

SACHEM CAPITAL

NYSE - American: SACH

Sachem Capital Corp.
Investor Presentation – April 2024



Safe Harbor

This presentation includes forward-looking statements. All statements in this presentation, other than statements of historical facts, 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,” “expectation,” 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 a number of risks, uncertainties and assumptions, some of which cannot be quantified and some of which are beyond our control. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur, and our actual operating and financial 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 after the date of this presentation to confirm these statements in relationship to actual results or revised expectations.

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

Investment Highlights

Strong Diversified Portfolio with Excellent Credit Metrics

- \$499.2 million portfolio as of December 31, 2023
- \$7.5 million allowance for credit losses as of December 31, 2023
- Target LTV (loan-to-value) of 70%; Target LTC (loan-to-cost) of 85%

Multi-pronged Growth Strategy

- Multiple asset classes to maximize opportunities
- Targeting larger-value projects with financially stable, experienced sponsors
- Expanding geographic footprint to include Florida, the Carolinas, and other states

Proven Management Team

- Over 50 years collectively of lending and asset management experience
- Disciplined underwriting with a conservative loan-to-value ratio
- Track record of growth

Strong Capital Structure to Support Growth Strategy

- Debt of approximately \$377.7 million at 4Q 2023
- \$200 million master repurchase financing, \$65 million line of credit expandable to \$75 million, and approximately \$36.1 million of available capacity remaining at 12/31/2023

