



Earnings Presentation
First Quarter 2020

AT A GLANCE: BROADMARK REALTY CAPITAL

Key Facts

2010

Broadmark
Founded

\$0

Debt
Outstanding⁽²⁾

8.7%

Dividend
Yield⁽¹⁾

**\$2.4
billion**

Originations
Since
Formation⁽²⁾

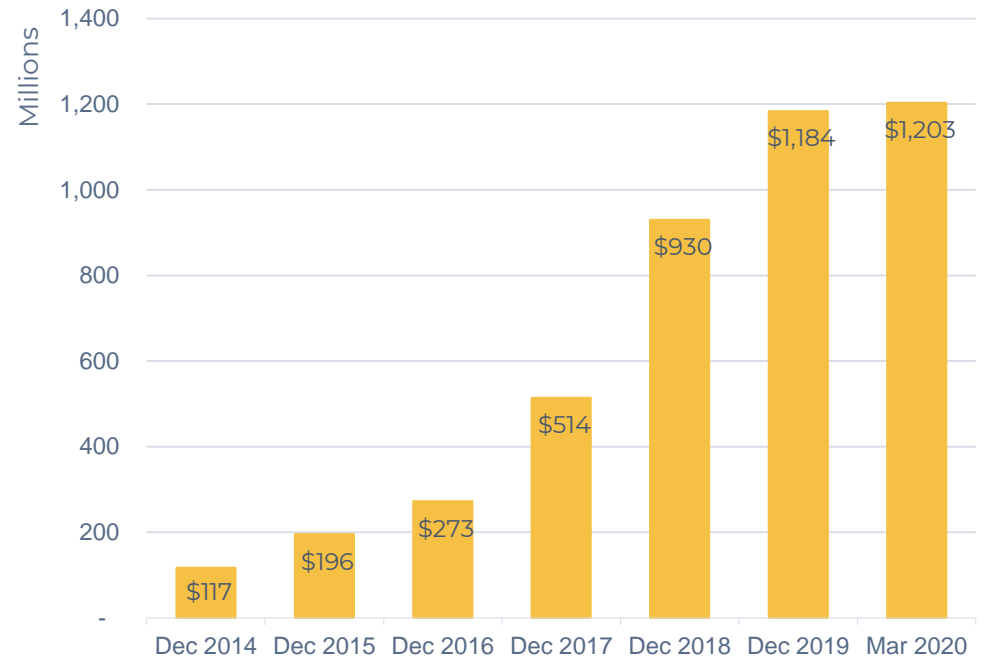
60.4%

Weighted
Average LTV⁽²⁾

218

Active Loans
in Thirteen
States and
D.C.⁽²⁾

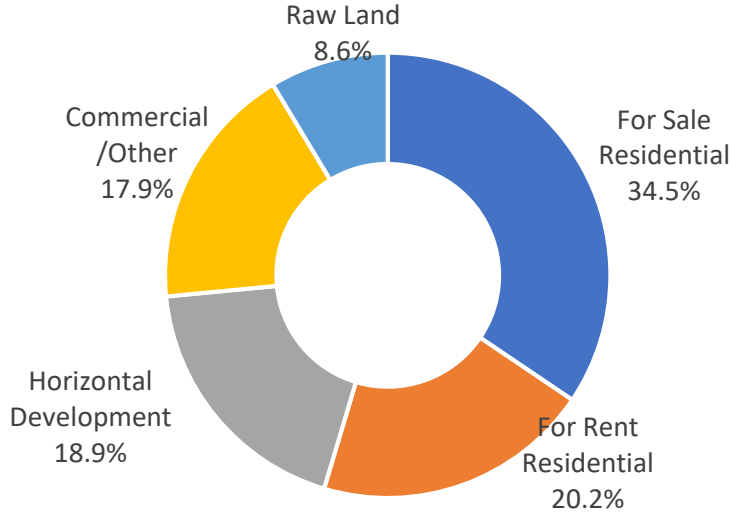
Rapid Growth of Active Loan Portfolio⁽³⁾



