

SACHEM CAPITAL

NYSE - American: SACH

Sachem Capital Corp.
Investor Presentation – May 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.

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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.

Company Overview

Specialized Real Estate Finance Company Focused on Originating, Servicing and Managing a Portfolio of First Mortgage Loans

- **Experienced and Reliable Financial Intermediary**
 - Cycle-Tested Team with Decades of Experience
 - Comprehensive Underwriting Process that Includes Personal-Level Audits & Guarantees
 - Strong Capital Structure and Liquidity
- **Diversified Portfolio** – Renovations, rehabs, developments and improvements of residential and commercial properties, located primarily in the Northeast and Florida, with opportunities to expand across 15 states
- **Reduced Risk** – Short-term (typically 12 to 36 months), secured, loans to real estate investors and developers who retain significant equity

Investment Highlights

Strong Diversified Portfolio with Excellent Credit Metrics

- \$490.7 million portfolio as of March 31, 2024
- \$8.1 million allowance for credit losses as of March 31, 2024
- 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 \$377.6 million at 1Q 2024
- \$200 million master repurchase financing, \$65 million line of credit expandable to \$75 million, and approximately \$31 million of availability in credit facilities remaining at 3/31/2024

Compelling Valuation

- Dividend yield: 9.9%*
- Core EPS Multiple: 10.4x 2024 Consensus Core EPS*

Key Metrics¹

> \$1 billion in
origination since inception

> 2,000+
transactions completed

loans funded in
15 states

88% of loans
have term of less than 1
year

total assets:
\$626 million

\$1.8M
average loan size

273
Mortgage loans in
portfolio

13%
average yield

Strategic Approach to Drive Sustained Growth

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 level audits and 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

- 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

Positioned to Outperform

Economic Backdrop	Position
The faltering of SVB and other regional banks has triggered a tightening phase in lending standards	Opens up possibilities for exploring previously unexplored avenues, fostering a more diversified investment portfolio that holds the potential for increased profitability
The increased cost of capital, driven by higher interest rates and depressed equity markets, has led to a significant surge in financing rates	\$18.4 million in cash and cash equivalents, \$38.4 million in investment securities, and an additional, \$31 million available in credit facilities
The reluctance of current homeowners to relinquish record low mortgage rates has dampened enthusiasm for selling existing homes, exacerbating the national housing shortage	Our Urbane team's construction expertise ensures careful borrower selection in a strong construction market
Rising inflation and uncertainty surrounding the Federal Fund's rate range are adding further pressure on borrowers	Portfolio spans 273 mortgage loans across 15 states, with about 88% having a term duration of one year or less. This structure offers the flexibility needed to remain agile and responsive to market dynamics

Focused Loan Products



Fix-and-Flip Loans



**Distressed /
Foreclosure Loans**



Bridge Loans



New Construction Loans

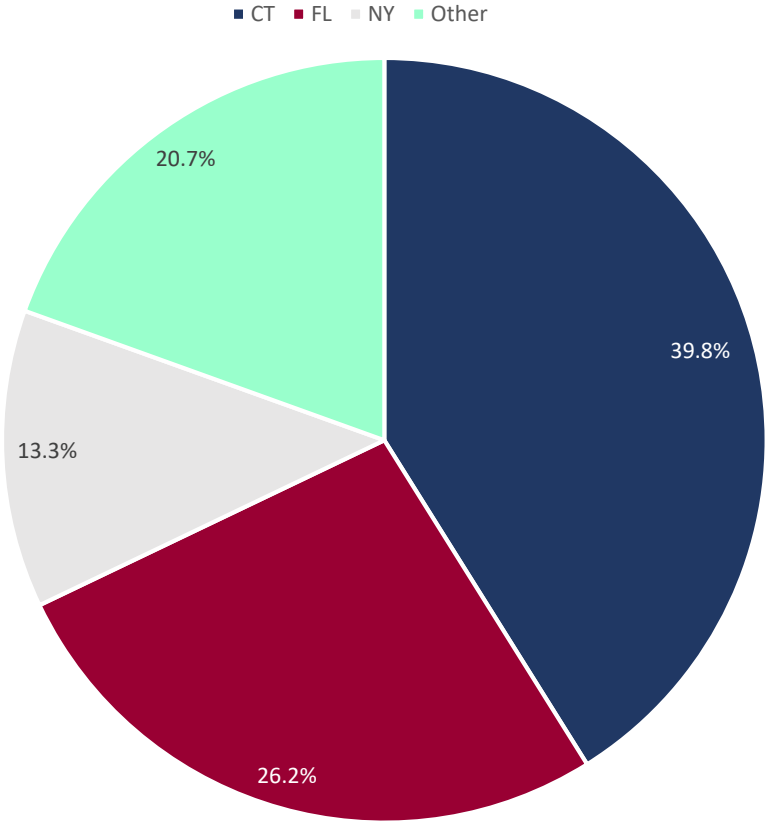
Mission:
To create value for our clients and
shareholders with tailored
solutions across real estate assets,
that help build better communities