Compelling Valuation

- Dividend yield: 12.8%*
- Core EPS Multiple: 13.9x 2023 Consensus Core EPS*

*as of closing price of \$3.74 on December 29, 2023

Key Metrics¹

> \$1 billion in
origination since inception

> 2,000+
transactions completed

loans funded in
15 states

87% of loans
have term of less than 1
year

total assets:
\$626 million

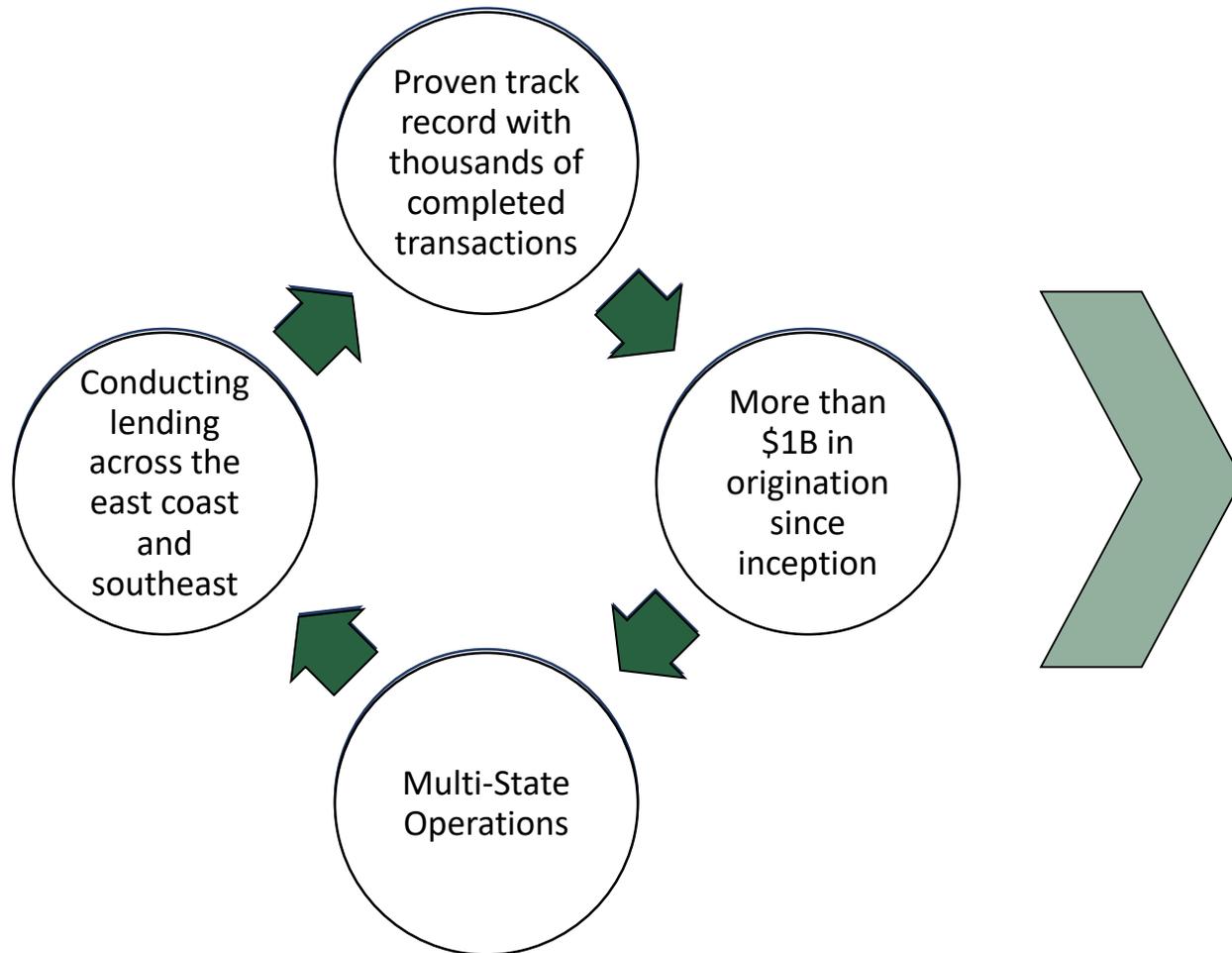
\$1.6M
average loan size

300+
loans in portfolio

+12%
average yield

¹All metrics as of December 31, 2023

Competitive Advantage



Favorably Positioned to Grow

- Able to structure loans to meet the unique needs and business plans of borrowers
- Many banks and other traditional lenders still have restrictive lending criteria
- Many non-traditional lenders are undercapitalized
- Competitor policies inhibit borrowers' repeat business
- Sachem can move quicker than most financial institutions and non-banking real-estate lenders

Investment Highlights

Disciplined, Highly-Scalable Originations Platform

- Virtual lead-generation platform
- Significant repeat business
- Expanding into new states with favorable demographics and lending laws
- Acquisition of Urbane New Haven provides significant efficiency in construction management oversight

Strict Underwriting Requirements

- Target LTV (loan-to-value) of 70%
- Target LTC (loan-to-cost) of 85%
- Personal guarantees required, and loans typically cross-collateralized
- Comprehensive reviews of all permits, plans, budgets, records and property information
- All loans approved by the loan committee
- Board-level review for loans greater than \$5 million
- Third-party appraisal required

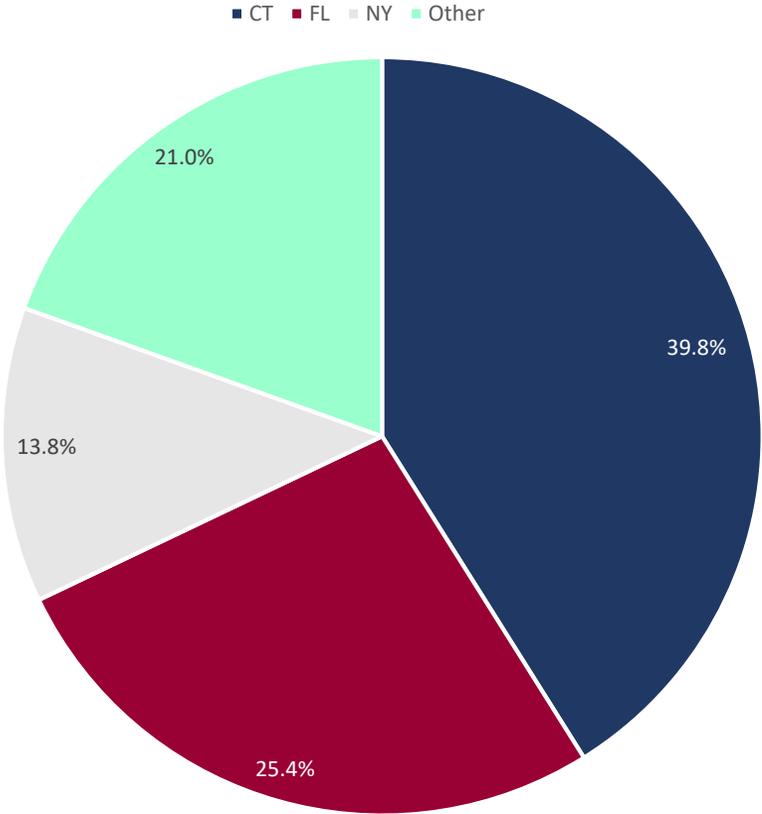
Process-Oriented Though Every Step

- Preliminary term sheet within 48 hours of completed loan application submission
- In house legal counsel review
- Internal audit
- Active asset management
- Periodic inspections
- In house construction management
- Internal loan servicing