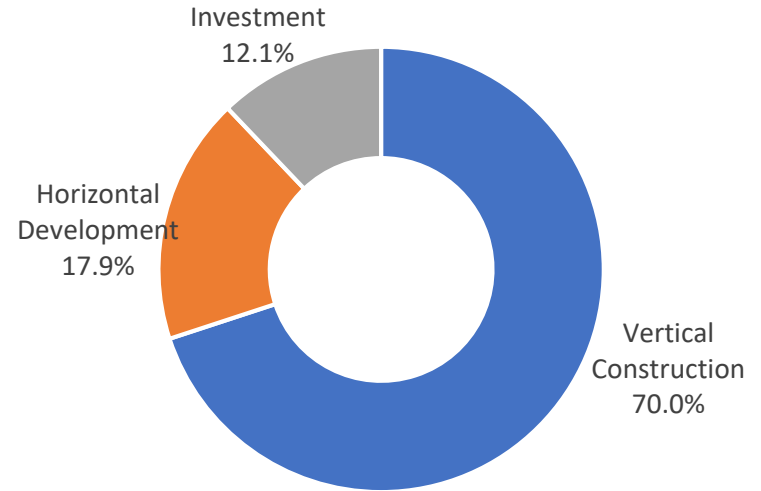
Note: Historical information throughout this presentation includes combined predecessor companies unless other indicated or the context otherwise requires.

