SEVEN HILLS
REALTY TRUST

THIRD QUARTER 2022

Supplemental Operating and Financial Data

ALL AMOUNTS IN THIS REPORT ARE UNAUDITED.

Table of Contents

SEVEN HILLS REALTY TRUST

Please refer to Non-GAAP Financial Measures and Other Measures and Definitions for terms used throughout this document.

Company Profile

The Company:

Seven Hills Realty Trust, or SEVN, we, our or us, is a real estate investment trust, or REIT, that focuses on originating and investing in floating rate first mortgage loans secured by middle market and transitional commercial real estate, or CRE. We define middle market CRE as commercial properties that have values up to $100.0 million and transitional CRE as commercial properties subject to redevelopment or repositioning activities that are expected to increase the value of the properties.

Management:

Our manager, Tremont Realty Capital LLC, or Tremont, is registered with the Securities and Exchange Commission, or SEC, as an investment adviser. Tremont is owned by The RMR Group (Nasdaq: RMR). RMR is an alternative asset management company that is focused on CRE and related businesses. RMR primarily provides management services to publicly traded real estate companies, privately held real estate funds and real estate related operating businesses. As of September 30, 2022, RMR had over $37 billion of real estate assets under management and the combined RMR managed companies had approximately $12 billion of annual revenues, 2,100 properties and over 38,000 employees. We believe Tremont's relationship with RMR provides us with a depth of market knowledge that may allow us to identify high quality investment opportunities and to evaluate them more thoroughly than many of our competitors, including other commercial mortgage REITs. We also believe RMR's broad platform provides us with access to RMR's extensive network of real estate owners, operators, intermediaries, sponsors, financial institutions and other real estate related professionals and businesses with which RMR has historical relationships. We also believe that Tremont provides us with significant experience and expertise in investing in middle market and transitional CRE.

Corporate Headquarters:

Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458-1634
(617) 332-9530

Stock Exchange Listing:

Nasdaq

Trading Symbol:

Common Shares: SEVN

Key Data (as of and for the three months ended September 30, 2022):

(dollars in thousands)

Income from investments, net	$	7,799
Net income	$	5,176
Adjusted Distributable Earnings	$	3,943
Loans held for investment, net	$	695,154
Total assets	$	775,199

Investor Information and Research Coverage

Board of Trustees

Executive Officers

Thomas J. Lorenzini
President

Tiffany R. Sy
Chief Financial Officer and Treasurer

Equity Research Coverage

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SEVN is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding SEVN's performance made by these analysts do not represent opinions, estimates or forecasts of SEVN or its management. SEVN does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts.

Company Highlights

(As of September 30, 2022)

SEVN Nasdaq Listed	**28** Floating Rate First Mortgage Loans	**$763M** Total Loan Commitments
100% Loans Current on Debt Service	**68%** Weighted Average Loan to Value	**2.9** Weighted Average Portfolio Risk Rating
$682M Total Debt Capacity	**1.9x** Debt to Equity Ratio	**0.5x** Price to Adjusted Book Value

Student Housing Acquisition Financing
Starkville, MS

Third Quarter 2022 Highlights

(As of and for the three months ended September 30, 2022, unless otherwise noted)

Financial Results

- Generated net income of $5.2 million, or $0.35 per diluted share, and Adjusted Distributable Earnings of $3.9 million, or $0.27 per diluted share.
- Book value per common share of $18.24 and Adjusted Book Value per common share of $18.80.
- Declared quarterly dividend of $0.25 per common share.

Investment Activity

- Closed one new loan secured by an industrial property with a total commitment of $47.0 million and a coupon rate of 6.60%.
- One loan secured by a retail property with an aggregate principal of $19.5 million was fully repaid during the quarter.

Portfolio Update

- Portfolio of 28 first mortgage loans with an aggregate total loan commitment of $763.1 million.
- Portfolio remains diversified by property type and geographic location.
- All loans current on debt service and credit quality remains strong at a weighted average risk rating of 2.9.

