AG MITT
AG MORTGAGE
Investment Trust, Inc.

AG Mortgage Investment Trust, Inc.
Q4 2018 Earnings Presentation

February 27, 2019

Forward Looking Statements and Non-GAAP Financial Information

Forward Looking Statements: This presentation includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 related to dividends, book value, our investments, our investment and portfolio strategy, investment returns, return on equity, liquidity, financing, taxes, our assets, our interest rate sensitivity, and our views on certain macroeconomic trends and conditions, among others. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, changes in interest rates, changes in the yield curve, changes in prepayment rates, changes in default rates, the availability and terms of financing, changes in the market value of our assets, general economic conditions, conditions in the market for Agency RMBS, Non-Agency RMBS, ABS and CMBS securities, Excess MSRs and loans, our ability to integrate newly acquired rental assets into our investment portfolio, our ability to predict and control costs, conditions in the real estate market, and legislative and regulatory changes that could adversely affect the business of the Company. Additional information concerning these and other risk factors are contained in the Company's filings with the Securities and Exchange Commission ("SEC"), including its most recent Annual Report on Form 10-K and subsequent filings. Copies are available free of charge on the SEC's website, http://www.sec.gov/. All information in this presentation is as of February 26, 2019 The Company undertakes no duty to update any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Non-GAAP Financial Information: In addition to the results presented in accordance with GAAP, this presentation includes certain non-GAAP financial results and financial metrics derived therefrom, which are calculated by including or excluding depreciation and amortization, unconsolidated investments in affiliates, TBAs, and U.S. Treasuries, or by allocating non-investment portfolio related items based on their respective characteristics, as described in the footnotes. Our management team believes that this non-GAAP financial information, when considered with our GAAP financials, provides supplemental information useful for investors as it enables them to evaluate our current core performance using the same measure that management uses to operate the business. This presentation also contains Core Earnings, a non-GAAP financial measure. Our presentation of non-GAAP financial information may not be comparable to similarly-titled measures of other companies, who may use different calculations. This non-GAAP financial information should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. Our GAAP financial results and the reconciliations from these results should be carefully evaluated.

Q4 2018 MITT Earnings Call Presenters

David Roberts	T.J. Durkin	Brian Sigman	Karen Werbel
Chief Executive Officer	Chief Investment Officer	Chief Financial Officer	Head of Investor Relations

Q4 2018 Performance and Highlights

- Fourth quarter 2018:
  - $(1.45) of Net Income/(Loss) per diluted common share[1]
  - $0.47 of Core Earnings per diluted common share[1, 2]
    - Includes de minimus retrospective adjustment
  - (7.6)% Economic Return on Equity for the quarter[3]
  - $17.21 Book value per share[1] and $17.30 Undepreciated Book Value per share[1] as of December 31, 2018, inclusive of our fourth quarter $0.50 common dividend
    - Book value decreased $(1.95) or (10.2)% from the prior quarter primarily due to:
      - $(1.38) or (7.2)% due to our investments in Agency RMBS and associated derivatives
        - Agency RMBS spreads widened as interest rates fell sharply during the quarter; much of the book value decline occurred during the month of December as deterioration in overall market conditions accelerated
      - $(0.48) or (2.5)% due to our Credit Investments
        - CRT and Legacy RMBS spreads widened during the quarter in sympathy with the broader markets
      - $(0.06) or (0.3)% due to depreciation and amortization of our SFR portfolio
      - $(0.03) or (0.2)% due to core earnings below the $0.50 dividend

Full Year 2018 Performance and Highlights

- Full Year 2018 Performance and Highlights:
  - $(0.42) of Net Income/(Loss) per diluted common share[1]
  - $2.08 of Core Earnings per diluted common share[1, 2]
    - Includes $0.03 retrospective adjustment
  - $1.975 dividend per diluted common share[1]
    - Increased quarterly common dividend 5.3% to $0.50 per share in the second quarter of 2018
  - (2.2)% Economic Return on Equity for the year[3]
  - Issued approximately 512,000 shares of common stock for net proceeds of approximately $9.5 million through ATM program
- Subsequent Event:
  - In February 2019, issued 3,450,000 shares of common stock including the over-allotment through an underwritten public equity offering at a price of $16.70 per share for net proceeds of approximately $57.3 million, after deducting estimated offering expenses