PORTFOLIO COMPOSITION

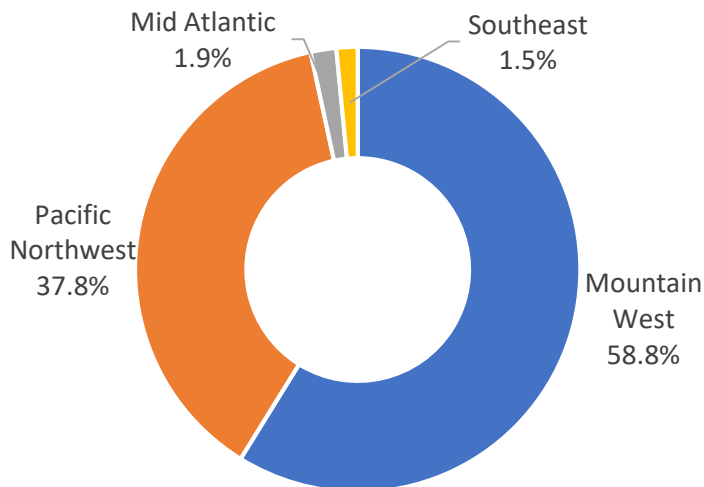
Portfolio % by Property Type ⁽¹⁾



Portfolio % by Loan Purpose ⁽¹⁾



Portfolio % by Region ⁽¹⁾

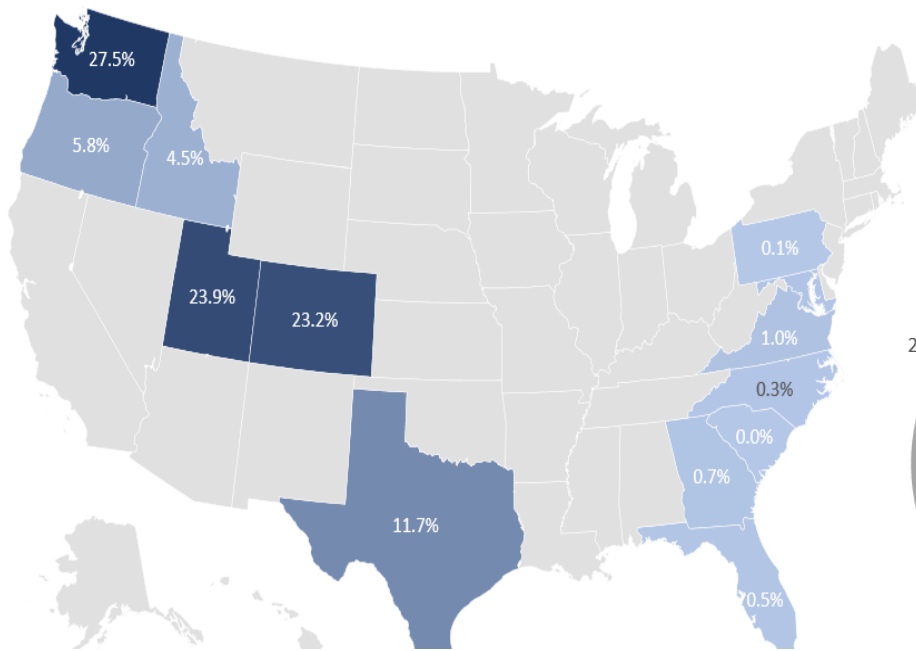


Key Portfolio Metrics⁽²⁾

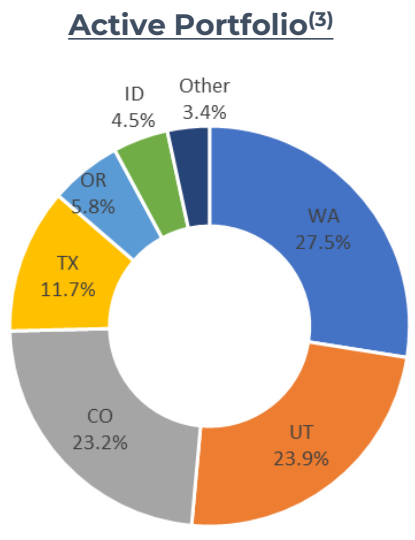
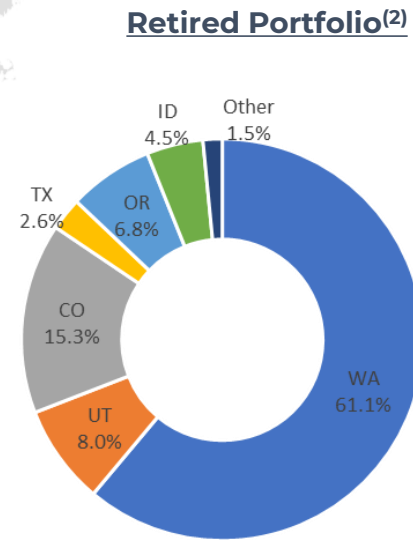
No. of Active Loans	218
Total Face Amount	\$1.2B
Average Loan Size	\$5.5M
W.A. LTV %	60.4%

DIVERSIFIED GEOGRAPHY FOCUSED ON GROWTH STATES

- Active loan portfolio includes 218 loans across 13 states plus D.C. with increased geographic diversification
- Target states with favorable demographic trends and non-judicial foreclosure law



Increasing Geographic Diversification⁽¹⁾



1. Reflects the total face amount as of March 31, 2020.
 2. All paid and resolved loans as of March 31, 2020.
 3. Includes all outstanding loans as of March 31, 2020, excluding 1 REO.

FIRST QUARTER 2020 KEY METRICS

Earnings Results

- 1Q20 GAAP Net Income of \$0.21 per diluted common share
- 1Q20 Core Earnings of \$0.21 per diluted common share ⁽¹⁾
- Paid \$0.24 per diluted common share in total dividends

Originations

- Originated 21 loans from 8 states with a total face amount of \$107 million
- Weighted average origination LTV of 61.5%

Portfolio Composition

- Total active loan portfolio at \$1.2 billion in face amount.
- Weighted average LTV of 60% on active loan portfolio
- Diversified across 13 states and the District of Columbia