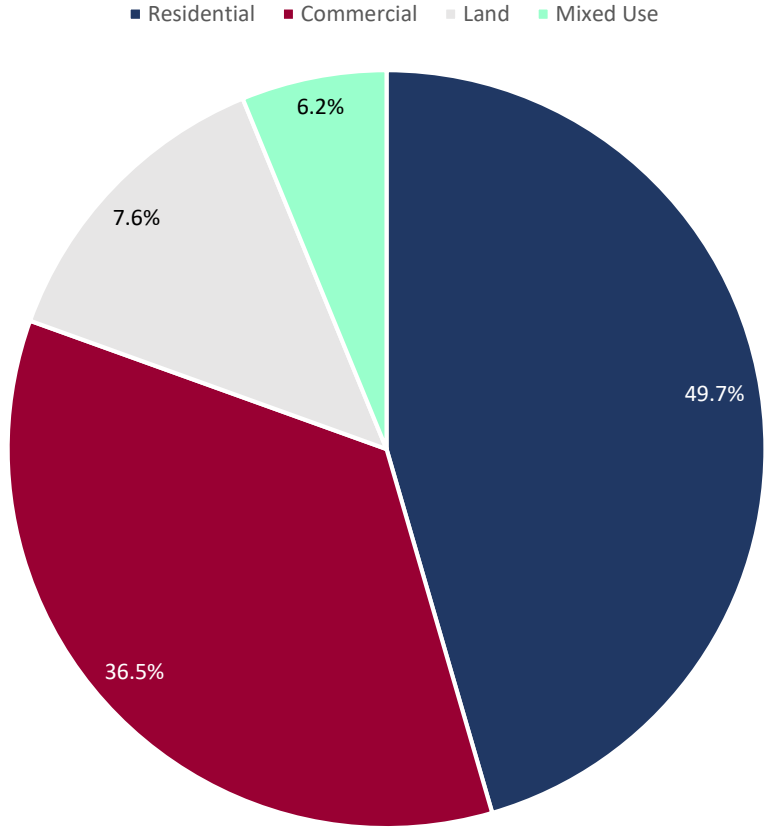
**Commercial Real Estate
Development**

Loan Portfolio Overview

SUMMARY DISTRIBUTION BY STATE



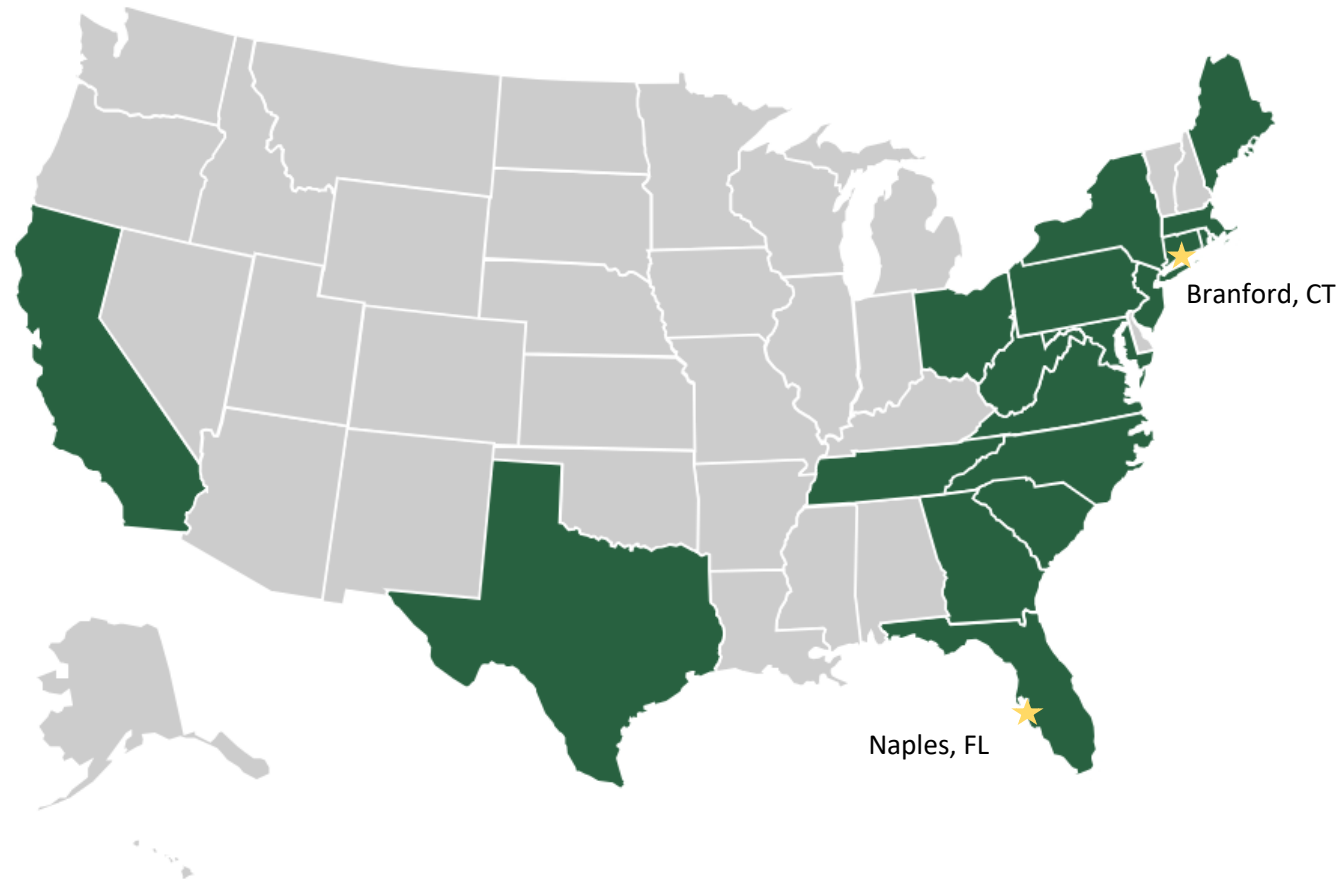
SUMMARY DISTRIBUTION BY REAL ESTATE TYPE



*All data as of March 31, 2024

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

First Quarter 2024 Key Metrics

Earnings

- Revenue grew \$2.5 million, up 17.0% compared to the same quarter of 2023
- GAAP Net income of \$3.6 million, or \$0.08 per share
- Weighted average portfolio interest rate of 12.7%, not inclusive of fees

Liquidity

- \$18.4 million cash and cash equivalents and \$38.4 million in investment securities
- \$200 million master repurchase financing, \$65 million line of credit expandable to \$75 million
- \$31 million of available capacity in credit facilities

