



ACRES Commercial Realty Corp.

Investor Presentation

August 2021

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 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020 and those factors that may be contained in any subsequent filing we make with the Securities and Exchange Commission.

Forward Looking Statements (continued)



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. 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.

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.

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.

Unless otherwise indicated, information included in this presentation is as of or for the period ended June 30, 2021.

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.

Presenters



Andrew Fentress



**Chairman of the
Board**

Mark Fogel



**Chief Executive
Officer & President**

Highlights



1

ACR Overview

2

Manager Overview

3

Best-in-Class Investment Portfolio

4

Conservative Liability Management



ACR Overview

ACR Overview



**Best In Class
CRE Portfolio**

\$1.6bn

Investment Portfolio

99%

Senior Loans

76%

Multifamily &
Office

\$18mm

Average Loan
Size

98%

Loans Current on
Debt Service

Conservative Balance Sheet

\$2.4bn

Financing Capacity

94%

Non-Recourse, Non-Mark-to-Market
CLO Financings¹

\$243.1mm

Current Liquidity²

**Fully Integrated with ACRES
Capital**

25 years

Average Lending Experience
of Founders

\$3.0bn

Assets Under Management³

49

Professionals

Portfolio of primarily senior loans
secured by multifamily & office
properties with focus on middle
market CRE lending

Conservative liability management
focused on diversified non-mark-
to-market financing capacity

Integrated culture with targeted
approach to underwriting loans,
offering sponsors a one-stop-
solution for financing needs

1. Percentage of asset specific financings
2. Includes unrestricted cash, CRE term facility and senior secured financing facility unfinanced proceeds, senior unsecured notes availability; net of working capital reserve
3. As of June 30, 2021, ACRES manages and services \$3.0 billion of gross loan commitments and REO properties, which is not calculated using the same definition or calculation of Regulatory Assets Under Management for purposes of the Firm's Form ADV filed with the Securities & Exchange Commission as it includes ACRES' proprietary balance sheet capital. The AUM figure includes estimated managed assets of ACRES Commercial Realty Corp.