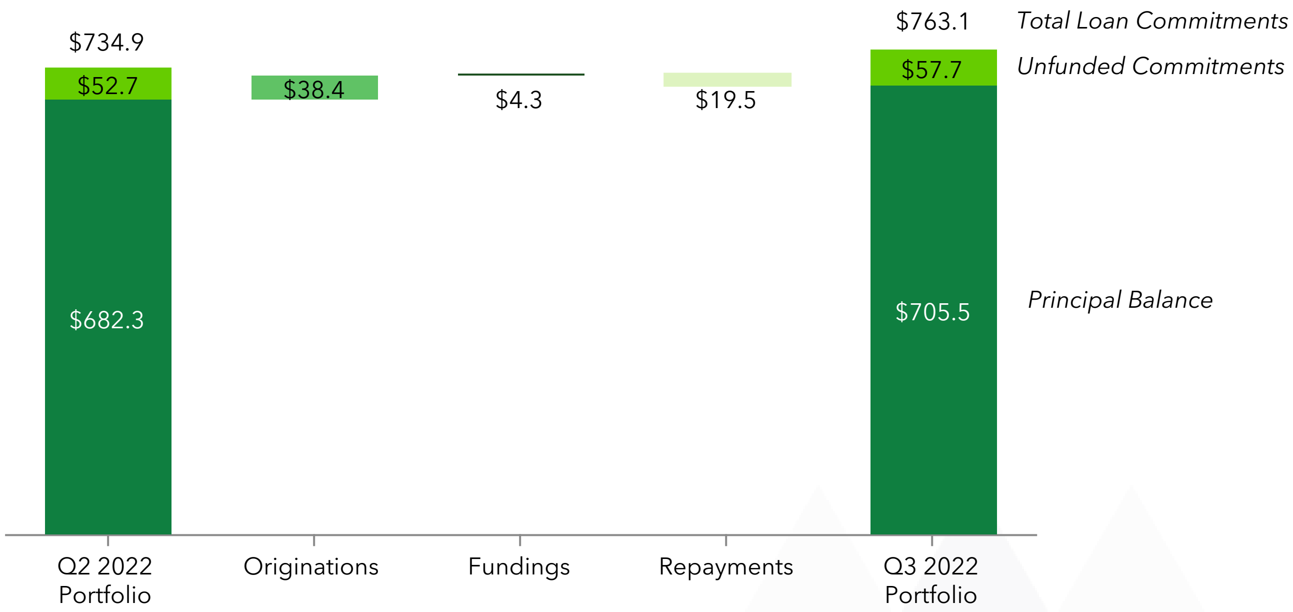
Capitalization

- Outstanding principal balance of $505.8 million under our Secured Financing Facilities.
- Continued to improve the efficiency of our equity by increasing debt to equity ratio to 1.9x at September 30, 2022 from 1.7x at June 30, 2022.