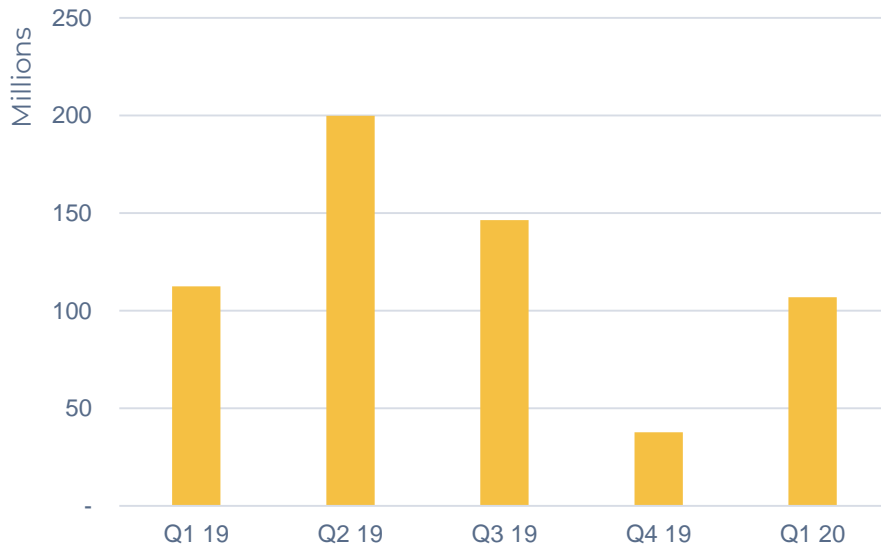
Credit Performance

- Minimal losses over our nearly ten-year history, less than 0.1% on the \$2.4 billion of loans we have originated on our platform
- Resolved 2 defaulted, 1 REO loans in 1Q20 with minimal principal losses
- Aggregate estimated losses on current defaults at approximately \$7.2 million, represent less than 5% of the principal outstanding on loans in default status

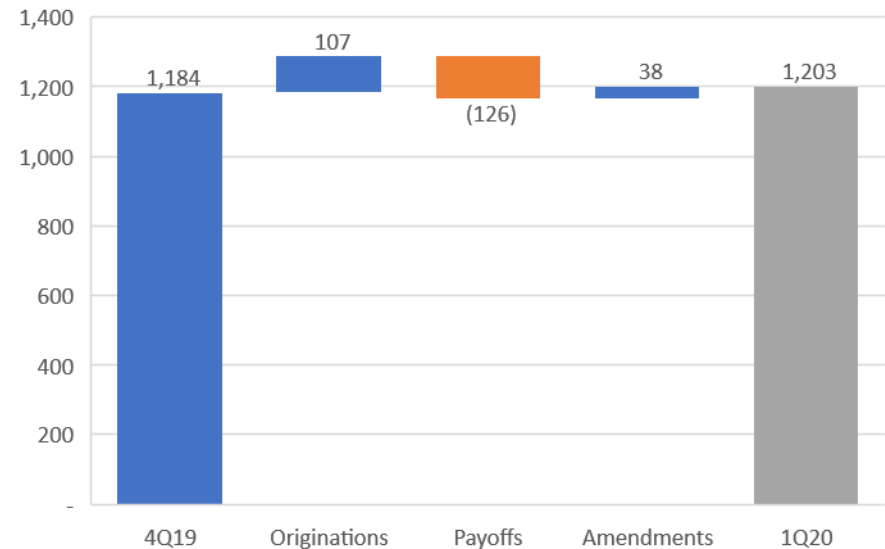
QUARTERLY RESULTS

- Q1 20 Loan originations recovered from the downturn in Q4 19 and is on track to a healthy pace comparable to Q1 19
- Future growth opportunities exist as Q1 investment pipeline being pushed out in reaction to COVID-19, as well as opportunities with other construction lenders struggling to meet draw obligations