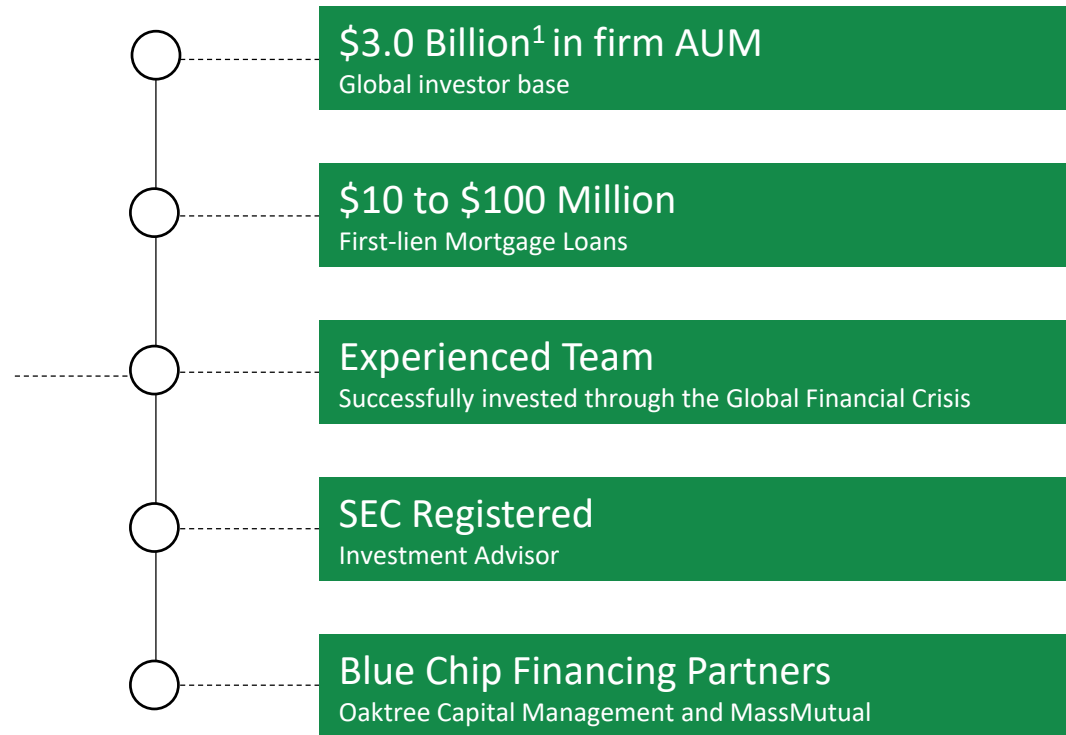


Manager Overview

ACRES Overview

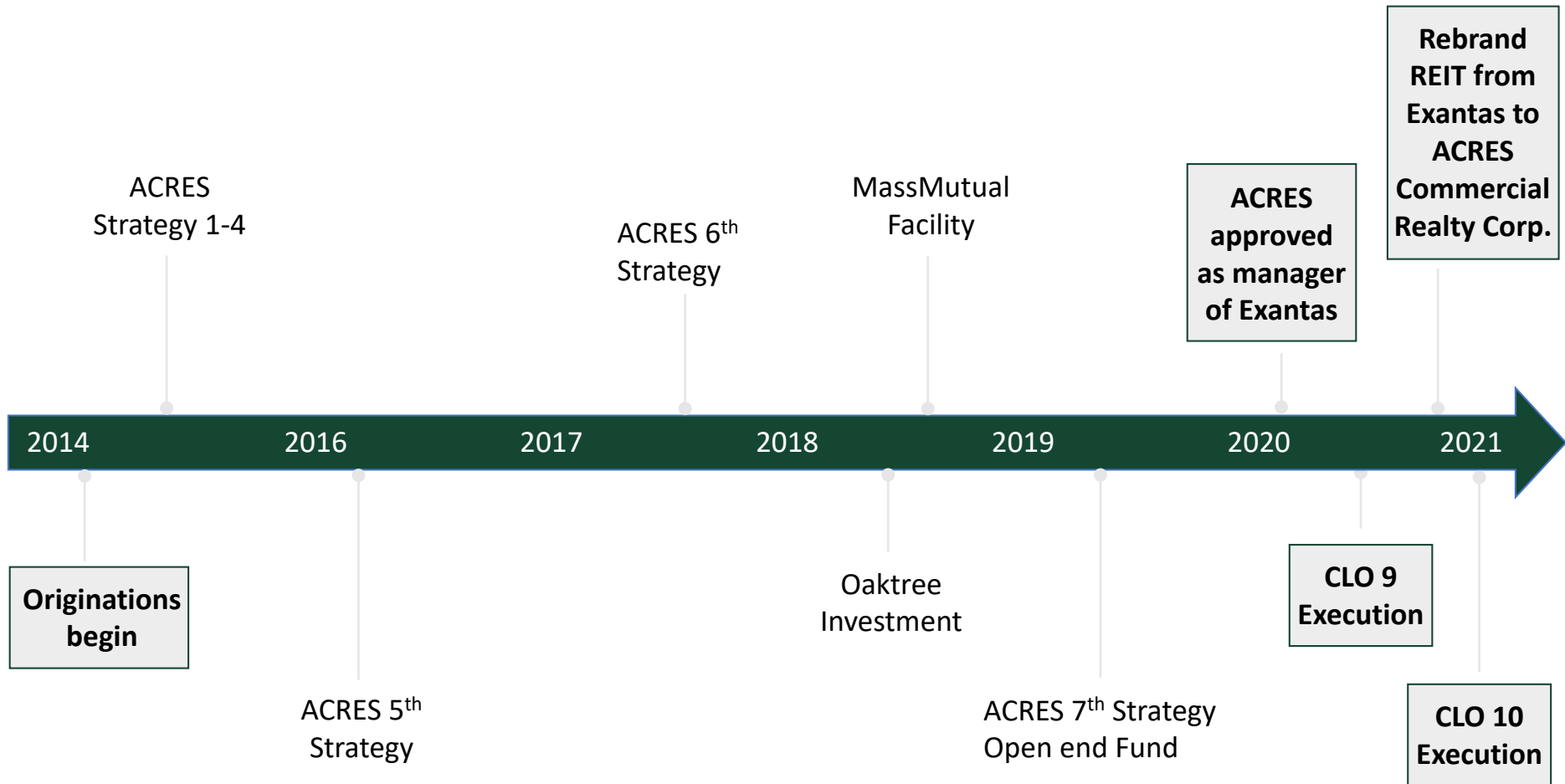


ACRES Capital is a private commercial real estate lender that provides financing solutions nationwide



1. As of June 30, 2021, ACRES manages and services \$3.0 billion of gross loan commitments and REO properties, which is not calculated using the same definition or calculation of Regulatory Assets Under Management for purposes of the Firm's Form ADV filed with the Securities & Exchange Commission as it includes ACRES' proprietary balance sheet capital. The AUM figure includes estimated managed assets of ACRES Commercial Realty Corp.

Evolution of Manager of ACRES



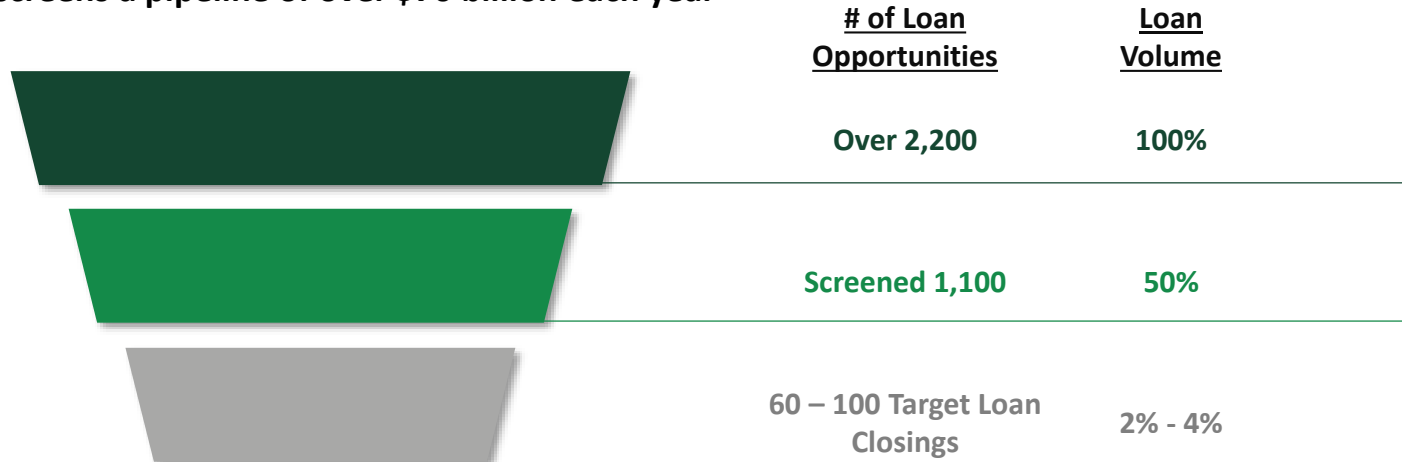
ACRES Investment Philosophy



Investment Process & Market Opportunity



ACRES screens a pipeline of over \$70 billion each year¹



Market Opportunity

- U.S. CRE market representing approx. 40% of GDP
- The large market provides significant opportunity set, especially as it remains highly fragmented
- U.S. mortgage industry has undergone substantial change since the global financial crisis as traditional banks reduced lending in efforts to de-leverage
- Speed, certainty of close and non-recourse provide an edge to ACRES, in its view
- ACRES believes the market cycle has turned as a result of the COVID-19 pandemic
- Current market dislocation presents an opportunity set similar to the global financial crisis through which ACRES' senior team members successfully invested
- ACRES is well positioned to invest in current market due to reduced competition, increased spreads and lower LTVs
- ACRES is dedicated to nationwide CRE bridge lending and has capacity to close loans today