Q4 2018 Performance and Highlights *(cont'd)*

- $3.6 billion investment portfolio as of December 31, 2018 as compared to the $3.7 billion investment portfolio as of September 30, 2018[4,5]
- 2.3% Net Interest Margin ("NIM") as of December 31, 2018[6]
  - Net Interest Margin declined primarily due to the increase in cost of funds related to a 25 bps increase in the federal funds rate in December
- 4.6x "At Risk" Leverage as of December 31, 2018[7]

	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Yield on Investment Portfolio[8]	4.6%	5.0%	5.1%	5.2%	5.3%
Cost of Funds[9]	2.2%	2.3%	2.4%	2.7%	3.0%
NIM[6]	2.4%	2.7%	2.7%	2.5%	2.3%
"At Risk" Leverage[7]	4.4x	4.6x	4.4x	4.3x	4.6x

Note: Funding cost and NIM shown include the costs of our interest rate hedges. Funding cost and NIM excluding the cost of our interest rate hedges would be 3.2% and 2.0%, respectively.

Q4 2018 Activity

($ in millions) Description	Purchased	Sold/Payoff	Net Activity
30 Year Fixed Rate	$311.0	$(229.6)	$81.4
Hybrid ARM	—	(102.6)	(102.6)
Fixed Rate 30 Year TBA	329.6	(404.7)	(75.1)
Total Agency RMBS	**640.6**	**(736.9)**	**(96.3)**
Prime	11.3	(10.1)	1.2
Alt-A/Subprime	—	(12.5)	(12.5)
Credit Risk Transfer	28.7	(4.8)	23.9
RPL/NPL Securities	—	(71.4)	(71.4)
Re/Non-Performing Loans	101.7	(1.6)	100.1
New Origination Loans	53.5	—	53.5
Total Residential Investments	**195.2**	**(100.4)**	**94.8**
CMBS	—	(3.2)	(3.2)
Freddie Mac K-Series	1.3	—	1.3
CMBS Interest Only	0.6	—	0.6
Commercial Real Estate Loans	4.0	—	4.0
Total Commercial Investments	**5.9**	**(3.2)**	**2.7**
Total ABS	**—**	**(17.5)**	**(17.5)**
Total Q4 Activity	**$841.7**	**$(858.0)**	**$(16.3)**

- Purchased one pool of primarily RPL mortgage loans
- Purchased several Non-QM pools alongside other Angelo Gordon funds
- Sold and received payoffs of RPL/NPL securities
- Sold all Hybrid ARM positions

Note: The chart above is based on trade date.

Q4 2018 Macro-Economic Conditions

Macro Environment	▪ In December, the FOMC increased the federal funds rate by an additional 25 basis points and updated the summary of economic projections by lowering 2019 growth and inflation forecasts and reducing its anticipated number of federal funds rate increases from 3 to 2 in 2019 ▪ Interest rates declined by 40 to 50 basis points across the yield curve ▪ Previous quarters demonstrated faster growth than both underlying labor force and productivity growth rates would have suggested, while fourth quarter data appears to be showing a lower, more sustainable rate of growth in the coming quarters ▪ After reaching the Fed's 2% inflation goal in mid-2018, year-over-year core inflation has moderated
Housing	▪ Home price appreciation remains strong amid a lack of housing supply but there are indications of slower home price growth ahead due to slower housing activity and increased mortgage rates
Agency RMBS	▪ During the quarter, Agency MBS spreads widened and risk assets underperformed benchmarks, with a sentiment shift and associated market overreaction in response to Fed communication, a softening of select manufacturing data, the absence of optimism on trade negotiations with China and the government shutdown, at a time where market liquidity was constrained by year-end pressures
Credit	▪ Fundamental residential mortgage collateral performance, as measured by delinquency and default rates, remains at pre-crisis levels

Investment Opportunity Set

Agency RMBS	▪ Hypothetical Duration Hedged Levered ROE: 8-14%(a)(b) ▪ 30/20/15 Year Fixed Rate, Hybrid ARM, Fixed Rate CMO, Agency IO, Inverse IO, Excess MSRs
Residential Investments	▪ Hypothetical Levered ROE: 8-14%(b) ▪ CRT, NPL, RPL, Non-QM, Legacy
Commercial Investments	▪ Hypothetical Levered ROE: 10-16%(b) ▪ Conduit, Single Asset/Single Borrower, Freddie Mac K-series, Commercial Loans
ABS	▪ Hypothetical Levered ROE: 8-14%(b) ▪ Consumer, auto backed debt, credit card, other non-residential ABS
Single-Family Rental Properties	▪ Hypothetical Levered ROE: 8-12%(b)

