
Asset management and other fees to related parties	627	920	1,347	1,841
Expense reimbursements to related parties—corporate	677	526	1,205	948
Expense reimbursements to related parties—lending segment	910	604	1,518	1,073
Interest	8,709	2,403	14,945	4,573
General and administrative	1,684	1,253	3,609	3,068
Transaction-related costs	—	—	3,360	—
Depreciation and amortization	20,472	4,974	29,974	9,978
Total Expenses	<u>50,058</u>	<u>23,411</u>	<u>88,162</u>	<u>45,704</u>
(Loss) income from unconsolidated entities	(904)	260	(136)	380
Gain on sale of real estate	—	—	1,104	—
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES	<u>(18,202)</u>	<u>3,252</u>	<u>(25,522)</u>	<u>5,861</u>
Provision for income taxes	159	321	415	628
NET (LOSS) INCOME	<u>(18,361)</u>	<u>2,931</u>	<u>(25,937)</u>	<u>5,233</u>
Net loss (income) attributable to noncontrolling interests	1,002	(9)	1,627	(14)
NET (LOSS) INCOME ATTRIBUTABLE TO THE COMPANY	<u>(17,359)</u>	<u>2,922</u>	<u>(24,310)</u>	<u>5,219</u>
Redeemable preferred stock dividends declared or accumulated	(6,141)	(5,161)	(11,532)	(10,179)
Redeemable preferred stock deemed dividends	—	(4)	—	(19)
Redeemable preferred stock redemptions	<u>(315)</u>	<u>(106)</u>	<u>(688)</u>	<u>(181)</u>

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (23,815)	\$ (2,349)	\$ (36,530)	\$ (5,160)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS PER SHARE:				
Basic	\$ (1.05)	\$ (0.10)	\$ (1.61)	\$ (0.22)
Diluted	\$ (1.05)	\$ (0.10)	\$ (1.61)	\$ (0.22)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic	22,707	23,353	22,707	23,351
Diluted	22,707	23,353	22,707	23,351

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES
Funds from Operations
(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to common stockholders	\$ (23,815)	\$ (2,349)	\$ (36,530)	\$ (5,160)
Depreciation and amortization	20,472	4,974	29,974	9,978
Noncontrolling interests' proportionate share of depreciation and amortization	(883)	—	(1,360)	—
Gain on sale of real estate	—	—	(1,104)	—
FFO attributable to common stockholders	\$ (4,226)	\$ 2,625	\$ (9,020)	\$ 4,818
Redeemable preferred stock dividends declared on dilutive shares (a)	—	2,294	—	11
Diluted FFO attributable to common stockholders	\$ (4,226)	\$ 4,919	\$ (9,020)	\$ 4,829
Denominator:				
Basic weighted average shares of common stock outstanding	22,707	23,353	22,707	23,351
Effect of dilutive securities—contingently issuable shares (a)	2	21,255	2	70
Diluted weighted average shares and common stock equivalents outstanding	22,709	44,608	22,709	23,421
FFO attributable to common stockholders per share:				
Basic	\$ (0.19)	\$ 0.11	\$ (0.40)	\$ 0.21
Diluted	\$ (0.19)	\$ 0.11	\$ (0.40)	\$ 0.21

(a) For the three and six months ended June 30, 2023 and 2022, the effect of certain shares of redeemable preferred stock were excluded from the computation of diluted FFO attributable to common stockholders and the diluted weighted average shares and common stock equivalents outstanding as such inclusion would be anti-dilutive.