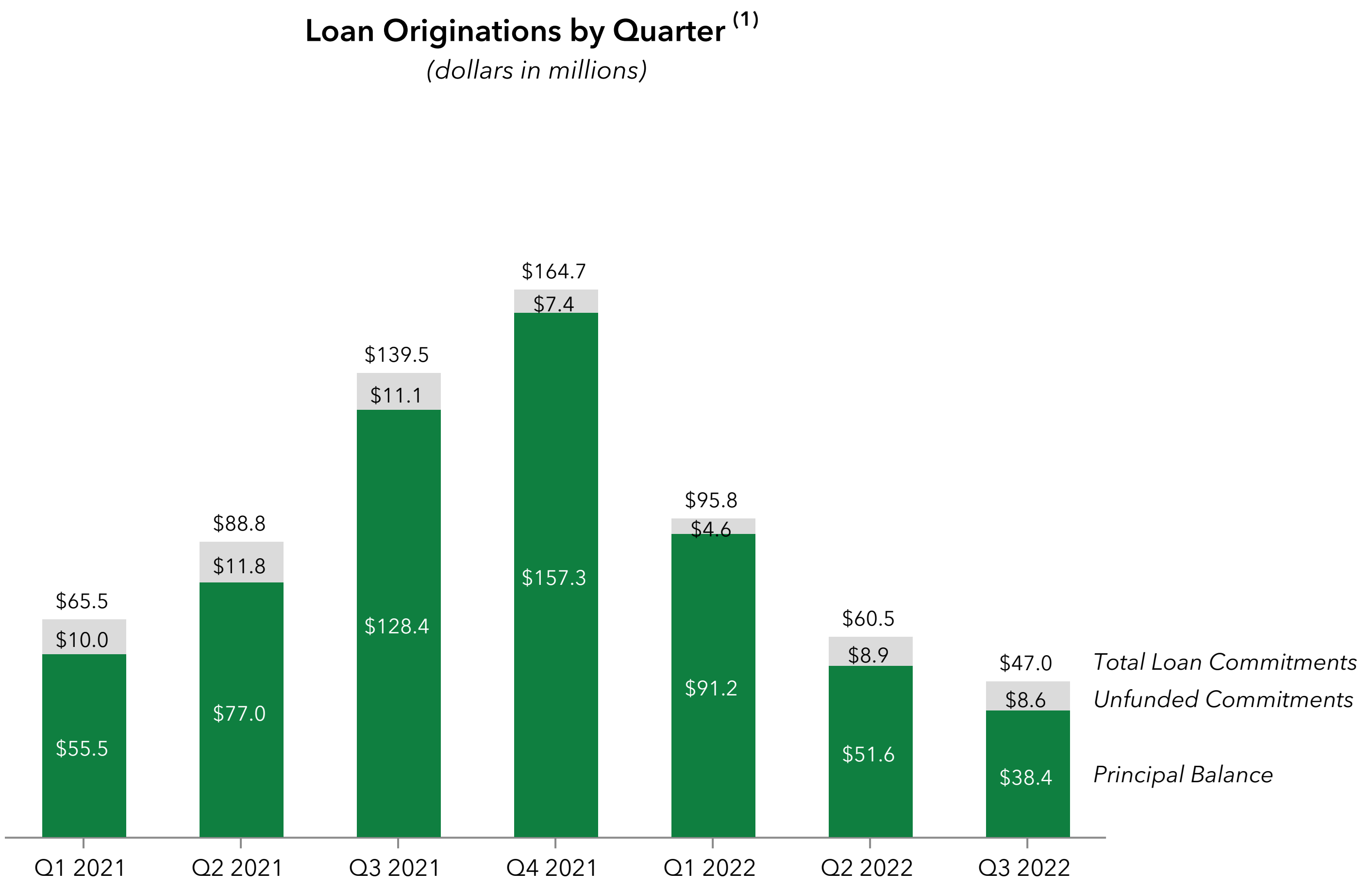
Loan Portfolio Summary

(dollars in thousands)	Third Quarter Originations	Total Portfolio As of September 30, 2022
Number of loans	1	28
Average loan commitment	$47,000	$27,253
Total loan commitments	$47,000	$763,076
Unfunded loan commitments	$8,560	$57,712
Principal balance	$38,440	$705,460
Weighted average coupon rate	6.60%	6.59%
Weighted average All In Yield	6.97%	7.10%
Weighted average Maximum Maturity	5.0	3.5
Weighted average LTV	69%	68%
Weighted average floor	0.25%	0.55%
Loans with active floors	0%	0%
Weighted average risk rating	3.0	2.9

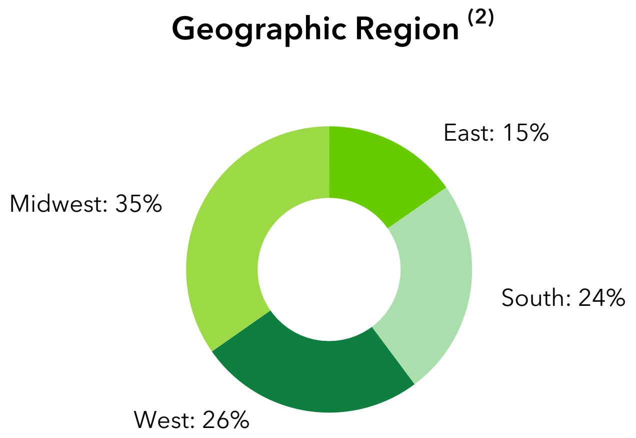
Third Quarter 2022 Portfolio Activity
(dollars in millions)

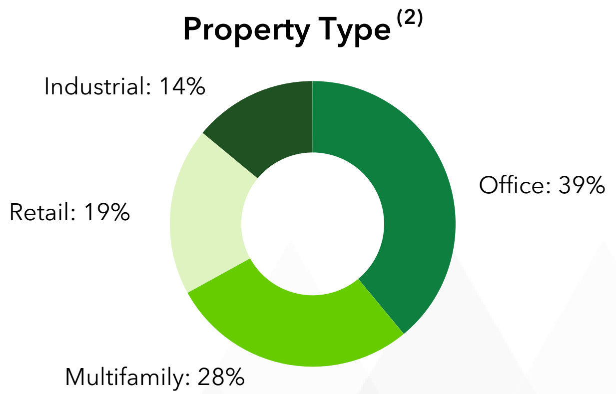


Portfolio Growth and Diversification



Loan Count	2	3	6	6	3	2	1



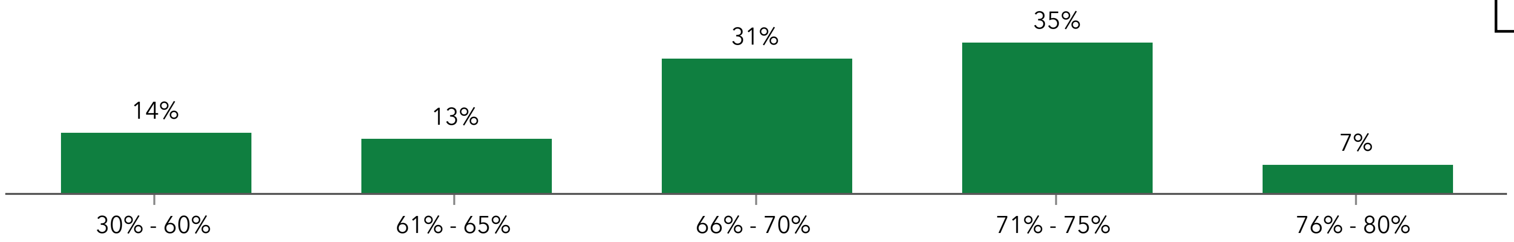


(1) Includes loans originated by Tremont Mortgage Trust, or TRMT, and acquired by SEVN on September 30, 2021, as a result of the merger with TRMT, or the Merger.