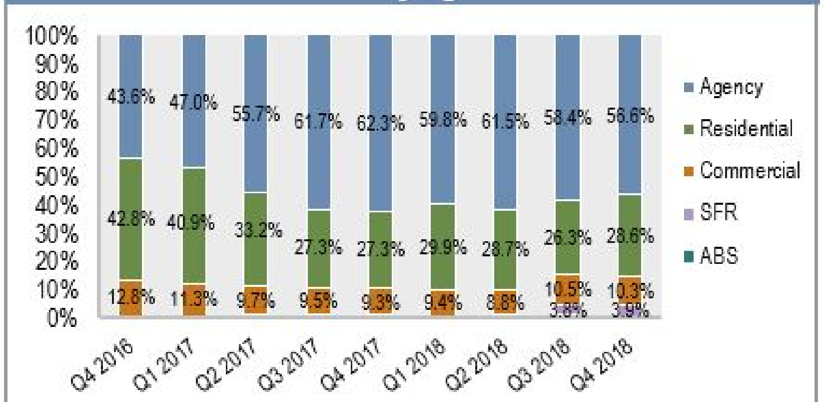
(a) Hypothetical levered returns on Agency RMBS are presented on a duration hedged basis, net of related costs.
(b) ROE values are presented gross of management fee and other corporate expenses.
Note: The above-listed investment opportunity set represents a subset of the types of assets that the Company can acquire. The hypothetical Levered Returns on Equity ("ROE") depicted above are dependent on a variety of inputs and assumptions, which are assumed to be static, and do not reflect the impact of operating expenses. Actual returns could differ materially from those presented based on a number of factors, including changes in interest rates, spreads, prepayments, asset values, funding levels, risk positions, hedging costs, expenses, occupancy, rental rates and other factors.

Q4 2018 Investment Portfolio Composition[4,5]

	Amortized Cost (mm)	Net Carrying Value (mm)	Percent of Net Carrying Value	Allocated Equity (mm)[10]	Percent of Equity	Leverage Ratio[(a)]
Agency RMBS[(b)]	$2,019.6	$2,015.6	56.6%	$257.4	39.2%	7.0x
Residential Investments[(b)]	969.5	1,019.1	28.6%	241.3	36.8%	3.4x
Commercial Investments[(b)]	348.7	365.0	10.3%	109.2	16.6%	2.4x
ABS	21.9	21.2	0.6%	10.3	1.6%	1.0x
Single-Family Rental Properties	138.7	138.7	3.9%	37.8	5.8%	2.7x
Total Investment Portfolio	**$3,498.4**	**$3,559.6**	**100.0%**	**$656.0**	**100.0%**	**4.6x**

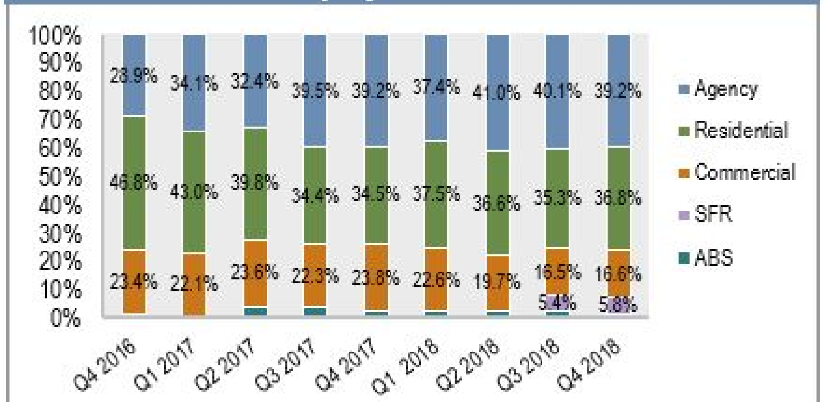
(a) The leverage ratio on Agency RMBS includes any net receivables on TBA. The leverage ratio by type of investment is calculated by dividing the investment type's total financing by its allocated equity.[10]
(b) The table above includes fair value of $0.9 million of Agency RMBS, $207.4 million of Residential Investments and $5.1 million of Commercial Investments that are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheet.