1. As of December 31, 2020. Based on historical data compiled from ACRES internal pipeline in a typical year.

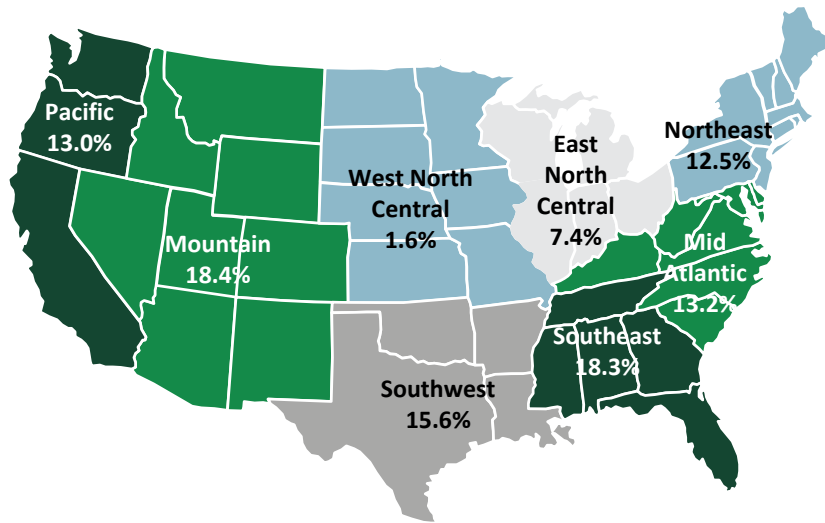


Best-in-Class Investment Portfolio

CRE Loan Portfolio



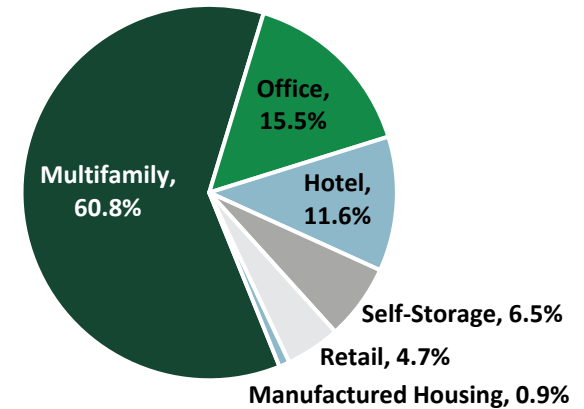
Balance by Region¹



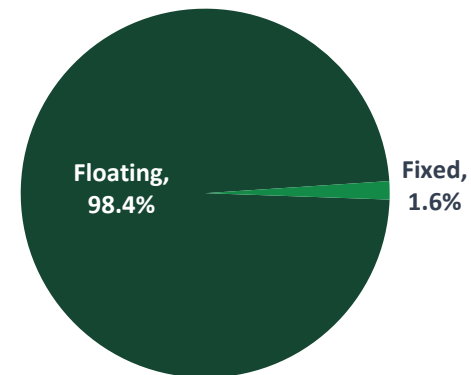
Top State Concentration Metrics:

- Texas: 15.6%
- Florida: 12.6%
- New York: 9.9%
- California: 8.4%
- Arizona: 8.1%

Property Type¹



Interest Rate Type¹



1. At June 30, 2021; \$1.6 billion at carrying value

CRE Loan Portfolio Overview



- **All floating-rate loans except 1 have LIBOR floors** in excess of the current LIBOR rate on a weighted average basis

\$ in Millions	Jun. 30, 2021 (88 loans)
CRE whole loans and other, floating-rate ¹	\$1,559
CRE mezzanine loan	5
Total loans held for investment amortized cost	\$1,564
Allowance for credit losses	(18)
Total loans held for investment carrying value	\$1,546
Weighted Averages	
CRE whole loan, floating-rate coupon rate ¹	1M L + 3.78%
1M LIBOR Floor ^{1,2}	1.31%
CRE mezzanine loan investment fixed coupon rate	10.00%
Total CRE loan portfolio LTV	71%