Originations

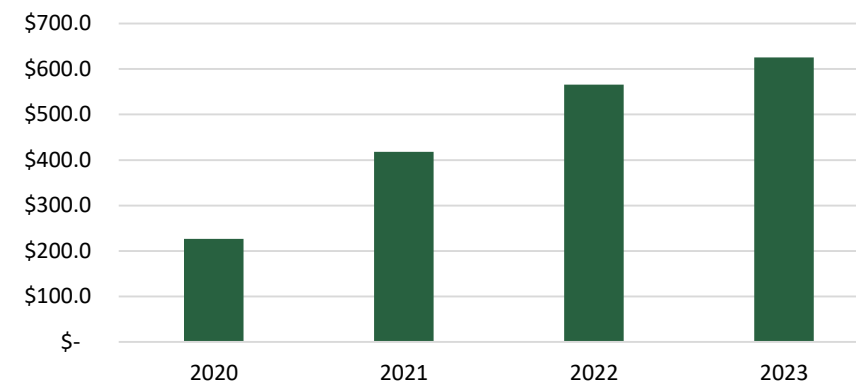
- \$43 million of gross originations during the three months ended March 31, 2024
- Targeting 14% all in yield on new originations
- Max target LTV of 70% on new originations and a max LTC target of 85%

Consistent Portfolio Growth & Strong Performance

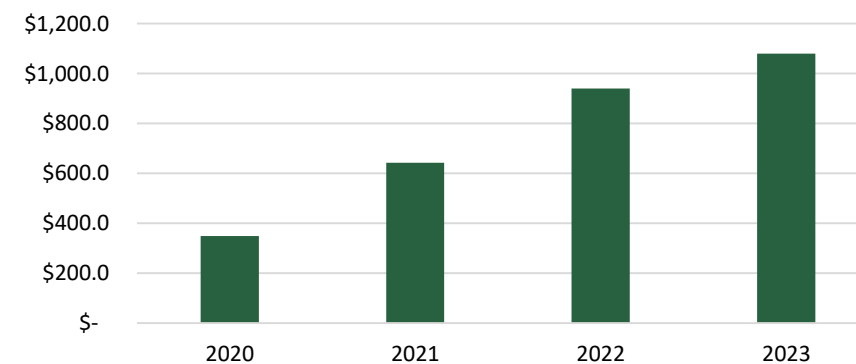
ANNUAL SUMMARY MORTGAGE LOAN PORTFOLIO OVERVIEW

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

Total Asset Growth (\$ in Millions)



Cumulative Loan Originations (\$ in Millions)