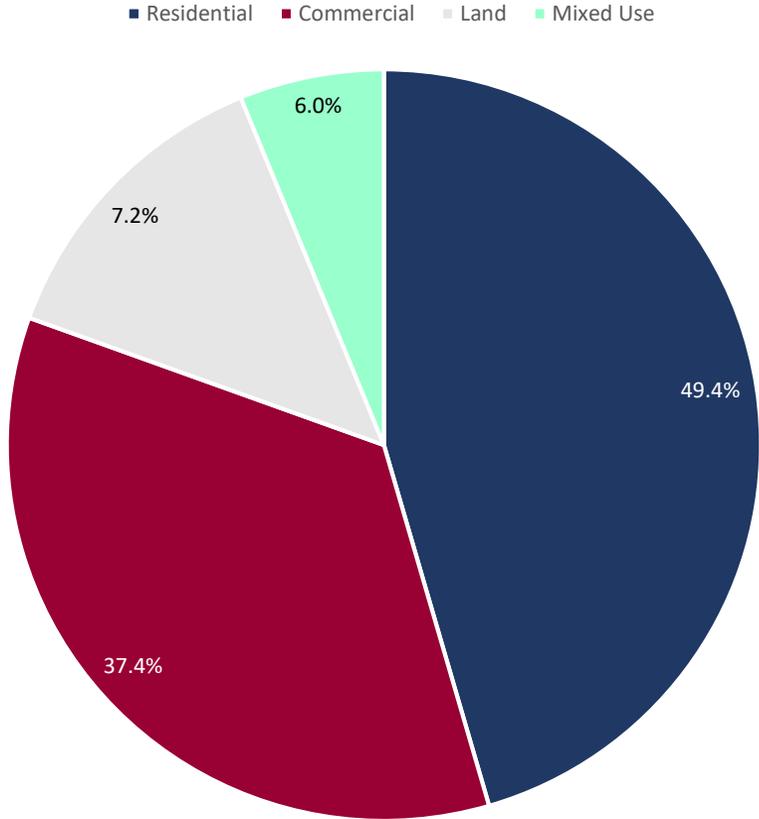
Results in sector-leading performance with lower default and foreclosure incidence

Loan Portfolio Overview

SUMMARY DISTRIBUTION BY STATE



SUMMARY DISTRIBUTION BY REAL ESTATE TYPE



Data as of December 31, 2023

Compelling Growth Strategy

- Take advantage of dislocation within the real estate lending sector
- Capitalize on opportunities due to structural changes that limit competitors' lending
- Grow loan portfolio beyond Northeast, with a focus on Florida, the Carolinas, and other states
- Expand to additional asset classes and higher value loans (e.g., larger multi-family and higher-end fix-and-flip)
- Target larger-value commercial loans with financially stable, experienced sponsors

Goal: To deploy larger amounts of capital with potentially higher returns, better sponsorship, and lower risk

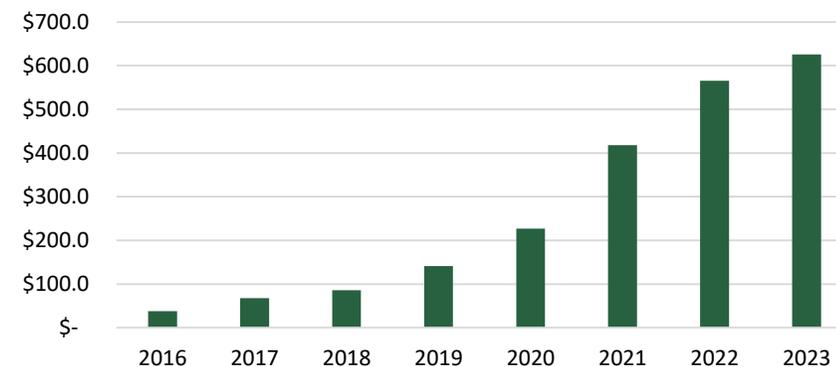
Consistent Portfolio Growth & Strong Performance

