

Granite Point Mortgage Trust
Q3 2025 Earnings Call
November 6, 2025

Presenters

Jack Taylor - President, CEO & Director

Steve Alpart - Chief Investment Officer & Co-Head of Originations

Blake Johnson – Chief Financial Officer

Chris Petta - Investor Relations Officer

Operator

Good morning. My name is Alicia and I'll be your conference facilitator. At this time, I'd like to welcome everyone to Granite Point Mortgage Trust's Third Quarter 2025 Financial Results Conference Call. All participants will be on a listen only mode. After the speakers' remarks, there will be a question-and-answer period. Please note today's call is being recorded.

I would now like to turn the call over to Chris Petta with Investor Relations for Granite Point. Please proceed.

Chris Petta

Thank you, and good morning, everyone. Thank you for joining our call to discuss Granite Point's third quarter 2025 financial results. With me on the call this morning are Jack Taylor, our President and Chief Executive Officer, Steve Alpart, our Chief Investment Officer and Co-Head of Originations, Blake Johnson, our Chief Financial Officer, Peter Morral, our Chief Development Officer and Co-head of Originations, and Ethan Lebowitz, our Chief Operating Officer. After my introductory comments, Jack will provide a brief recap of market conditions and review our current business activities, Steve will discuss our portfolio, and Blake will highlight key items from our financial results.

The press release, financial tables and earnings supplemental associated with today's call were filed yesterday with the SEC and are available in the Investor Relations section of our website, along with our Form 10-Q. I would like to remind you that remarks made by management during this call and the supporting slides may include forward-looking statements, which are uncertain and outside of the company's control. Forward-looking statements reflect our views regarding future events and are subject to uncertainties that could cause actual results to differ materially from expectations.

Please see our filings with the SEC for a discussion of some of the risks that could affect results. We do not undertake any obligation to update any forward-looking statements. We also refer to certain non-GAAP measures on this call. This information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance to GAAP. A

reconciliation of these non-GAAP financial measures to the most comparable GAAP measures can be found in our earnings release and slides, which are available on our website.

I'll now turn the call over to Jack.

Jack Taylor

Thank you, Chris, and good morning, everyone. We would like to welcome you and thank you for joining us for Granite Point's Third Quarter 2025 Earnings Call.

Investor sentiment continued to improve through the third quarter with more participants gaining confidence to deploy debt and equity capital into the recovering commercial real estate market against a backdrop of improving fundamentals and a general decline in new supply. Lender activity has been mostly for refinancings, and there has also been a pickup in acquisition financings, in line with the gradually increasing number of sales transactions. The greater liquidity in the market is reflected across multiple segments, including a robust CMBS market in particular, the single-asset single borrower segment increased lending activity by larger commercial banks, both for their direct lending and notably for warehouse financing and a growing appetite from life insurance companies. While the reliquefaction of the commercial real estate market is underway, it remains uneven and bifurcated. The middle market loan segment is compelling for certain and favored property types such as multifamily and industrial properties and more challenging for some other property sectors with regional and smaller banks still not providing significant liquidity. Even though there is a large wall of maturities creating an attractive opportunity set going forward, there is not enough supply of actionable deals yet, which is a key factor contributing to the spread tightening we've seen this year.

We have continued to make progress in 2025 with ongoing asset resolutions and reducing our higher cost debt, which has helped reduce the risk of our portfolio and improve our net interest spread. As previously reported, during the quarter, the Louisville student housing loan was resolved at over \$3 million above our carrying value. The office portion of the risk rated 5 office and retail property located in Chicago was sold, which resulted in a net \$3.4 million partial paydown of our loan. As a result, that loan is now classified as 100% retail. With respect to our REO assets, we continue to reposition these two properties and are investing capital where we believe it will maximize our outcome, and we'll then seek to exit and extract capital.