- Includes one legacy CRE loan reported at its amortized cost of \$11.5 million at June 30, 2021 classified as a CRE loan on the consolidated balance sheet that entered technical default in June 2020. The Company intends to hold this loan until payoff. Also includes one \$21 million loan that earns a fixed rate of interest of 5.75% from June 2021 through December 2021 in connection with a modification. The loan's interest rate is excluded from the calculations of the weighted average CRE whole loan, floating rate and 1M LIBOR floor at June 30, 2021.
- Excludes one new CRE floating-rate whole loan without a 1M LIBOR floor that was originated in April 2021 with a principal balance of \$43.4 million.

Deployment Progress



CRE Loan Production, at Par	
\$ in Millions	2 nd Quarter 2021
New CRE floating-rate loan commitments	\$470.2
Sales, payoffs and paydowns ¹	(353.2)
Future fundings	6.5
New unfunded loan commitments	(39.0)
Net CRE loans funded	\$84.5
New CRE loans:	
Weighted average LTV ²	70%
Weighted average coupon	1M L + 3.81%
Weighted average LIBOR floor	0.22%

Highlights

- ACR originated 18 CRE whole loans during the 2nd quarter of 2021

Collateral Type:

- 14 of the 18 CRE whole loans are collateralized by multifamily properties
- Two of the loans are collateralized by a hotel property
- Another loan is collateralized by an office property and the final loan is collateralized by a self-storage property

1. Excludes legacy CRE loans

2. 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

Production, Payoff and Paydown Detail



New Loan Production	W. Avg. Coupon Rate	Commitments
Multifamily (14 Loans)	1M L + 3.47%	\$401.3
Hotel (2 Loans)	1M L + 6.30%	\$35.6
Office (1 Loan)	1M L + 5.00%	\$25.0
Self-Storage (1 Loan)	1M L + 5.25%	\$8.3
W. Avg./Total	1M L + 3.81%	\$470.2

Loan Payoffs & Paydowns	W. Avg. Months on Balance Sheet	W. Avg. Flt. Coupon Rate ¹	Payoffs & Paydowns
Multifamily (13 Loans)	26	1M L + 2.94%	\$255.1
Hotel (2 Loans)	48	1M L + 5.35%	\$46.2
Manufactured Housing (4 Loans)	32	1M L + 4.39%	\$31.5
Industrial (1 Loan)	44	1M L + 6.50%	\$11.8
Office (1 Loan)	23	1M L + 3.75%	\$5.3
Self-Storage (1 Loan)	24	1M L + 4.00%	\$2.8
Partial Paydowns (Various)			\$0.5
W. Avg/Total	30 mths.	1M L² + 3.56%	\$353.2

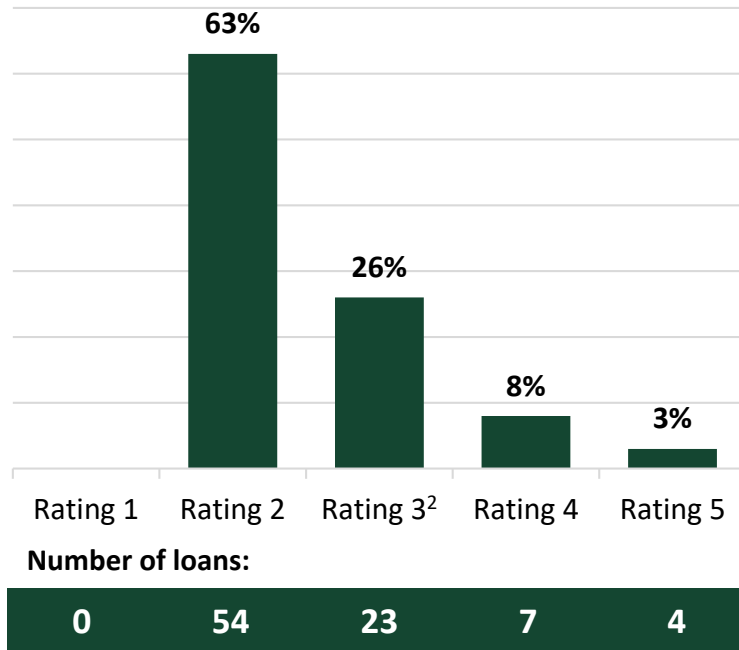
1. Multifamily loan payoffs exclude the 11.75% fixed coupon rate on a preferred equity investment that paid off in April 2021.
2. The total weighted average 1M LIBOR floor on the floating-rate loan payoffs was 1.84%.

