

August 15, 2017

SACHEM / CAPITAL

Sachem Capital Reports Results for the Period Ended June 30, 2017

BRANFORD, Conn.--(BUSINESS WIRE)-- Sachem Capital Corp. (NYSE MKT: SACH) announced today financial results for the three and six months ended June 30, 2017. Revenue for the three and six months ended June 30, 2017 increased 42.4% and 43%, respectively, in comparison to the same prior year periods. Net income for the three and six months ended June 30, 2017 increased 10.1% and 19.4%, respectively, in comparison to the same prior year periods. These increases were due principally to an increase in the company's lending activity, which was driven, in part, by the completion of the company's initial public offering in February 2017.

Total revenue for the three months ended June 30, 2017 was approximately \$1.6 million compared to approximately \$1.1 million for the three months ended June 30, 2016. For the 2017 period, interest income was approximately \$1.22 million and net origination fees were approximately \$170,000. In comparison, for the three months ended June 30, 2016, interest income was approximately \$932,000 and net origination fees were approximately \$66,000. Prior to the completion of the company's IPO in February 2017, 75% of gross origination fees were paid to JJV, LLC, the managing member of the company's predecessor, Sachem Capital Partners, LLC, a Connecticut limited liability company.

Total operating costs and expenses for three months ended June 30, 2017 were approximately \$603,000 compared to approximately \$226,000 for the three months ended June 30, 2016 period, an increase of approximately 167%. The increase in operating costs and expenses is primarily attributable to the following: (i) an increase in compensation and taxes of approximately \$58,000; (ii) an increase in professional fees of approximately \$48,000; (iii) an increase in general and administrative expenses of approximately \$132,000; and (iv) an increase in interest expense and amortization of deferred financing costs of approximately \$51,000. These increases are primarily due to the increase in the company's lending activities and costs incurred as a result of the company's conversion from a privately-held limited liability company to a publicly-held corporation. Year-to-year comparisons may not be meaningful in light of the changes to the company's corporate structure and its operation as a REIT.

Net income for the three months ended June 30, 2017 was approximately \$957,000, or \$0.09 per share (basic and diluted) compared to \$869,000 for the three months ended June 30, 2016. The company does not report net income per share data for periods prior to its IPO when it operated as a limited liability company.

Total revenue for the six months ended June 30, 2017 was approximately \$2.8 million compared to approximately \$1.97 million for the six months ended June 30, 2016, an increase of \$849,000 or 43%. The increase in revenue represents an increase in lending operations. For the 2017 period, interest income was approximately \$2.3 million and net origination fees were approximately \$267,000. In comparison, for the six months ended June 30, 2016, interest income was approximately \$1.7 million and net origination fees were

approximately \$95,000. As stated above, for the 2016 period, net origination fee income is net of the amounts payable to JJV and other adjustments.

Total operating costs and expenses for six months ended June 30, 2017 were approximately \$969,000 compared to approximately \$421,000 for the six months ended June 30, 2016 period, an increase of approximately 130%. The increase in operating costs and expenses is primarily attributable to the following: (i) an increase in compensation and taxes of approximately \$96,000; (ii) an increase in professional fees of approximately \$107,000; (iii) an increase in general and administrative expenses of approximately \$177,000; and (iv) an increase in interest expense and amortization of deferred financing costs of approximately \$65,000. These increases are primarily due to the same reasons previously noted above.

Net income for the six months ended June 30, 2017 was approximately \$1.85 million compared to \$1.55 million for the six months ended June 30, 2016. Net income per share for the period beginning February 9, 2017 (the effective date of the IPO) and ending June 30, 2017 was \$0.14. The company does not report net income per share data for periods prior to its IPO when it operated as a limited liability company.

At June 30, 2017, total assets were approximately \$53.0 million compared to approximately \$38.4 million at December 31, 2016. The company's loan portfolio at June 30, 2017 and December 31, 2016 was approximately \$47.8 million and \$33.75 million, respectively.

At June 30, 2017, total liabilities were approximately \$14.0 million, including approximately \$12.2 million outstanding under the company's line of credit with Bankwell Bank and approximately \$306,000 outstanding on a term loan secured by a first mortgage lien on the company's new office building. In comparison, at December 31, 2016, total liabilities were approximately \$9.9 million, including approximately \$8.1 million outstanding under the line of credit from Bankwell Bank and a \$310,000 outstanding balance on the term loan.