(2) Based on principal balance of loans held for investment as of September 30, 2022.

Portfolio Credit Quality

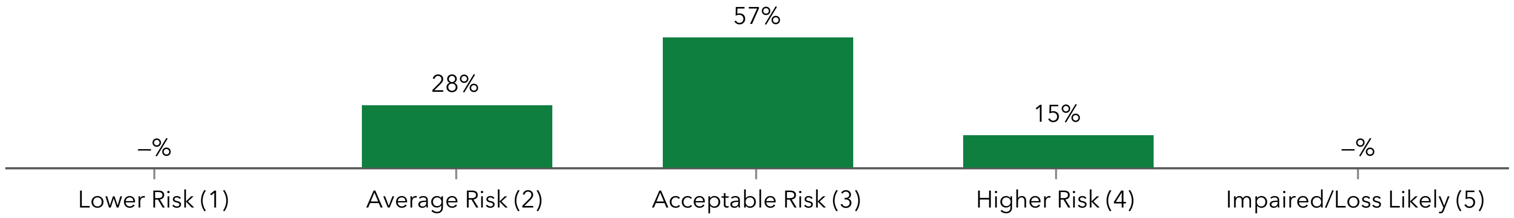
Loan to Value [1]
% of Portfolio



Loan Count	4	2	9	11	2

Weighted Average LTV: 68%

Risk Rating Distribution [1]
% of Portfolio



Loan Count	0	9	15	4	0

Weighted Average Risk Rating: 2.9

(1) Percentage of portfolio based on principal balance of loans held for investment as of September 30, 2022.

Capital Structure Overview

(As of September 30, 2022)

Capital Structure Detail

Secured Financing Facilities	Maximum Facility Size	Principal Balance	Unused Capacity	Weighted Average Advance Rate	Weighted Average Coupon Rate	Weighted Average Remaining Maturity (1)
(dollars in thousands)						
Master Repurchase Facilities	$ 532,000	$ 394,726	$ 137,274	74.0%	4.94%	1.5
Asset Specific Financing	150,000	111,105	38,895	74.8%	4.73%	2.5
Total	$ 682,000	$ 505,831	$ 176,169	74.2%	4.89%	1.7

Capital Structure Composition

Reconciliation of Book Value per Common Share to Adjusted Book Value per Common Share

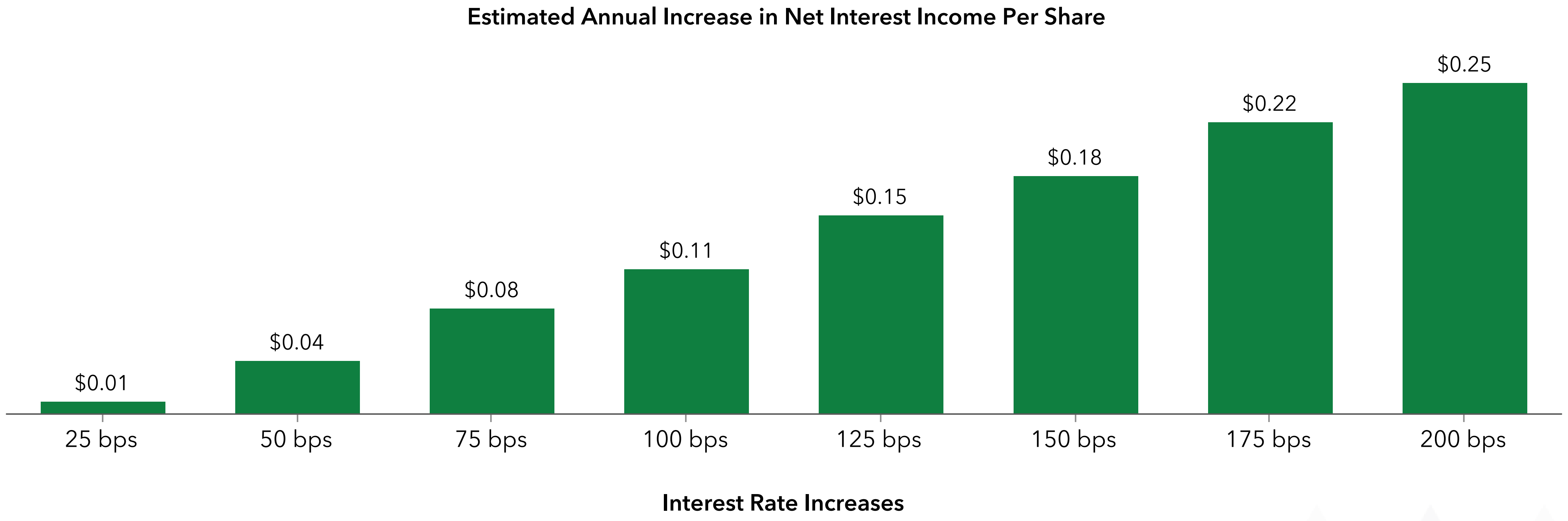
(amounts in thousands, except per share data)	
Shareholders' equity	$ 268,409
Total outstanding common shares	14,714
Book value per common share	18.24
Unaccreted purchase discount per common share	0.56
Adjusted Book Value per common share (2)	$ 18.80