SUMMARY LOAN PORTFOLIO OVERVIEW

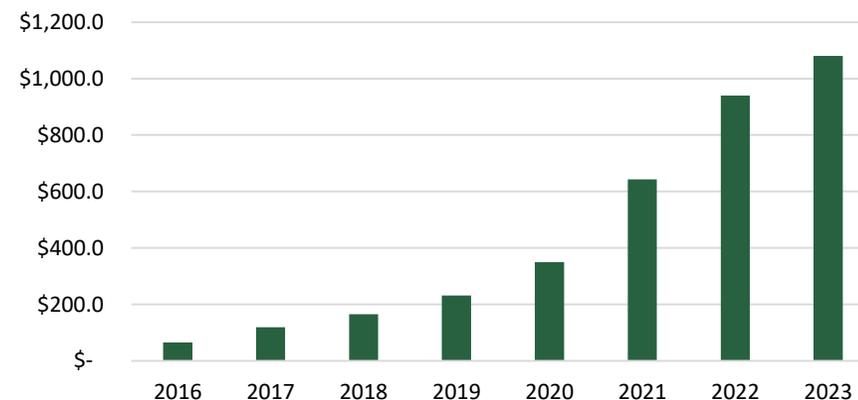
(\$ in Thousands)	Year-Ending			
	Dec-2020	Dec-2021	Dec-2022	Dec-2023
Total Assets	\$226,670	\$417,962	\$565,662	\$625,539
Number of Loans in Portfolio	495	520	444	311
Principal Amount of Loans in Portfolio	\$155,616	\$292,301	\$460,633	\$499,235
Weighted Average Interest Rate ⁽¹⁾	11.79%	11.57%	10.72%	11.42%
Average Outstanding Loan Balance	\$362	\$562	\$1,037	\$1,605
Weighted Average Term (Months)	8	8	6	6
Foreclosures In Process	16	16	40	56

(1) Weighted average interest rate does not include origination fee income.

Total Asset Growth (\$ in Millions)



Cumulative Loan Originations (\$ in Millions)



Targeted Acquisition Contributes to Future Growth

- Acquired Urbane New Haven, LLC (“Urbane”), a premier real estate firm specializing in all phases of development and construction, including architecture, design, contracting, and marketing for more than 21 years
- The transaction accomplished two goals:
 - exceptional development and construction expertise
 - expertise to remedy and complete projects minimizing costs associated with distressed property
- In-house construction expertise should enable larger and more profitable construction loans, as well as further vertical integration of the lending platform



SACHEM CAPITAL + **urbane**

Target Market and Opportunity

Developers, builders, and investors are facing tightening restrictions in the capital markets