Net Carrying Value



- As of Q4 2018, 56.6% Agency, 39.5% Credit, and 3.9% SFR

Equity Allocation



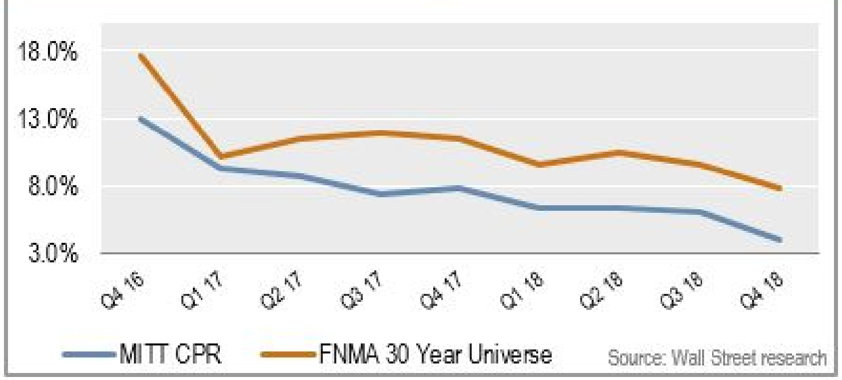
- As of Q4 2018, 39.2% Agency, 55.0% Credit and 5.8% SFR

Q4 2018 Agency Portfolio Details

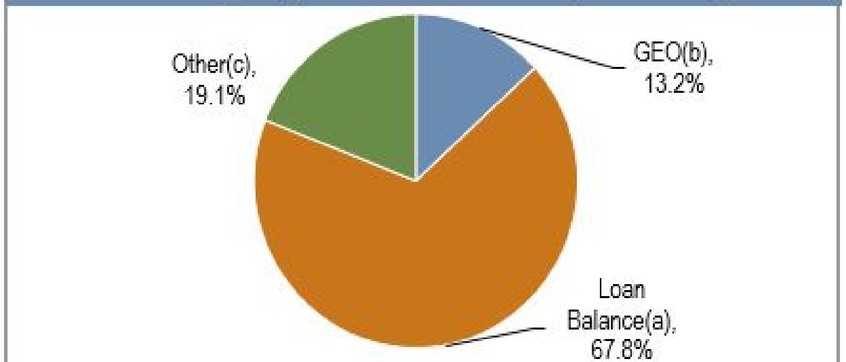
Description	Current Face (mm)	Fair Value (mm)	Percent of Fair Value	Weighted Average Coupon[12]	Weighted Average Yield[8]
30 Year Fixed Rate	$1,782.0	$1,830.1	90.8%	4.1%	3.7%
Fixed Rate CMO	44.4	44.3	2.2%	3.0%	2.8%
Inverse Interest Only	310.1	52.4	2.6%	3.7%	9.8%
Interest Only	370.7	61.5	3.0%	3.6%	6.7%
Excess MSRs	3,723.0	27.3	1.4%	N/A	10.5%
Total Agency RMBS[(a)]	**$6,230.2**	**$2,015.6**	**100.0%**	**3.9%**	**4.0%**

(a) The total funding cost and NIM for Agency RMBS is 2.6% and 1.4%, respectively.

Quarterly CPR



Total Agency Fixed Rate Pools (Fair Value)



- 4.4% constant prepayment rate (“CPR”)[11] on the Agency RMBS investment portfolio for Q4 2018

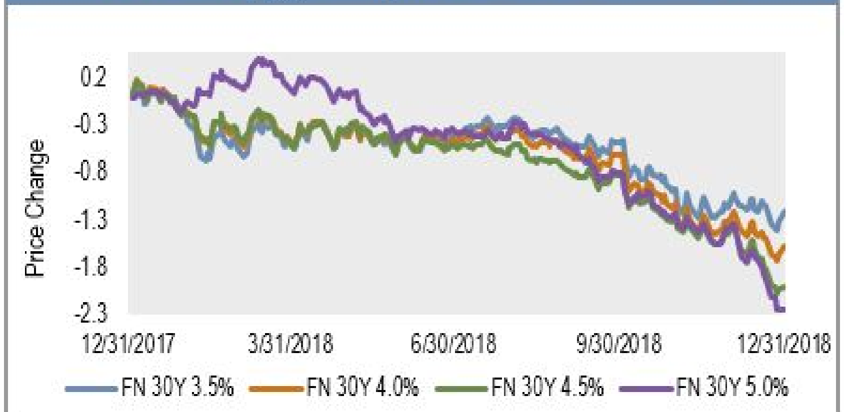
(a) Loan Balance: Pools made up of loans with original balances less than $200,000
(b) Geography: Pools made up of loans originated in states that offer favorable prepayment profiles
(c) Other: Pools made up of newly originated loans, loans on investor properties, loans with higher LTVs or loans taken out by borrowers with lower than average FICOs