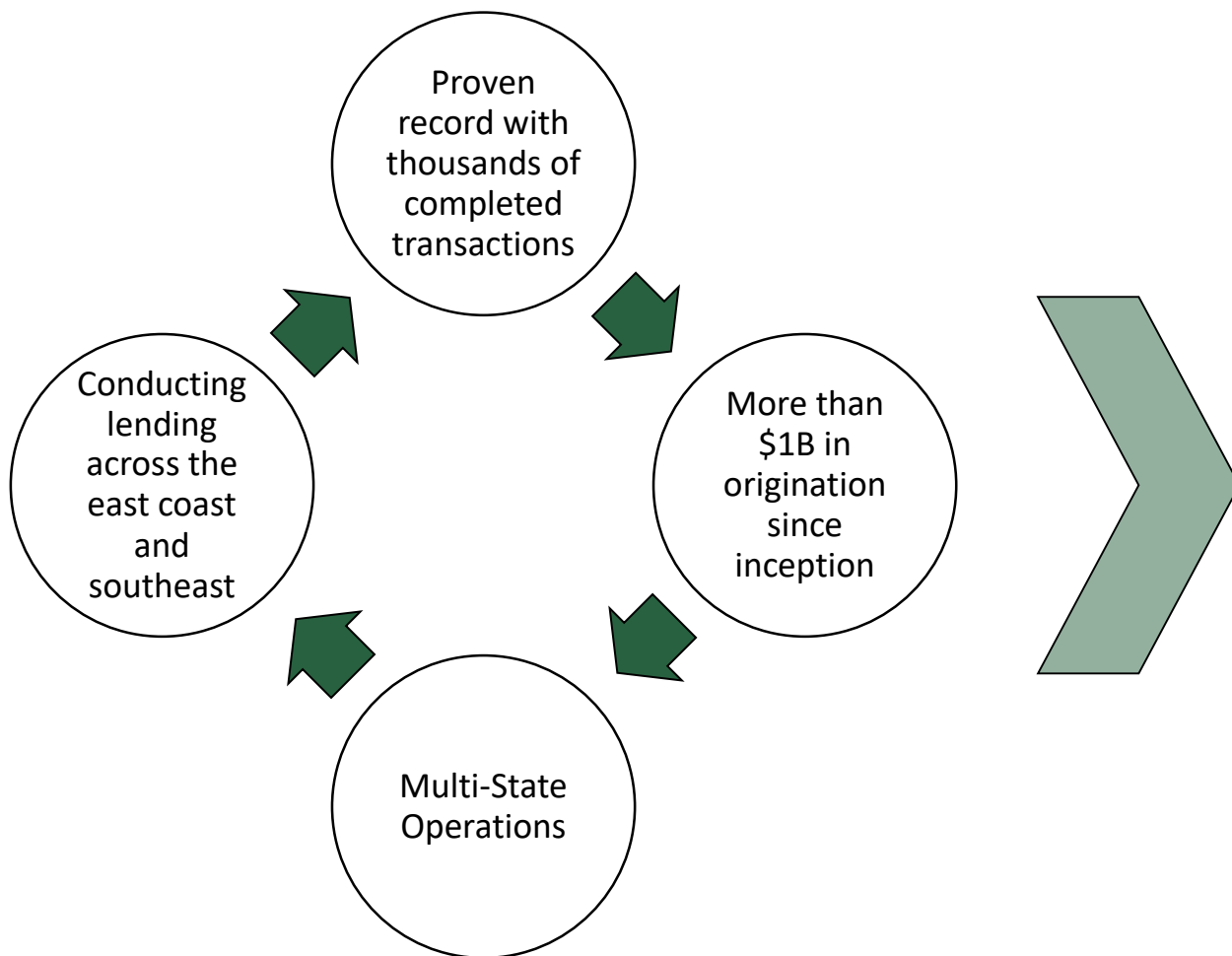
(1) Weighted average interest rate does not include origination fee income.

Compelling Growth Strategy

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

- 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

Multiple Competitive Advantages



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

Targeted Acquisition Contributes to Future Growth

Since acquiring Urbane New Haven, LLC, a top real estate firm with 21+ years of experience in development and construction, we've seen strong synergies:

Case Studies

#1: Loan Workout & Modification

- Negotiated and modified \$17M loan, achieving full payoff (principal, interest, charges, exit fee)
- Led on-site meetings with Sponsor and General Contractor
- Conducted detailed project and market analyses
- Strategically negotiated terms benefiting both Sponsor and SACHEM Capital

#2: Phase 1 Project Optimization

- Expanded Phase 1 project from 16 to 24 units
- Conducted comprehensive evaluation of business plan shift
- Considered milestones and project viability
- Aligned interests and ensured holistic benefits for the project and SACHEM



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

- Ability to close loans 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

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



Loan Diversification and Expansion



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.