Greater flexibility in structuring loans to better meet needs of the borrower

Focus on larger sized loans with financially stable, experienced developers

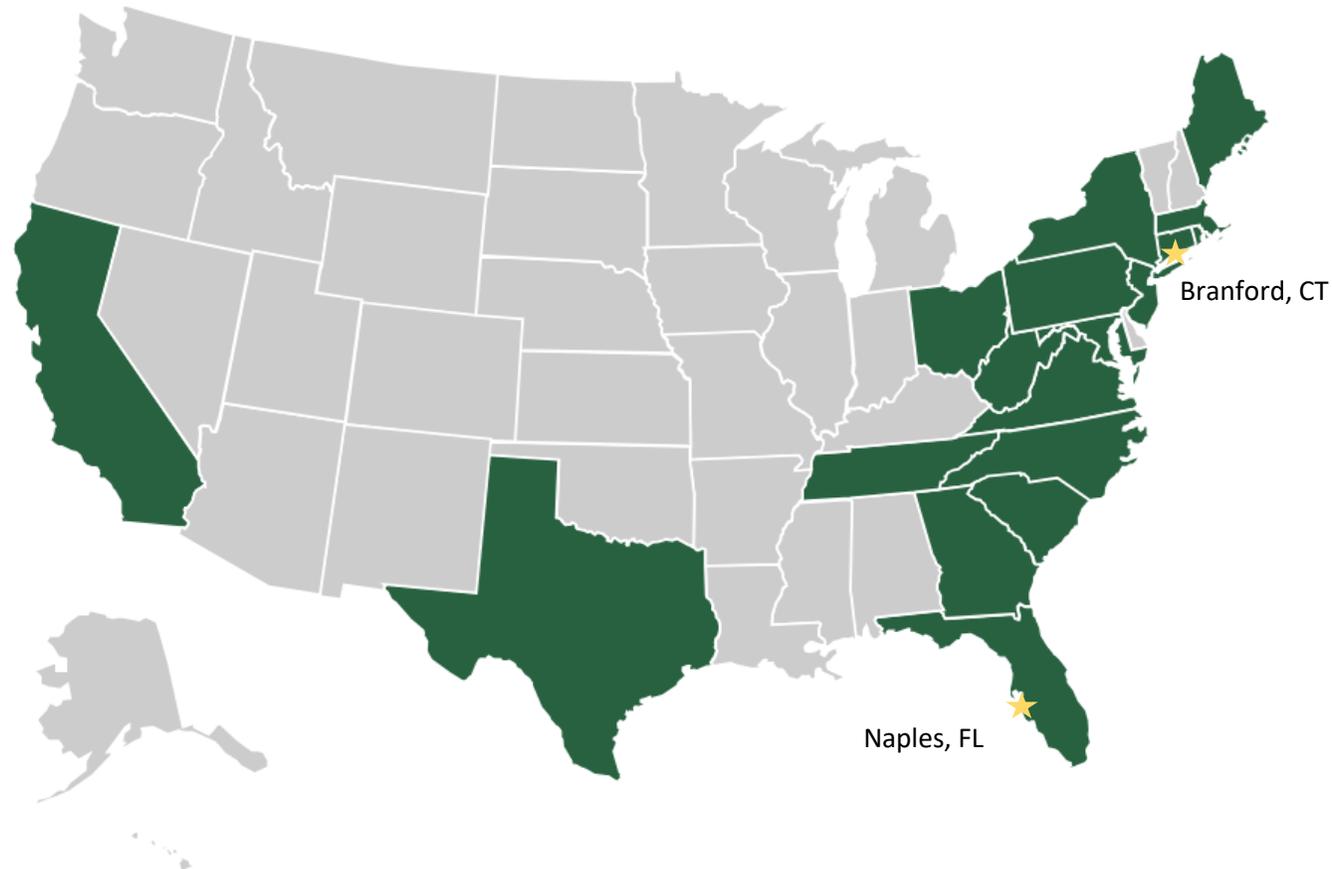
- Demand for property has outstripped supply
- SBA can take 6+ months or longer to close on a large loan
- Competitors have tightened lending criteria

- Close a loan quicker than most financial institutions and non-banking real estate lenders
- Due diligence is more centered around the value of the collateral rather than the property cash flows or borrower's credit
- Combination of speed and flexibility enables us to adapt to new market conditions

- Offsets rate compression and helps us maintain a low foreclosure rate
- Collateral less susceptible to value swings in the residential market
- Term is generally limited to 1 year to mitigate interest rate risk

Origination Locations

Strong Eastern Seaboard presence complemented by local lending capability



- California
- Connecticut
- Florida
- Georgia
- Massachusetts
- Maryland
- Maine
- North Carolina
- New Jersey
- New York
- Pennsylvania
- Rhode Island
- South Carolina
- Tennessee
- Texas

★ Sales Presence

Focused Loan Products



Fix-and-Flip Loans



**Distressed /
Foreclosure Loans**



Bridge Loans



New Construction Loans

Mission:
To create value for our clients and
shareholders with tailored
solutions across real estate assets,
that help build better communities



**Commercial Real Estate
Development**

Loan Diversification and Expansion

- Addition of commercial real estate provides diversification from residential given its more typical reliance on cash flow and CAP rate calculations by borrowers / investors
- Interest rates and loan-to-value ratios consistent with historical targets set by Sachem



Case Studies

- \$19.5 million loan for the purchase and conversion of a warehouse in Brighton, MA, into a 28-unit condominium complex within an up-and-coming residential community. The loan was cross-collateralized with other properties owned by the borrower.
- \$11.6 million loan to an experienced developer to acquire and renovate a 466,000 square-foot (47 acre) multi-tenant complex in Milford, CT, comprised of five three-story buildings, including the corporate headquarters for a national apparel retailer. The loan was closed in a much shorter time frame than traditional lenders.
- \$9.0 million loan to an experienced developer converting a hotel property in Fairfield County, CT, to luxury apartments. The loan provided flexibility in lending to meet the unique needs of the borrower.