(1) The weighted average remaining maturity of our Master Repurchase Facilities is determined using the earlier of the underlying loan maturity date and the respective repurchase agreement maturity date. The weighted average remaining maturity of Asset Specific Financing is determined using the underlying loan investment maturity date.

(2) Adjusted Book Value per common share excludes the impact of the unaccreted purchase discount resulting from the excess fair value over the purchase price of the loans held for investment acquired in the Merger. The purchase discount of $36.4 million was allocated to each acquired loan held for investment and is accreted into income over the remaining term of the respective loan held for investment. As of September 30, 2022, the unaccreted purchase discount was $8.2 million.

Interest Rate Sensitivity

(As of September 30, 2022)



- Weighted average interest rate floor of total portfolio of 0.55%.
- None of our loans have active interest rate floors.
- No interest rate floors on advances under our Secured Financing Facilities.

The above table illustrates the incremental impact on our annual income from investments, net, due to hypothetical increases in LIBOR and SOFR, taking into consideration our borrowers' interest rate floors as of September 30, 2022. The results in the table above are based on our loan portfolio and debt outstanding as of September 30, 2022. Any changes to the mix of our investments or debt outstanding could impact the interest rate sensitivity analysis. This illustration is not meant to forecast future results.

Appendix

Loan Investment Details

(dollars in thousands)

First mortgage loans as of September 30, 2022:

Location	Property Type	Origination Date	Committed Principal Amount	Principal Balance (1)	Coupon Rate	All in Yield	Maturity Date	Maximum Maturity Date	LTV	Risk Rating
St. Louis, MO	Office	12/19/2018	$ 29,500	$ 29,367	L + 3.25%	L + 3.74%	12/19/2022	12/19/2023	72%	2
Yardley, PA	Office	12/19/2019	16,500	15,251	L + 4.58%	L + 6.15%	12/19/2023	12/19/2024	75%	4
Allentown, PA	Industrial	01/24/2020	9,911	9,911	L + 3.50%	L + 4.03%	01/24/2023	01/24/2025	67%	2
Dublin, OH	Office	02/18/2020	22,820	22,507	S + 3.75%	S + 4.95%	02/18/2023	02/18/2023	33%	2
Downers Grove, IL	Office	09/25/2020	30,000	29,500	L + 4.25%	L + 4.69%	11/25/2023	11/25/2024	67%	3
Los Angeles, CA (2)	Retail	12/17/2020	24,600	22,061	L + 4.25%	L + 5.02%	12/17/2022	12/17/2024	67%	2
Aurora, IL	Office / Industrial	12/18/2020	17,460	15,299	L + 4.35%	L + 5.03%	12/18/2023	12/18/2024	73%	2
Olmsted Falls, OH	Multifamily	01/28/2021	54,575	46,084	L + 4.00%	L + 4.64%	01/28/2024	01/28/2026	63%	3
Colorado Springs, CO	Office / Industrial	04/06/2021	35,000	30,210	L + 4.50%	L + 5.05%	04/06/2024	04/06/2025	73%	2
Westminster, CO	Office	05/25/2021	15,250	14,020	L + 3.75%	L + 4.19%	05/25/2024	05/25/2026	66%	2
Plano, TX	Office	07/01/2021	27,385	25,781	L + 4.75%	L + 5.17%	07/01/2024	07/01/2026	78%	3
Portland, OR	Multifamily	07/09/2021	19,687	19,687	L + 3.57%	L + 3.97%	07/09/2024	07/09/2026	75%	3
Portland, OR	Multifamily	07/30/2021	13,400	13,400	L + 3.57%	L + 3.98%	07/30/2024	07/30/2026	71%	4
Seattle, WA	Multifamily	08/16/2021	12,500	12,317	L + 3.55%	L + 3.89%	08/16/2024	08/16/2026	70%	3
Dallas, TX	Office	08/25/2021	50,000	43,450	L + 3.25%	L + 3.61%	08/25/2024	08/25/2026	72%	4

Loan Investment Details (Continued)

(dollars in thousands)

First mortgage loans as of September 30, 2022:

Location	Property Type	Origination Date	Committed Principal Amount	Principal Balance (1)	Coupon Rate	All in Yield	Maturity Date	Maximum Maturity Date	LTV	Risk Rating
Sandy Springs, GA	Retail	09/23/2021	16,488	15,017	L + 3.75%	L + 4.11%	09/23/2024	09/23/2026	72%	3
Carlsbad, CA	Office	10/27/2021	24,750	23,825	L + 3.25%	L + 3.58%	10/27/2024	10/27/2026	78%	3
Bellevue, WA	Office	11/05/2021	21,000	20,000	L + 3.85%	L + 4.19%	11/05/2024	11/05/2026	68%	3
Ames, IA	Multifamily	11/15/2021	18,000	17,820	L + 3.80%	L + 4.13%	11/15/2024	11/15/2026	71%	2
Downers Grove, IL	Office	12/09/2021	23,530	23,530	L + 4.25%	L + 4.57%	12/09/2024	12/09/2026	72%	3
West Bloomfield, MI	Retail	12/16/2021	42,500	37,453	L + 3.85%	L + 4.66%	12/16/2023	12/16/2024	59%	3
Summerville, SC	Industrial	12/20/2021	35,000	35,000	L + 3.50%	L + 3.82%	12/20/2024	12/20/2026	70%	2
Delray Beach, FL	Retail	03/18/2022	16,000	14,833	S + 4.25%	S + 4.92%	03/18/2024	03/18/2026	56%	3
Starkville, MS	Multifamily	03/22/2022	37,250	36,599	S + 4.00%	S + 4.33%	03/22/2025	03/22/2027	70%	4
Brandywine, MD	Retail	03/29/2022	42,500	42,200	S + 3.85%	S + 4.25%	03/29/2025	03/29/2027	62%	3
Farmington Hills, MI	Multifamily	05/24/2022	31,520	28,520	S + 3.15%	S + 3.50%	05/24/2025	05/24/2027	75%	3
Las Vegas, NV	Multifamily	06/10/2022	28,950	23,378	S + 3.30%	S + 4.07%	06/10/2025	06/10/2027	60%	3
Passaic, NJ	Industrial	09/08/2022	47,000	38,440	S + 3.85%	S + 4.22%	09/08/2025	09/08/2027	69%	3
Total/weighted average			$ 763,076	$ 705,460	+ 3.83%	+ 4.34%			68%	2.9

(1) The principal balance excludes the impact of the $8,224 unaccreted purchase discount related to the Merger.

(2) This loan was repaid in October 2022.

Purchase Discount Details

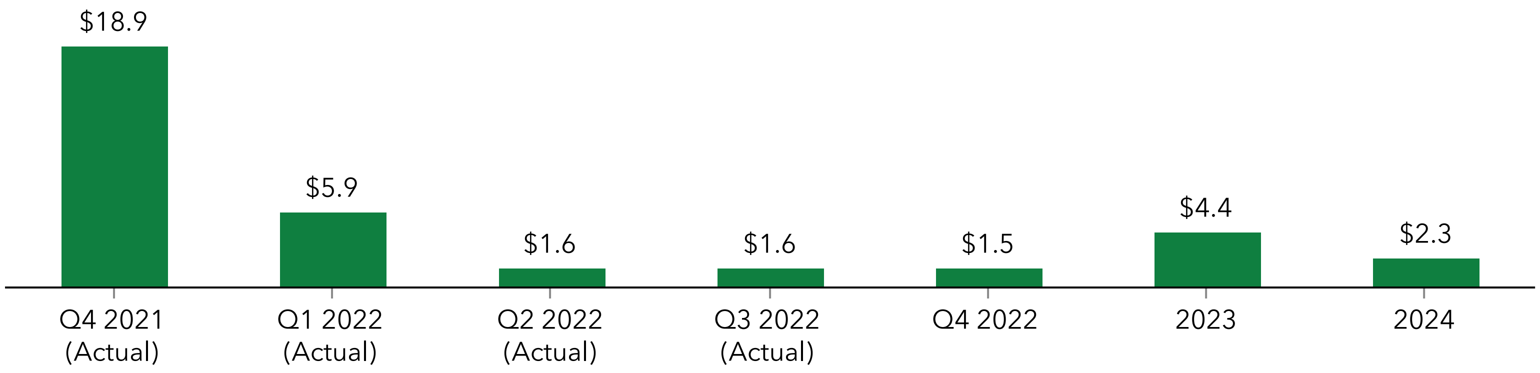
(dollars in millions)

The fair value of the loans acquired in the Merger exceeded the purchase price of the loans. In accordance with U.S. generally accepted accounting principles, or GAAP, a purchase discount is recorded for the difference between the fair value and purchase price of the loans acquired. The purchase discount is accreted into income over the remaining terms of the acquired loans.