CRE Loan Portfolio Risk Ratings

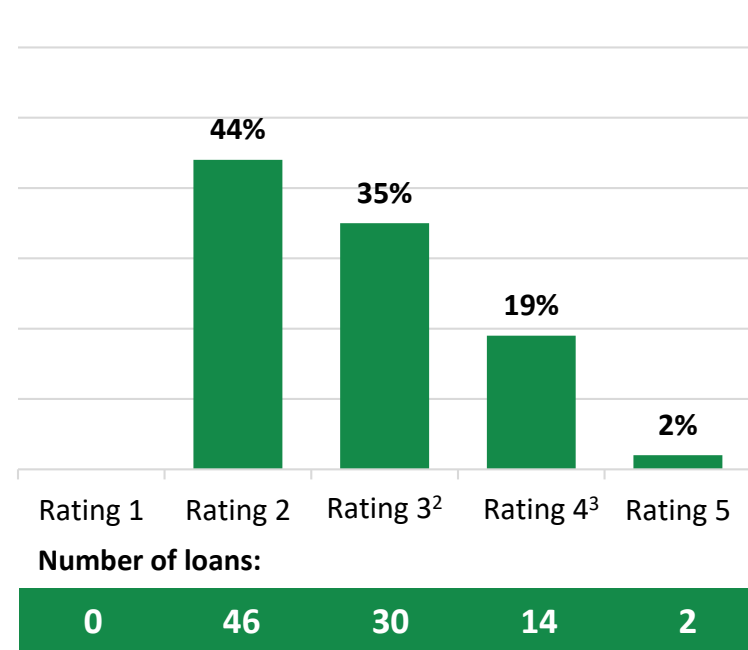


- **89%** of ACR's loans have a risk rating of 2 or 3 that are performing in line or near underwritten expectations
- **All but two** of ACR's 88 CRE loans are current on contractual payments through June 2021

Percentage of Principal at June 30, 2021



Percentage of Principal at March 31, 2020



1. Percentages are calculated based on total principal, or \$1.6 billion, at June 30, 2021.
2. Includes one mezzanine loan, 0.3% of total principal, risk rated a 3 at June 30, 2021 and March 31, 2021.
3. Includes one preferred equity investment, 1.4% of total principal, risk rated a 4 at March 31, 2021. The preferred equity investment paid off in April 2021.



Conservative
Liability Management

Summary Capitalization



- **\$1.0 billion** of availability on its term warehouse, senior financing facilities and senior unsecured notes
- Low net recourse debt to book equity plus preferred of 0.5x and total net debt to book equity plus preferred of 2.8x¹

\$ in Millions	Capitalization at June 30, 2021			
	Maximum Capacity	Amount	Availability	Wghtd. Avg. Coupon
Term warehouse financing facilities	\$750.0	\$62.6	\$687.0	2.59%
Senior secured financing facility ^{2,3}	250.0	0.6	245.6	5.75%
Senior unsecured notes ⁴	125.0	46.6	75.0	12.00%
Convertible senior notes ⁵	139.2	139.2	-	4.50%
Trust preferred sec.	51.5	51.5	-	3M L + 3.95%
Total recourse debt²	\$1,315.7	\$300.5	\$1,007.6	
Securitizations ²	1,044.9	1,044.9	-	BR + 1.94%
Total leverage	\$2,360.6	\$1,345.4	\$1,007.6	
Preferred equity ⁵		226.8		8.26%
Common equity		226.2		
Total capitalization		\$1,798.4		3.52% WACC