Shareholders' equity at June 30, 2017 was approximately \$39.0 million compared to members' equity at December 31, 2016 of approximately \$28.5 million.

John Villano CPA, Chairman and co-Chief Executive Officer of Sachem Capital Corp., stated: "We are pleased with our continued strong performance in the second quarter of 2017. In particular, loans funded in the first half of 2017 totaled \$23.2 million compared to \$9.1 million in the first half of 2016, an increase of over \$14 million or 155%. Similarly, gross loan origination fees increased by approximately \$440,000, from \$339,000 in the first six months of 2016 to \$779,000 in the first six months of 2017, or 130%."

About Sachem Capital Corp.

Sachem Capital Corp. specializes in originating, underwriting, funding, servicing and managing a portfolio of first mortgage loans. It offers short term secured, nonbanking loans to real estate investors to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in Connecticut. The company does not lend to owner occupants. The company's primary underwriting criteria is a conservative loan to value ratio. The properties securing the company's loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate and may also be secured with additional real estate collateral. Each loan is also personally guaranteed by the principal(s) of

the borrower, which guaranty may be collaterally secured by a pledge of the guarantor's interest in the borrower. The company also makes opportunistic real estate purchases apart from its lending activities. SCC believes that it qualifies as a real estate investment trust (REIT) for federal income tax purposes and intends to make the election to be taxed as a REIT when it files its 2017 federal income tax return.

Forward Looking Statements

This press release may contain forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "estimate," "expect," "project," "plan," "seek," "intend," "believe," "may," "might," "will," "should," "could," "likely," "continue," "design," and the negative of such terms and other words and terms of similar expressions are intended to identify forward- looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to several risks, uncertainties and assumptions as described in our Annual Report on Form 10-K for the year ended December 31, 2016. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this press release may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this press release. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

SACHEM CAPITAL CORP. BALANCE SHEETS

	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Assets		
Assets:		
Cash	\$1,868,045	\$1,561,863
Escrow deposits	311,950	-
Mortgages receivable	47,807,245	32,521,588
Mortgages receivable, affiliate	-	1,229,022
Interest and fees receivable	567,644	478,928
Other receivables	173,945	182,842

Due from borrowers	190,565	81,911
Prepaid expenses	72,432	-
Property and equipment, net	500,663	397,448
Real estate owned	1,287,126	1,222,454
Pre-offering costs	77,960	625,890
Deposits on property	5,000	-
Deferred financing costs	125,561	67,475
Total assets	<u>\$52,988,136</u>	<u>\$38,369,421</u>
Liabilities and Shareholders'/Members' Equity		
Liabilities:		
Line of credit	\$12,161,380	\$8,113,943
Mortgage payable	305,970	310,000
Accrued expenses	227,324	196,086
Security deposit held	2,550	800
Advances from borrowers	541,333	291,875
Due to shareholders/member	14,928	656,296
Deferred revenue	692,102	290,456
Accrued interest	39,151	24,350
Total liabilities	<u>13,984,738</u>	<u>9,883,806</u>
Shareholders'/members' equity:		
Preferred shares - \$.001 par value; 5,000,000 shares authorized; no shares issued	-	-
Common stock - \$.001 par value; 50,000,000 authorized; 11,103,237 issued and outstanding	11,103	-
Additional paid-in capital	37,980,133	-
Members' equity	-	28,485,615
Retained earnings	1,012,162	-
Total shareholders'/members' equity	<u>39,003,398</u>	<u>28,485,615</u>
Total liabilities and shareholders'/members' equity	<u>\$52,988,136</u>	<u>\$38,369,421</u>

SACHEM CAPITAL CORP.
STATEMENTS OF OPERATIONS
(unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue:				
Interest income from loans	\$1,223,919	\$931,715	\$2,260,759	\$1,735,200
Origination fees, net	169,939	66,320	267,400	95,143
Late and other fees	35,472	68,051	65,454	101,306
Processing fees	29,450	14,250	54,375	26,985
Rental income, net	21,845	4,579	49,228	4,579
Other income	79,433	10,478	125,580	10,478
Gain on sale of real estate	-	-	-	-
Total revenue	<u>1,560,058</u>	<u>1,095,393</u>	<u>2,822,796</u>	<u>1,973,691</u>
Operating costs and expenses:				
Interest and amortization of deferred financing costs	170,639	119,482	286,909	221,692
Compensation to manager	-	91,061	35,847	152,517
Professional fees	48,403	-	132,142	24,743
Compensation, fees and taxes	164,986	15,567	270,825	22,388
Exchange fees	37,665	-	37,665	-
Depreciation	7,734	-	12,890	-
General and administrative expenses	131,754	-	177,341	-
Loss on sale of real estate	42,231	-	15,753	-
Total operating costs and expenses	<u>603,412</u>	<u>226,110</u>	<u>969,372</u>	<u>421,340</u>
Net income	<u>\$956,646</u>	<u>\$869,283</u>	<u>\$1,853,424</u>	<u>\$1,552,351</u>