Purchase Discount

Fair value of TRMT loans acquired in the Merger	$	205.6
Less: Purchase price of TRMT loans acquired in the Merger		169.2
Purchase discount as of September 30, 2021		36.4
Less: Accumulated accretion of purchase discount as of September 30, 2022		(28.2)
Remaining purchase discount to be accreted as of September 30, 2022	$	8.2

Estimate of Purchase Discount Accretion (1)



(1) The estimate of purchase discount accretion is based on information as of September 30, 2022 and is subject to change as a result of early repayments or modifications of loans accounted for as extinguishments.

Condensed Consolidated Balance Sheets

(dollars in thousands, except per share data)

	September 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 76,371	$ 26,197
Restricted cash	66	98
Loans held for investment, net	695,154	570,780
Prepaid expenses and other assets	3,608	2,918
Total assets	$ 775,199	$ 599,993
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable, accrued liabilities and deposits	$ 1,508	$ 1,561
Secured financing facilities, net	503,514	339,627
Due to related persons	1,768	1,111
Total liabilities	506,790	342,299
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, $0.001 par value, 25,000,000 shares authorized; 14,713,623 and 14,597,079 shares issued and outstanding, respectively	15	15
Additional paid in capital	238,417	237,624
Cumulative net income	45,530	24,650
Cumulative distributions	(15,553)	(4,595)
Total shareholders' equity	268,409	257,694
Total liabilities and shareholders' equity	$ 775,199	$ 599,993

Condensed Consolidated Statements of Operations

SEVEN HILLS REALTY TRUST

(amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
INCOME FROM INVESTMENTS:				
Interest income from investments	$ 11,650	$ 4,510	$ 30,098	$ 9,566
Purchase discount accretion	1,596	–	9,167	–
Less: interest and related expenses	(5,447)	(488)	(10,191)	(680)
Income from investments, net	7,799	4,022	29,074	8,886
OTHER EXPENSES:				
Base management fees	1,064	731	3,190	2,167
General and administrative expenses	1,016	433	3,340	1,739
Reimbursement of shared services expenses	520	349	1,520	950
Other transaction related costs	–	–	37	–
Total other expenses	2,600	1,513	8,087	4,856
Income before income taxes	5,199	2,509	20,987	4,030
Income tax expense	(23)	(25)	(107)	(36)
Net income	$ 5,176	$ 2,484	$ 20,880	$ 3,994
Weighted average common shares outstanding - basic	14,551	10,263	14,526	10,225
Weighted average common shares outstanding - diluted	14,551	10,264	14,526	10,225
Net income per common share - basic and diluted	$ 0.35	$ 0.24	$ 1.43	$ 0.39

Reconciliation of Net Income to Distributable Earnings and Adjusted Distributable Earnings

SEVEN HILLS REALTY TRUST

(amounts in thousands, except per share data)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Reconciliation of net income to Distributable Earnings and Adjusted Distributable Earnings:				
Net income	$ 5,176	$ 2,484	$ 20,880	$ 3,994
Non-cash equity compensation expense	259	–	889	181
Non-cash accretion of purchase discount	(1,596)	–	(9,167)	–
Exit fees collected on loans acquired in Merger (1)	104	–	104	–
Distributable Earnings	3,943	2,484	12,706	4,175
Other transaction related costs (2)	–	–	37	–
Adjusted Distributable Earnings	$ 3,943	$ 2,484	$ 12,743	$ 4,175
Weighted average common shares outstanding - basic	14,551	10,263	14,526	10,225
Weighted average common shares outstanding - diluted	14,551	10,264	14,526	10,225
Net income per common share - basic and diluted	$ 0.35	$ 0.24	$ 1.43	$ 0.39
Distributable Earnings per common share - basic and diluted	$ 0.27	$ 0.24	$ 0.87	$ 0.41
Adjusted Distributable Earnings per common share - basic and diluted	$ 0.27	$ 0.24	$ 0.88	$ 0.41

(1) Exit fees collected on loans acquired in the Merger represent fees collected upon repayment of loans for which no income has previously been recognized in Distributable Earnings. In accordance with GAAP, exit fees on loans acquired in the Merger were accreted as a component of the purchase discount and were excluded from Distributable Earnings as a non-cash item. Accordingly, these exit fees have been recognized in Distributable Earnings upon collection.

(2) Other transaction related costs include expenses related to the Merger.

Warning Concerning Forward-Looking Statements

This supplemental operating and financial data may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Also, whenever we use words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Actual results may differ materially from those contained in or implied by our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control.