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES
Core Funds from Operations
(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to common stockholders	\$ (23,815)	\$ (2,349)	\$ (36,530)	\$ (5,160)
Depreciation and amortization	20,472	4,974	29,974	9,978
Noncontrolling interests' proportionate share of depreciation and amortization	(883)	—	(1,360)	—
Gain on sale of real estate	—	—	(1,104)	—
FFO attributable to common stockholders	\$ (4,226)	\$ 2,625	\$ (9,020)	\$ 4,818
Redeemable preferred stock redemptions	315	106	688	181
Redeemable preferred stock deemed dividends	—	4	—	19
Transaction-related costs	—	—	3,360	—
Noncontrolling interests' proportionate share of transaction-related costs	—	—	(194)	—
Core FFO attributable to common stockholders	\$ (3,911)	\$ 2,735	\$ (5,166)	\$ 5,018
Redeemable preferred stock dividends declared on dilutive shares (a)	—	2,312	—	1,823
Diluted Core FFO attributable to common stockholders	\$ (3,911)	\$ 5,047	\$ (5,166)	\$ 6,841
Denominator:				
Basic weighted average shares of common stock outstanding	22,707	23,353	22,707	23,351
Effect of dilutive securities—contingently issuable shares (a)	2	21,410	2	8,699
Diluted weighted average shares and common stock equivalents outstanding	22,709	44,763	22,709	32,050
Core FFO attributable to common stockholders per share:				

Basic	\$ (0.17)	\$ 0.12	\$ (0.23)	\$ 0.21
Diluted	\$ (0.17)	\$ 0.11	\$ (0.23)	\$ 0.21

(a) For the three and six months ended June 30, 2023 and 2022, the effect of certain shares of redeemable preferred stock were excluded from the computation of diluted Core FFO attributable to common stockholders and the diluted weighted average shares and common stock equivalents outstanding as such inclusion would be anti-dilutive.

CREATIVE MEDIA & COMMUNITY TRUST CORPORATION AND SUBSIDIARIES
Reconciliation of Net Operating Income
(Unaudited and in thousands)

	Three Months Ended June 30, 2023						Total
	Same-Store Office	Non-Same- Store Office	Total Office	Hotel	Multi- family	Lending	
Cash net operating income excluding lease termination income	\$ 7,699	\$ (570)	\$ 7,129	\$ 4,114	\$ 585	\$ 524	\$ 12,352
Cash lease termination income	—	—	—	—	28	—	28
Cash net operating income (loss)	7,699	(570)	7,129	4,114	613	524	12,380
Deferred rent and amortization of intangible assets, liabilities, and lease inducements	(290)	—	(290)	(1)	(91)	—	(382)
Segment net operating income (loss)	\$ 7,409	\$ (570)	\$ 6,839	\$ 4,113	\$ 522	\$ 524	\$ 11,998
Asset management and other fees to related parties							(627)
Expense reimbursements to related parties—corporate							(677)
Interest expense							(7,394)
General and administrative							(1,106)
Transaction-related costs							—
Depreciation and amortization							(20,472)
Gain on sale of real estate							—
Loss before provision for income taxes							(18,202)
Provision for income taxes							(159)
Net loss							(18,361)
Net loss attributable to noncontrolling interests							1,002
Net loss attributable to the Company							<u>\$ (17,359)</u>

	Three Months Ended June 30, 2022						Total
	Same-Store Office	Non-Same- Store Office	Total Office	Hotel	Multi- family	Lending	
Cash net operating income excluding lease termination income	\$ 7,480	\$ (96)	\$ 7,384	\$ 3,249	\$ —	\$ 1,689	\$ 12,322
Cash lease termination income	—	—	—	—	—	—	—
Cash net operating income	7,480	(96)	7,384	3,249	—	1,689	12,322
Deferred rent and amortization of intangible assets, liabilities, and lease inducements	289	227	516	(2)	—	—	514
Segment net operating income (loss)	\$ 7,769	\$ 131	\$ 7,900	\$ 3,247	\$ —	\$ 1,689	\$ 12,836
Asset management and other fees to related parties							(920)
Expense reimbursements to related parties—corporate							(526)
Interest expense							(2,284)
General and administrative							(880)
Depreciation and amortization							(4,974)
Income before provision for income taxes							3,252
Provision for income taxes							(321)
Net income							2,931
Net income attributable to noncontrolling interests							(9)
Net income attributable to the Company							<u>\$ 2,922</u>

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Source: Creative Media & Community Trust Corporation