1. Calculated as borrowings less cash and cash equivalents divided by equity

2. Borrowings included as recourse debt are guaranteed by ACR while CRE securitizations have no recourse against the Company

3. The facility has an initial two-year revolving period followed by a five-year term that matures July 31, 2027 and charges interest at 5.75%

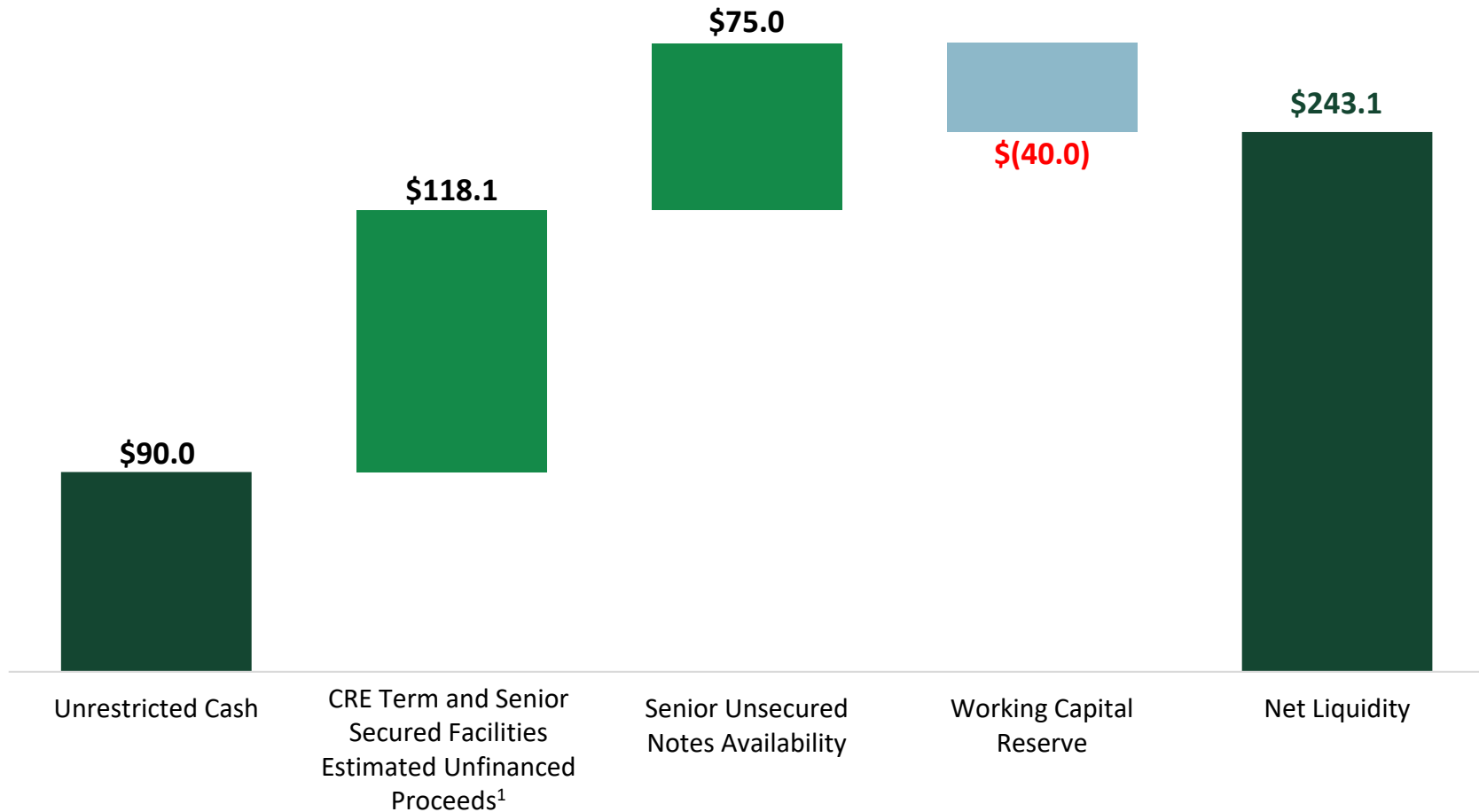
4. The outstanding senior unsecured notes charge interest at 12.00%, of which 3.25% may be paid-in-kind, and mature on July 31, 2027. ACR issued warrants to purchase 466,661 shares of its common stock at an exercise price of \$0.03 per share in connection with the issuance of the \$50 million of unsecured notes to MassMutual and Oaktree, in the aggregate.