The information contained in our filings with the SEC, including under “Risk Factors” in our periodic reports, or incorporated therein, identifies important factors that could cause our actual results to differ materially from those stated in or implied by our forward-looking statements. Our filings with the SEC are available on the SEC's website at www.sec.gov. You should not place undue reliance upon forward-looking statements. Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

We present Distributable Earnings, Distributable Earnings per common share, Adjusted Distributable Earnings, Adjusted Distributable Earnings per common share and Adjusted Book Value per common share, which are considered "non-GAAP financial measures" within the meaning of the applicable SEC rules. These non-GAAP financial measures do not represent net income, net income per common share or cash generated from operating activities and should not be considered as an alternative to net income or net income per common share determined in accordance with GAAP or as an indication of our cash flows from operations determined in accordance with GAAP, a measure of our liquidity or operating performance or an indication of funds available for our cash needs. In addition, our methodologies for calculating these non-GAAP financial measures may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures; therefore, our reported Distributable Earnings, Distributable Earnings per common share, Adjusted Distributable Earnings, and Adjusted Distributable Earnings per common share may not be comparable to distributable earnings, distributable earnings per common share, adjusted distributable earnings and adjusted distributable earnings per common share, as reported by other companies.

We believe that Adjusted Book Value per common share is a meaningful measure of our capital adequacy because it excludes the unaccreted purchase discount resulting from the excess of the fair value of the loans TRMT then held for investment and that we acquired as a result of the Merger over the consideration we paid in the Merger. Adjusted Book Value per common share does not represent book value per common share or alternative measures determined in accordance with GAAP. Our methodology for calculating Adjusted Book Value per common share may differ from the methodologies employed by other companies to calculate the same or similar supplemental capital adequacy measures; therefore, our Adjusted Book Value per common share may not be comparable to the adjusted book value per common share reported by other companies.

In order to maintain our qualification for taxation as a REIT, we are generally required to distribute substantially all of our taxable income, subject to certain adjustments, to our shareholders. We believe that one of the factors that investors consider important in deciding whether to buy or sell securities of a REIT is its distribution rate. Over time, Distributable Earnings, Distributable Earnings per common share, Adjusted Distributable Earnings and Adjusted Distributable Earnings per common share may be useful indicators of distributions to our shareholders and are measures that are considered by our Board of Trustees when determining the amount of distributions. We believe that Distributable Earnings, Distributable Earnings per common share, Adjusted Distributable Earnings and Adjusted Distributable Earnings per common share provide meaningful information to consider in addition to net income, net income per common share and cash flows from operating activities determined in accordance with GAAP. These measures help us to evaluate our performance excluding the effects of certain transactions, the variability of any management incentive fees that may be paid or payable and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations. In addition, Distributable Earnings is used in determining the amount of base management and management incentive fees payable by us to Tremont under our management agreement.

Distributable Earnings:

We calculate Distributable Earnings and Distributable Earnings per common share as net income and net income per common share, respectively, computed in accordance with GAAP, including realized losses not otherwise included in net income determined in accordance with GAAP, and excluding: (a) the management incentive fees earned by our Manager, if any; (b) depreciation and amortization, if any; (c) non-cash equity compensation expense; (d) unrealized gains, losses and other similar non-cash items that are included in net income for the period of the calculation (regardless of whether such items are included in or deducted from net income or in other comprehensive income under GAAP), if any; and (e) one-time events pursuant to changes in GAAP and certain non-cash items, if any. Distributable Earnings are reduced for realized losses on loan investments when amounts are deemed uncollectable.

Adjusted Distributable Earnings:

We define Adjusted Distributable Earnings and Adjusted Distributable Earnings per common share as Distributable Earnings and Distributable Earnings per common share, respectively, excluding the effects of certain non-recurring transactions.

Adjusted Book Value:

Adjusted Book Value per common share is a non-GAAP measure that excludes the impact of the unaccreted purchase discount resulting from the excess of the fair value of the loans TRMT then held for investment which we acquired as a result of the merger with TRMT on September 30, 2021 over the consideration we paid in the merger.

Other Measures and Definitions

All In Yield:

All In Yield represents the yield on a loan, including amortization of deferred fees over the initial term of the loan and excluding any purchase discount accretion.

Asset Specific Financing:

Amounts advanced under the facility loan agreement and security agreement with BMO Harris Bank N.A. are pursuant to separate facility loan agreements that we refer to as Asset Specific Financing.

LIBOR:

LIBOR refers to the London Interbank Offered Rate.

LTV:

Loan to value ratio, or LTV, represents the initial loan amount divided by the underwritten in-place value of the underlying collateral at closing.

Master Repurchase Facilities:

Collectively, we refer to the master repurchase facilities with UBS AG, Citibank, N.A. and Wells Fargo, National Association as our Master Repurchase Facilities.

Maximum Maturity:

Maximum Maturity assumes all borrower loan extension options have been exercised, which options are subject to the borrower meeting certain conditions.

Secured Financing Facilities:

Collectively, we refer to the Master Repurchase Facilities and our Asset Specific Financing as our Secured Financing Facilities.

SOFR:

SOFR is defined as the Secured Overnight Financing Rate.