During the quarter, our risk ratings were stable with the one, 5 loan resolution being partially offset by a hotel loan being downgraded from 4 to 5. And over the past year, we have improved our weighted average risk rating from 3.1 to 2.8 and meaningfully reduced the number of 5-rated loans and the balance by some two-thirds.

Turning to originations, as we said last quarter, we expect to begin to regrow our portfolio in 2026. As we sit here today, we expect to start that process in mid-2026. The estimated timing and pace of originations is being affected by a slower-than-anticipated set of repayments, resolutions and REO repositionings. We continue to be focused on loan repayments and asset

resolutions, and our origination activity will be partially fueled by the release of capital from our existing loan portfolio and REO. Also, we continuously evaluate the various paths for all assets in our portfolio in order to maximize outcomes. In certain situations, the best path may be investing additional capital or adjusting the timing of when we ultimately realize a resolution. Investing additional capital, for example, may be related to good news leasing and/or capital improvements on the REO properties. We're making subordinate capital investments such as preferred equity in the loan portfolio. While the timing and volume is uncertain and may change because of market conditions and idiosyncratic factors, repatriating this embedded capital in our portfolio and recycling it into high earning assets remains one of our highest priorities. We will update as we have new information.

Also, during the quarter, we reduced the balance of our higher-cost secured credit facility by \$7.5 million and extended the maturity to December 2026, and reduced the financing spread by 75 basis points. During the fourth quarter, we expect to further reduce the secured credit facility by an additional \$7.5 million for a total of \$15 million for 2025, which would result in an improvement to earnings of \$0.03 per common share on an annual basis.

I would now like to turn the call over to Steve Alpart to discuss our portfolio activities in more detail.

Steve Alpart

Thank you, Jack, and thank you all for joining our third quarter earnings call.

We ended the third quarter with \$1.8 billion in total loan portfolio commitments and \$1.7 billion in outstanding principal balance with about \$76 million of future fundings, which accounts for only about 4% of total commitments. Our loan portfolio remains well diversified across regions and property types and includes 44 investments with an average UPB of about \$39 million and a weighted average stabilized LTV of 65% at origination. As of September 30, our portfolio weighted average risk rating held steady at 2.8. The realized loan portfolio yield for the third quarter was 7.5%, which excluding nonaccrual loans, would be 8.4% or 0.9% higher. The prior quarter realized loan portfolio yield was 7.1%, and excluding nonaccrual loans, was 8.2% or 1.1% higher for that quarter. The improvement in our overall loan yield of about 40 basis points is due to the reduced proportion of nonaccrual loans in the portfolio.

We had an active third quarter of loan repayments, partial paydowns and resolutions totaling about \$121 million, including the repayment in full of an office loan where we previously provided staple financing and a loan secured by a quality event and entertainment venue in New York City. Also, during the quarter, we funded about \$12 million on existing loan commitments, resulting in a net loan portfolio reduction of about \$110 million. As previously disclosed, during the third quarter, we resolved the \$50 million loan secured by the student housing property in Louisville, Kentucky via a property sale, resulting in a realized write-off of about \$19 million which was previously reserved for through the recorded allowance for credit losses and recognized a GAAP benefit from provision for credit losses of \$3 million.

We'd now like to provide some color on the risk rated 5 loans. At September 30, we had three such loans with a total UPB of about \$196 million. At quarter end, we downgraded a \$27 million loan collateralized by a hotel and fully leased retail pad in Tempe, Arizona from a risk rating of 4 to a rating of 5. The property had been under contract with a hard deposit at a price well in excess of our loan amount. However, that sale is now on hold, and in combination with the property's performance, we felt it was prudent to change this rating.