Market Performance

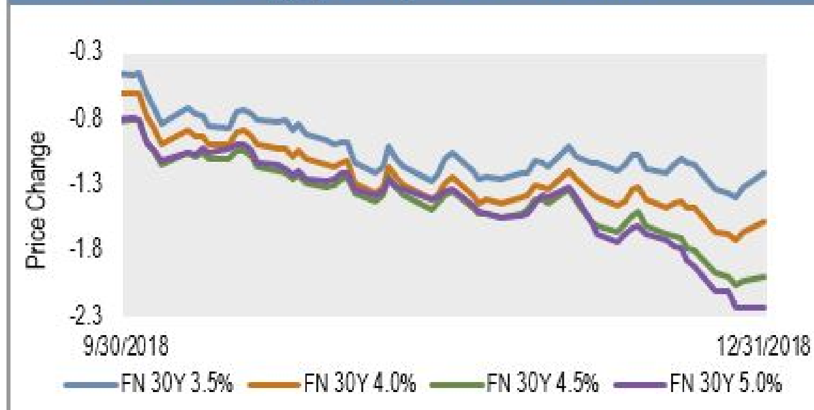
- Most of our 30 Year Fixed Rate holdings are in higher coupon MBS which underperformed during the quarter

30 Year Fixed Rate Coupon	Fair Value	Percent of Fair Value
30 year 3.50%	$455.8	24.9%
30 year 4.00%	621.6	34.0%
30 Year 4.50%	713.0	39.0%
30 Year 5.00%	39.7	2.1%
Total	**$1,830.1**	**100.0%**

2018 Mortgage Coupon Price Performance(a)



Q4 2018 Mortgage Coupon Price Performance(a)



(a) Mortgage basis price underperformance of individual Agency coupons is hedge-adjusted versus the swap curve. Source: Credit Suisse Locus.

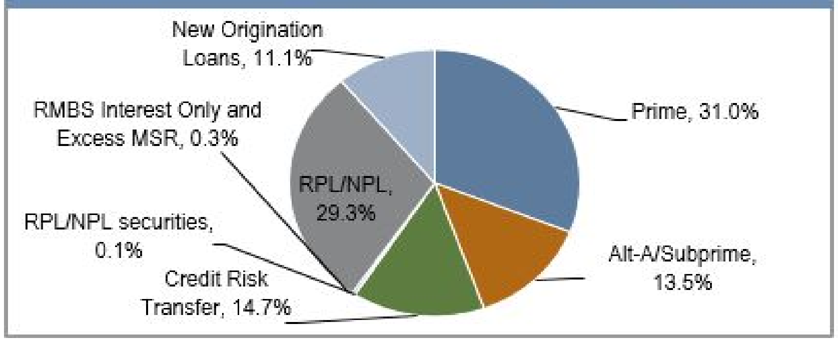
Q4 2018 Residential Portfolio Details

Description	Current Face (mm)	Fair Value (mm)	Percent of Fair Value	Weighted Average Coupon[12]	Weighted Average Yield[8]
Prime	$388.0	$316.4	31.0%	4.8%	7.2%
Alt-A/Subprime	209.6	137.7	13.5%	4.8%	6.8%
Credit Risk Transfer	144.2	149.7	14.7%	6.1%	6.3%
RPL/NPL securities[(a)]	0.3	0.3	0.1%	7.0%	7.0%
RMBS Interest Only and Excess MSR	337.9	3.3	0.3%	0.6%	22.0%
Re/Non-Performing Loans[(b)]	369.8	298.4	29.3%	4.9%	7.7%
New Origination Loans	110.0	113.3	11.1%	6.1%	5.1%
Total Residential Investments[(c)]	**$1,559.8**	**$1,019.1**	**100.0%**	**4.6%**	**7.0%**

(a) RPL/NPL securities whose deal structures contain an interest rate step-up feature.
(b) Consolidated whole loan positions as well as whole loans purchased from an affiliate or affiliates of our manager in securitized form.
(c) The total funding cost and NIM for Residential Investments is 4.1% and 2.9%, respectively.