Addition of commercial real estate provides diversification from residential given its more typical reliance on cash flow and CAP rate calculations by borrowers / investors

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, usability, 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

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

Committed to Being Responsible Partners for All Stakeholders

Appendix

Investment Highlights

Strong Diversified Portfolio with Excellent Credit Metrics

Multi-pronged Growth Strategy

Proven Management Team

Strong Capital Structure to Support Growth Strategy

Compelling Valuation

Balance Sheet Summary

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 18,413,401	\$ 12,598,256
Investment securities, net (at fair value)	38,432,752	37,776,032
Mortgages receivable		
	490,743,670	499,235,371
Less: Allowance for credit losses	(8,053,252)	(7,523,160)
Mortgages receivable, net of allowance for credit losses		
	482,690,418	491,712,211
Investments in rental real estate, net	11,266,309	10,554,461
Interest and fees receivable, net	8,083,432	8,474,820
Due from borrowers, net	5,241,976	5,596,883
Real estate owned	3,703,519	3,461,519
Investments in partnerships	46,221,719	43,035,895
Property and equipment, net	3,330,653	3,373,485
Other assets	9,143,300	8,955,250
Total assets	<u>\$ 626,527,479</u>	<u>\$ 625,538,812</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Notes payable (net of deferred financing costs of \$5,443,237 and \$6,048,490)	\$ 282,958,513	\$ 282,353,260
Repurchase facility	25,860,601	26,461,098
Mortgage payable	1,061,720	1,081,303
Lines of credit	62,251,343	61,792,330
Accrued dividends payable	—	5,144,203
Accounts payable and accrued liabilities	2,754,348	2,321,535
Advances from borrowers	9,176,571	10,998,351
Below market lease intangible	664,737	664,737
Deferred revenue	4,356,605	4,647,302
Total liabilities	<u>\$ 389,084,438</u>	<u>\$ 395,464,119</u>
Commitments and Contingencies		
Shareholders' equity:		
Preferred shares - \$0.001 par value; 5,000,000 shares authorized; 2,903,000 shares designated as Series A Preferred Stock; 2,108,957 and 2,029,923 shares of Series A Preferred Stock issued and outstanding at March 31, 2024 and December 31, 2023, respectively	\$ 2,109	\$ 2,030
Common stock - \$0.001 par value; 200,000,000 shares authorized; 47,446,051 and 46,765,483 issued and outstanding at March 31, 2024 and December 31, 2023	47,446	46,765
Paid-in capital	253,669,954	249,825,780
Accumulated other comprehensive income	190,329	315,614
Accumulated deficit	(16,466,797)	(20,115,496)
Total shareholders' equity	<u>237,443,041</u>	<u>230,074,693</u>
Total liabilities and shareholders' equity	<u>\$ 626,527,479</u>	<u>\$ 625,538,812</u>

Income Statement Summary

	Three Months Ended March 31,	
	2024	2023
Revenue:		
Interest income from loans	\$ 12,641,444	\$ 10,983,326
Investment gain, net	527,824	274,796
Income from partnership investments	1,195,300	549,723
Origination and modification fees, net	1,461,966	1,475,920
Fee and other income	1,189,241	707,605
Unrealized gain on equity securities	185,181	716,389
Total revenue	<u>17,200,956</u>	<u>14,707,759</u>
Operating costs and expenses:		
Interest and amortization of deferred financing costs	7,469,442	6,872,967
Compensation, fees and taxes	1,943,197	1,779,318
General and administrative expenses	1,238,574	898,115
Other expenses	556,640	83,722
(Gain) Loss on sale of real estate and property and equipment, net	10,854	(148,100)
Provision for credit losses related to loans	1,312,024	101,515
Total operating costs and expenses	<u>12,530,731</u>	<u>9,587,537</u>
Net income	4,670,225	5,120,222
Preferred stock dividend	(1,021,526)	(924,762)
Net income attributable to common shareholders	<u>3,648,699</u>	<u>4,195,460</u>
Other comprehensive income		
Unrealized (loss) gain on debt securities	(125,285)	91,637
Total comprehensive income	<u>\$ 3,523,414</u>	<u>\$ 4,287,097</u>
Basic and diluted net income per common share outstanding:		
Basic	<u>\$ 0.08</u>	<u>\$ 0.10</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.10</u>
Weighted average number of common shares outstanding:		
Basic	<u>47,326,384</u>	<u>42,792,509</u>
Diluted	<u>47,326,384</u>	<u>42,792,509</u>