Meaningful Market Expansion Opportunities

Turning Liabilities Into Assets - Vacant, Unused, and Abandoned Properties:

- Vacant and abandoned properties present daunting challenges to communities nationwide; they drag down local economies, impede population growth, depress property values, increase crime, and impose heavy cost burdens on local governments
- There is a shift toward reutilizing these properties, but local political and economic contexts, as well as limitations of capacity and resources shape the tools that local governments, nonprofits, and neighbors employ to address and reuse vacant and abandoned properties.
- This presents a unique opportunity for the well-funded and well-experienced sponsor entity.

Offer unique combination of highly skilled team of underwriters and commercial construction management to oversee project complexities

Before



After



Management Team



John L. Villano CPA, *Chairman, Chief Executive Officer, President and Treasurer*

- Chairman and Chief Executive Officer since the company's inception in 2010
- Responsible for overseeing all aspects of business operations, including loan origination and servicing, investor relations, brand development, and business development
- Previously engaged in the private practice of accounting and auditing for almost 30 years
- Certified Public Accountant and holds a Bachelor's Degree in Accounting from the University of Rhode Island



Eric O'Brien, *Senior Vice President, Asset Management at Sachem Capital Corp. and Managing Director at Urbane Capital, LLC*

- 30 years of experience in construction finance and management, design and development, asset management, property acquisitions, and real estate development.
- Responsible for the company's lending evaluation, assessment, and approvals
- Prior to joining Sachem, was the president and founder of Urbane New Haven, LLC, specializing in all aspects of development, design and construction management
- B.A. in Political Science from the University of Rhode Island



Nicholas M. Marcello, *Vice President, Finance and Operations*

- Expertise in compliance, financial modeling, deal structuring and operations
- Prior to joining Sachem, was Assistant Controller at Waypoint Real Estate Investments where his role included monthly operational reporting, annual audits, transactions, and tax compliance
- Began career at PwC, a multinational professional services network of firms, in the Investment Management Group
- B.S. from Providence College and an M.B.A and M.S. in Accounting from Northeastern University



Ralph Sylvester, *Vice President, Asset Management at Sachem Capital Corp. and Director at Urbane Capital LLC*

- Expertise in development planning, financial modeling, property acquisitions, construction management and formulation of major contracts.
- Responsible for overseeing the company's lending evaluation, assessment of loan request packages, and approvals.
- Prior to joining Sachem, was the Director of Operations at Urbane New Haven, LLC
- B.A. in Political Science from Villanova University.

Corporate Responsibility

Environmental

- **Commitment to Responsible Investing**
 - Stabilizing and revitalizing previously vacant, abandoned or uninhabitable properties
 - Renovation projects improve safety, energy efficiency, useability, and affordability to meet the needs of today's communities
 - Integrating environmental due diligence into underwriting standards
- **Climate Change**
 - Headquarters operations focused on reducing carbon footprint
 - Eliminated use of single use bottles, glasses and plates in favor of use of reusable or compostable alternatives

Social

- **Human Capital**
 - Excluding retirements, over 95% employee retention rate in the last 24 months
 - Benefits include employer paid health dental, LTD & STD plans, stock grant program
 - Promote health and wellness through gym reimbursement program
- **Diversity, Equity and Inclusion**
 - Committed to diversity in recruiting, hiring and development
 - 38% of employees identify as female and / or minority
- **Community Partnership**
 - Support / match employee charitable giving
 - Paid time off for volunteer work
- **Financial Inclusion**
 - Business activities expand availability and affordability of quality housing

Governance

- Management and Board own 5% of shares, providing alignment with shareholders
- Majority Independent board with 25% female representation
- Code of business conduct and ethics

Committed to being responsible partners for all stakeholders

Investment Summary

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Fourth Quarter 2023 Key Metrics

Earnings

- Revenue of \$65.6 million, up 25.5% from FY2022
- GAAP Net income of \$12.1 million, or \$0.27 per share
- Weighted average portfolio interest rate of 12.6%, not inclusive of fees

Liquidity

- \$50.4 million cash and cash equivalents and net investment securities
- \$200 million master repurchase financing, \$65 million line of credit expandable to \$75 million
- \$36.1 million of available capacity remaining at 12/31/2023