5. Face amount of convertible senior notes and preferred equity are \$143.8 million and \$235.0 million, respectively.

Liquidity at July 31, 2021



(\$ in Millions)



1. 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.



Conclusion



1

ACR Overview:

- Conservative and growing middle market, light-transitional, senior loan portfolio

2

Manager Overview:

- Experienced management team with intensive asset management acumen focused on growing middle market senior loan portfolio
- ACRES Capital has successfully grown its platform to \$3.0bn in AUM with blue chip financing partners

3

Best-in-Class Investment Portfolio:

- 99% senior loans with 76% of portfolio collateralized by multifamily or office properties

4

Conservative Liability Management

- Match funded leverage
- 0.5x net recourse debt to book equity plus preferred
- 2.8x total net debt to book equity plus preferred¹
- Tax asset to retain \$50+ million of earnings increasing REIT book equity subordination by 20%+

1. Calculated as borrowings less cash and cash equivalents divided by equity



Appendix

ACRES Team Organization



Marty Reasoner*
Managing Partner
ACRES Capital



Mark Fogel*
CEO/President, ACRES Capital
President, ACRES Commercial Realty



Andrew Fentress*
Managing Partner, ACRES Capital
Chairman, ACRES Commercial Realty

Originations & Business Development

Credit / Underwriting / Asset Management

Legal & Finance

Operations

Lynne Viccaro
Chief Marketing Officer

Michael Pierro*
Managing Director
Chief Credit Officer

Greg Hayes*
Managing Director
Head of Asset Management

Jaclyn Jesberger*
General Counsel

Richard Persaud
Chief Financial Officer

David Bryant*
Chief Financial Officer, REIT

Kyle Brengel
Chief Operating Officer

Jenna Freed
Chief Human Resources Officer

Maya Martins
Sr. Associate
Marketing

Chris Hetzel
Managing Director
Origination
West Coast

Ellison Quijano
Director
Underwriting

Peter Michelis
Adviser
Development

George Alisandratos
Director
Asset Management

Guy Milone
Adviser
Special Servicing

Joseph Cancellieri
Director
Finance

Linda Kilpatrick
Director
Controller
Finance

Eldron Blackwell
CAO
Finance

Kunal Kataria
Vice President
Capital Markets

Emily Asip
Associate
Administration

James Bracco
Director
Screening /
Underwriting

Ryan Stephens
Director
Underwriting

Tom Russo
Vice President
Asset Management

TJ Santalesa
Vice President
Asset Management

Julie Wilson
Managing Director
Asst. Gen Counsel
Legal

Matt Landau
Vice President
Finance

Jason Bodine
Director
Finance

Kevin Godshalk
Vice President
Finance

Justin Seitenbach
Director
Underwriting

Drew Miller
Director
Origination /
Screening

Joey Atiba
Vice President
Asset Management

Beth Simonson
Director
Asset Management
Servicing

Eric Hwang
Vice President
Legal / Compliance

Ismeni Moshopoulos
Vice President
Finance

Rebecca O'Neill
Vice President
Finance

Eugene Moore
Sr. Associate
Finance

Orna Couture
Director
Perm Lending

Brandon Greenberg
Vice President
Underwriting

Josh Ariola
Sr. Associate
Asset
Management

Jesse Comak
Sr. Associate
Asset
Management

James Reiser
Associate
Legal

Ryan Turner
Associate
Finance

Megan Coleman
Sr. Associate
Finance

Ross Holder
Senior Associate
Origination /
Screening

Tom Provenzano
Analyst
Asset Management

Matt Hiller
Analyst
Asset Management

Zachary Hammett
Associate
Finance

* Investment committee member