Basic and diluted net income per common share outstanding:

Basic	\$0.09	\$-	\$0.14*	\$-
Diluted	\$0.09	\$-	\$0.14*	\$-

Weighted average number of common shares outstanding:

Basic	11,103,237	-	11,103,237	-
Diluted	11,103,237	-	11,103,237	-

*Net income per share for the period beginning February 9, 2017 (i.e., the effective date of the company's initial public offering) and ending June 30, 2017.

**SACHEM CAPITAL CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS'/MEMBERS' EQUITY**

	Six Months Ended June 30, 2017 (unaudited)				
	Common Shares	Amount	Additional Paid in Capital	Retained Earnings	Predecessor's Members' Equity
Beginning balance, January 1, 2017	2,220,000	\$ 2,220	\$ (2,220)		\$28,485,615
Member contributions					653,646
Member distributions					(2,460,125)
Net income for the period January 1, 2017 - February 8, 2017					286,100
Conversion of members' equity into common stock	6,283,237	6,283	26,958,953		(26,965,236)
Initial public offering	2,600,000	2,600	11,023,400		
Dividends paid				\$(555,162)	
Net income for the period February 9, 2017 – June 30, 2017				1,567,324	
Balance, June 30, 2017	11,103,237	\$11,103	\$37,980,133	\$1,012,162	\$-

**SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW
(unaudited)**

	Six Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,853,424	\$1,552,351
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs	29,117	24,556
Depreciation expense	12,890	-
Loss on sale of real estate	15,753	-
Adjustment to loss for sale of collateral	(42,231)	
Changes in operating assets and liabilities: (Increase) decrease in:		

Escrow deposit		-
Interest and fees receivable	(88,716)	(105,543)
Other receivables	8,897	(34,759)
Due from borrowers	(108,654)	
Prepaid expenses	(72,432)	-
Deposits on property	(5,000)	
(Decrease) increase in:		
Due to member	(656,296)	163,441
Due to shareholder	14,928	
Accrued interest	14,800	(14,411)
Accrued expenses	31,236	-
Deferred revenue	401,646	(645)
Advances from borrowers	249,458	90,344
Due from borrowers		(49,607)
Total adjustments	<u>(194,604)</u>	<u>73,376</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,658,820</u>	<u>1,625,727</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate owned	90,123	229,141
Acquisitions of and improvements to real estate owned	(62,055)	(560,861)
Escrow deposit	(311,950)	(259,000)
Purchase of furniture and equipment	(116,105)	-
Security deposit	1,750	-
Principal disbursements for mortgages receivable	(23,237,925)	(9,108,259)
Principal collections on mortgages receivable	9,181,290	6,353,148
NET CASH USED FOR INVESTING ACTIVITIES	<u>(14,454,872)</u>	<u>(3,345,831)</u>

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW (Continued)

CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	16,545,766	4,175,000
Repayment of line of credit	(12,498,329)	(2,900,000)
Principal payments on mortgage payable	(4,030)	-
Dividends Paid	(555,162)	
Proceeds from IPO	13,000,000	-
Pre-offering costs incurred	(1,492,330)	(124,750)
Financing costs incurred	(87,202)	(65,050)
Member contributions	653,646	2,516,714
Member distributions	(2,460,125)	(2,243,290)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>13,102,234</u>	<u>1,358,624</u>
NET INCREASE (DECREASE) IN CASH	306,182	(361,480)
CASH - BEGINNING OF PERIOD	<u>1,561,863</u>	<u>1,834,082</u>
CASH - END OF PERIOD	<u>\$1,868,045</u>	<u>\$1,472,602</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest paid	<u>\$242,991</u>	<u>\$211,547</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		

On February 8, 2017, Sachem Capital Partners, LLC transferred all its assets and liabilities to the Company in exchange for 6,283,237 shares of the Company's Common stock.

During the six months ended June 30, 2016, certain real estate held for sale in the amount of \$107,498 was converted to mortgages receivable.

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