During the third quarter, we had a partial resolution related to the \$79 million Chicago office loan with the sale of the upper floor office space while retaining the ground floor retail. Working with our borrower and the new buyer, the zoning change of the upper floors to residential use was approved by the city of Chicago after a lengthy process. The sale resulted in net proceeds of \$3.4 million, which we used to pay down the loan to about \$76 million. Since the pandemic, the bulk of the value has been in the retail component, and now with the sale of the upper floor office space, our remaining collateral is the ground floor retail on the Magnificent Mile. As a result of the office sale, the story is less complicated for potential buyers as we proceed towards the ultimate resolution, which should occur over the next few quarters. Following this sale, the loan was reclassified from office to retail. Regarding the \$93 million Minneapolis office loan, as previously disclosed, we anticipate a longer resolution timeline, given the persistent local market challenges. We are seeing the beginnings of the long-awaited return to office mandates in Minneapolis. While it seems premature to call this a recovery, the trends are slowly moving in the right direction. Resolving these remaining 5 rated loans remains a top priority.

Turning to the REO assets, we continue to have positive leasing successes at the suburban Boston property and remain actively engaged with our partner in the local jurisdiction and other third parties on several value-enhancing repositioning opportunities. We continue to invest capital into this property to maximize the outcome. The Miami Beach office property is a Class A asset located in a strong submarket. We are having positive leasing discussions with a variety of existing and new tenants will prudently invest in the property and continue to review resolution alternatives.

As we said in prior quarters, our plan for 2025 has been to remain focused on loan and REO resolutions and maintaining higher levels of liquidity. As a result, we expect that our portfolio balance will trend lower in the near term, most likely through the first half of 2026. At that point, we expect to return to our core lending business and restart our origination efforts and take advantage of attractive investment opportunities and begin to regrow our portfolio.

I will now turn the call over to Blake to discuss our financial results.

Blake Johnson

Thank you, Steve. Good morning, everyone, and thank you for joining us today.

Turning to our financial results, for the third quarter, we reported a GAAP net loss attributable to common stockholders of \$0.6 million, or negative \$0.01 per basic common share, which includes a benefit from credit losses of \$1.6 million, or positive \$0.03 per basic common share, mainly from a decrease in our general reserve due to a more favorable macroeconomic forecast in our CECL model relative to the prior quarter, partially offset by a net increase in our specific reserve on our collateral dependent loans. Distributable loss for the quarter was \$18.9 million, or negative \$0.40 per basic common share, including write-offs of \$19.8 million, or \$0.42 per basic common share, which were previously reserved for. The write-offs were primarily related to the one nonaccrual loan resolution that Steve discussed earlier. Our book value as of September 30, was \$7.94 per common share, a decline of \$0.05 per share from Q2.

Our aggregate CECL reserve at September 30, was about \$134 million as compared to \$155 million last quarter. The \$21 million decline in our CECL reserve was driven by \$19.8 million of write-offs largely related to the one resolution and the benefit from credit losses of \$1.6 million. Approximately 65% of our total allowance, or about \$86 million, was allocated to individually assessed loans. As of quarter end, we had about \$196 million of principal balance on three loans on nonaccrual status with specific CECL reserves of \$86 million, representing 44% of the unpaid principal balance. We believe we are appropriately reserved for and further resolutions should meaningfully reduce our total CECL reserve balance.

Turning to liquidity and capitalization, we ended the quarter with about \$63 million of unrestricted cash, and our total leverage decreased slightly relative to the prior quarter from 2.1x to 1.9x. As of a few days ago, we carried about \$80 million in cash. Our funding mix remains well diversified and stable, and we continue to have very constructive relationships with our financing counterparties as evidenced by the extension of our secured credit facility during the third quarter. We expect to expand our financing capacity once we return to originating new loans.

I will now ask the operator to open the line for questions.

Operator

Thank you. We will now begin a question and answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participant using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions.

There being no questions at this time, I'd like to pass the call to Jack.

Jack Taylor

Well, thank you for joining us today, and we're diligently proceeding on our plans to resolve the assets and positioning for a regrowth in 2026. We appreciate the efforts of our whole team and for your time and attention today. Thank you very much.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.