Loan Origination ⁽¹⁾



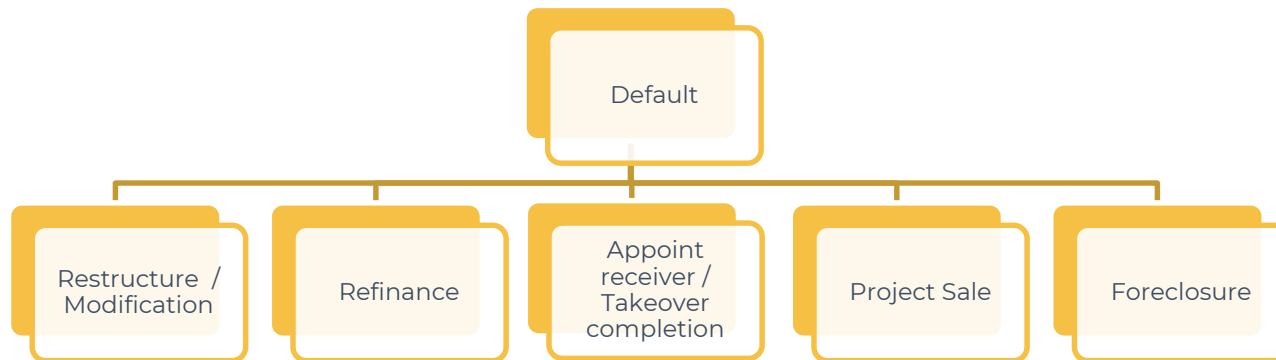
Change in Loan Portfolio ⁽¹⁾



COVID-19 BUSINESS IMPACT

- Challenges to the business include slowdown in construction activity and reduction in residential sales and availability of take-out financing, which prolongs project timelines and increases defaults
- As of March 31, 2020, 32 loans were in default representing 14.3% of total portfolio face value
- BRMK's core business of construction lending means its loan collateral value is less dependent on cash flow, and more dependent on project timeline and completion
- Defaults allow BRMK to enforce its lender's rights and provide greater control over the project and collateral.
- BRMK's strong balance sheet and strong liquidity position it to take strategic default management
- BRMK proactively engages with borrowers to work towards successful completion of projects or pursue alternative workout strategies including project takeover and completion

Strategic Default Management



ADVANTAGES IN THE CURRENT ENVIRONMENT

- Proactive and prudent approach in working through the COVID-19 crisis
- Diversified loan portfolio with high equity buffer, industry leading balance sheet with zero debt, and strong liquidity supports expanding into new markets and pursuit of growth opportunities

Robust Portfolio

60.4%

Weighted Average
LTV

13

States & D.C.
diversification

Strong Balance Sheet

0%

Debt to equity ratio

Strong Liquidity

\$258M

Cash

93%

Cash to construction
holdback

APPENDIX: BALANCE SHEET

Unaudited Condensed Consolidated Balance Sheets

(Dollar amounts in thousands, except earnings per share)

	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 258,435	\$ 238,214
Mortgage notes receivable, net	782,752	821,589
Interest and fees receivable	6,459	4,108
Investment in real property, net	3,703	5,837
Intangible assets, net	874	4,970
Goodwill	136,965	131,965
Other assets	5,880	2,046
Total Assets	<u>\$ 1,195,068</u>	<u>\$ 1,208,729</u>
Liabilities and Equity		
Accounts payable and accrued liabilities	3,534	8,415
Dividends payable	10,569	15,842
Total Liabilities	<u>14,103</u>	<u>24,257</u>
Commitments and Contingencies		
Common stock, \$0.001 par value, 500,000,000 shares authorized, 132,111,329 and 132,015,635 shares issued and outstanding at March 31, 2020 and December 31, 2019	132	132
Preferred Stock, \$0.001 par value, 100,000,000 shares authorized, 0 shares issued and outstanding at March 31, 2020 and December 31, 2019	-	-
Additional Paid in Capital	1,210,034	1,209,120
(Accumulated deficit)	<u>(29,201)</u>	<u>(24,780)</u>
Total Equity	<u>1,180,965</u>	<u>1,184,472</u>
Total Liabilities and Equity	<u>\$ 1,195,068</u>	<u>\$ 1,208,729</u>

APPENDIX: INCOME STATEMENT

Unaudited Condensed Consolidated Statements of Income

(Dollar amounts in thousands, except per share amounts)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenues		
Interest Income	24,553	20,623
Fee Income	7,215	9,160
Total Revenue	<u>31,768</u>	<u>29,783</u>
Other Income:		
Change in Fair Value of Optional Subscription Liabilities	4,604	-
Expenses		
Impairment:		
Loan Loss Provision (Recovery)	3,622	(224)
Operating Expenses:		
Compensation and employee benefits	3,193	1,928
General and administrative	2,278	3,090
Total Expenses	<u>9,093</u>	<u>4,794</u>
Income before income taxes	<u>27,279</u>	<u>24,989</u>
Income tax provision	-	-
Net income	<u>\$ 27,279</u>	<u>\$ 24,989</u>
Earnings per common share:		
Basic	\$ 0.21	
Diluted	\$ 0.21	
Weighted-average shares of common stock outstanding, basic and diluted		
Basic	132,111,329	
Diluted	132,336,315	