Originations

- 2023 gross originations of \$205 million
- Targeting 14% all in yield on new originations
- Max target LTV of 70% on new originations; max LTC target of 85%

Balance Sheet Summary

	Years Ended	
	December 31,	
	2023	2022
Assets		
Cash and cash equivalents	\$ 12,598,256	\$ 23,713,097
Investment securities, net (at fair value)	37,776,032	24,576,462
Mortgages receivable	499,235,371	460,738,268
Less: Allowance for credit losses	(7,523,160)	(105,000)
Mortgages receivable, net of allowance for credit losses	491,712,211	460,633,268
Investments in rental real estate, net	10,554,461	—
Interest and fees receivable, net	8,474,820	6,309,845
Due from borrowers, net	5,596,883	5,276,967
Real estate owned	3,461,519	5,216,149
Investments in partnerships	43,035,895	30,831,180
Property and equipment, net	3,373,485	4,121,721
Other assets	8,955,250	4,983,173
Total assets	\$ 625,538,812	\$ 565,661,862
Liabilities and Shareholders' Equity		
Liabilities:		
Notes payable (net of deferred financing costs of \$6,048,490 and \$8,352,597)	\$ 282,353,260	\$ 280,049,153
Repurchase facility	26,461,098	42,533,466
Mortgage payable	1,081,303	750,000
Lines of credit	61,792,330	3,587,894
Accrued dividends payable	5,144,203	5,342,160
Accounts payable and accrued liabilities	2,321,535	1,439,219
Advances from borrowers	10,998,351	9,892,164
Below market lease intangible	664,737	—
Deferred revenue	4,647,302	4,360,452
Total liabilities	395,464,119	347,954,508
Commitments and Contingencies		
Shareholders' equity:		
Preferred shares - \$.001 par value; 5,000,000 shares authorized; 2,903,000 shares designated as Series A Preferred Stock; 2,029,923 and 1,903,000 shares of Series A Preferred Stock issued and outstanding at December 31, 2023 and December 31, 2022, respectively	\$ 2,030	\$ 1,903
Common stock - \$.001 par value; 200,000,000 shares authorized; 46,765,483 and 41,093,536 issued and outstanding at December 31, 2023 and December 31, 2022	46,765	41,094
Paid-in capital	249,825,780	226,220,990
Accumulated other comprehensive income (loss)	315,614	(561,490)
Accumulated deficit	(20,115,496)	(7,995,143)
Total shareholders' equity	230,074,693	217,707,354
Total liabilities and shareholders' equity	\$ 625,538,812	\$ 565,661,862

Income Statement Summary

	Years Ended December 31,	
	2023	2022
Revenue:		
Interest income from loans	\$ 49,265,040	\$ 42,618,817
Investment gain, net	1,233,537	521,662
Income from partnership investments	3,521,721	1,809,564
Origination and modification fees, net	5,940,393	7,320,625
Fee and other income	4,812,629	2,969,117
Unrealized gain (loss) on investment securities	835,818	(2,963,760)
Total revenue	<u>65,609,138</u>	<u>52,276,025</u>
Operating costs and expenses:		
Interest and amortization of deferred financing costs	29,189,901	21,549,859
Compensation, fees and taxes	6,931,757	5,315,455
General and administrative expenses	5,293,057	3,097,219
Other expenses	1,032,520	544,684
(Gain) Loss on sale of real estate and property and equipment, net	88,115	(44,752)
Provision for credit losses related to loans	5,571,612	105,000
Provision for credit losses related to available-for-sale debt securities	808,561	—
Impairment loss	794,462	799,909
Total operating costs and expenses	<u>49,709,985</u>	<u>31,367,374</u>
Net income	15,899,153	20,908,651
Preferred stock dividend	<u>(3,795,389)</u>	<u>(3,687,062)</u>
Net income attributable to common shareholders	12,103,764	17,221,589
Other comprehensive income		
Unrealized gain (loss) on investment securities, net	877,104	(85,474)
Total Comprehensive income	<u>\$ 12,980,868</u>	<u>\$ 17,136,115</u>
Basic and diluted net income per common share outstanding:		
Basic	<u>\$ 0.27</u>	<u>\$ 0.46</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.46</u>
Weighted average number of common shares outstanding:		
Basic	<u>44,244,988</u>	<u>37,741,657</u>
Diluted	<u>44,244,988</u>	<u>37,749,169</u>