APPENDIX: CORE EARNINGS RECONCILIATION

Definition of Core Earnings

Core earnings is a non-GAAP financial measure used by management as a supplemental measure to evaluate our performance. We define core earnings as net income attributable to common stockholders adjusted for: (i) impairment recorded on our investments; (ii) realized and unrealized gains and losses on our investments; (iii) non-capitalized transaction-related expenses; (iv) non-cash stock-based compensation (v) amortization of our intangible assets; and (vi) deferred taxes, which are subject to variability and generally not indicative of future economic performance or representative of current operations.

Management believes that the adjustments to compute “core earnings” specified above allow investors and analysts to readily identify and track the operating performance of the assets that form the core of our activity, assist in comparing the core operating results between periods, and enable investors to evaluate our current core performance using the same measure that management uses to operate the business. Core earnings excludes certain recurring items, such as gains and losses (including impairment) and non-capitalized transaction-related expenses because they are not considered by management to be part of our core operations for the reasons described herein. As such, core earnings is not intended to reflect all of our activity and should be considered as only one of the factors used by management in assessing our performance, along with GAAP net income which is inclusive of all of our activities.

Core earnings does not represent and should not be considered as a substitute for, or superior to, net income or as a substitute for, or superior to, cash flows from operating activities, each as determined in accordance with U.S. GAAP, and our calculation of this measure may not be comparable to similarly entitled measures reported by other companies. Set forth below is a reconciliation of core earnings to the most directly comparable GAAP financial measure:

	Three Months Ended March 31, 2020⁽¹⁾
Net income attributable to common stockholders	27,279
Adjustments for Non-Core Earnings:	
Non-cash stock compensation expense	914
Other non-recurring professional fees	1,232
Change in fair value of optional subscription liabilities	(4,604)
Amortization of intangible assets	(904)
Loan loss provision	3,622
Core Earnings	27,539
Net Income Per Share	\$ 0.21
Core Earnings Per Share	\$ 0.21
Weighted-average shares of diluted common stock outstanding	132,336,315

FORWARD LOOKING STATEMENTS

This presentation contains certain “forward-looking statements” within the meaning of the federal securities laws, including, without limitation, statements concerning our operations, economic performance, portfolio performance and financial condition. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Forward-looking statements reflect the Company’s current views with respect to, among other things, capital resources, portfolio performance and results of operations. In some cases, you can identify these forward-looking statements by the use of terminology such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words or phrases. Forward-looking statements do not guarantee future performance, which may be materially different from that expressed in, or implied by, any such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their respective dates.

These forward-looking statements are based largely on our current beliefs, assumptions and expectations of our future performance taking into account all information currently available to us. 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 within our control, and which could materially affect actual results, performance or achievements. Factors that may cause actual results to vary from our forward-looking statements include, but are not limited to:

- factors described in our most recent and in our Quarterly Report on Form 10-Q and Annual Report on Form 10-K filed with the SEC, including those set forth under the captions “Risk Factors” and “Business”;
- defaults by borrowers in paying debt service on outstanding indebtedness;
- impairment in the value of real estate property securing our loans;
- availability of origination and acquisition opportunities acceptable to us;
- potential mismatches in the timing of asset repayments and the maturity of the associated financing agreements;
- general economic uncertainty and the effect of general economic conditions on the real estate and real estate capital markets in particular;
- general and local commercial and residential real estate property conditions;
- changes in federal government policies;
- changes in federal, state and local governmental laws and regulations that impact our business, assets or classification as a real estate investment trust;
- increased competition from entities engaged in construction lending activities;
- Disruptions in our business operations and construction lending activity relating to coronavirus (COVID-19);
- Adverse impact of COVID-19 on the value of our goodwill established in the Business Combination;
- changes in interest rates;
- the availability of, and costs associated with, sources of liquidity;
- the ability to manage future growth; and
- changes in personnel and availability of qualified personnel.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.