Percent of Fair Value in Floating Rate Coupon[(d)] vs. 3 Month LIBOR

Residential Investments (Fair Value)



- 55% of our Residential Investments[(d)] are fixed rate coupon and 45% are floating rate coupon[12]

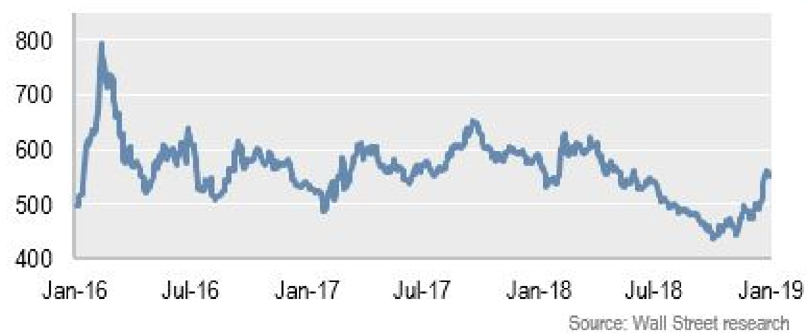
(d) Excludes Re/Non-Performing Loans

Q4 2018 Commercial and ABS Portfolio Details

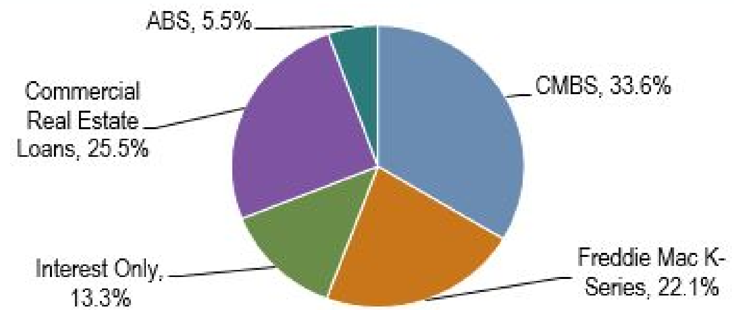
Description	Current Face (mm)	Fair Value (mm)	Percent of Fair Value	Weighted Average Coupon[12]	Weighted Average Yield[8]
CMBS	$172.1	$129.8	33.6%	6.1%	6.7%
Freddie Mac K-Series	202.2	85.3	22.1%	5.9%	12.2%
Interest Only	3,534.1	51.3	13.3%	0.2%	6.9%
Commercial Real Estate Loans	98.6	98.6	25.5%	7.5%	7.7%
Total Commercial Investments[(a)]	**4,007.0**	**365.0**	**94.5%**	**0.6%**	**8.3%**
ABS[(a)]	22.1	21.2	5.5%	9.5%	10.2%
Total Commercial and ABS	**$4,029.1**	**$386.2**	**100.0%**	**0.7%**	**8.4%**

(a) The total funding cost and NIM for Commercial Investments is 4.0% and 4.3%, respectively. The total funding cost and NIM for ABS is 3.9% and 6.3%, respectively.

CMBX.NA 8 BBB- Mid Spread



Commercial and ABS (Fair Value)



- 25% of our Commercial and ABS Investments are fixed rate coupon and 75% are floating rate coupon[12]

Single-Family Rental Portfolio Update

- During the quarter, the SFR portfolio experienced a temporary increase in vacancies due to seasonality and a strategic initiative by our property manager, Conrex, to focus on operational improvements to leasing and the tenant experience
- Enhanced credit screening and underwriting standards for prospective tenants will result in replacing sub-performing and shorter-term tenants with better quality tenants
- Reduced tenant turnover and lower ongoing expenses will benefit the portfolio longer term
- Decrease in Operating Margin relates primarily to increased turnover expenses
- A portion of the turnover expenses are reimbursable from an escrow account pursuant to the Purchase and Sale Agreement with the Seller

	9/30/2018	12/31/2018
Gross Carrying Value[(a)]	$ 140.6	$ 141.0
Accumulated Depreciation and Amortization[(a)]	(0.5)	(2.3)
Net Carrying Value[(a)]	$ 140.1	$ 138.7
Occupancy	89.3%	87.9%
Average Square Footage[(b)]	1,460	1,436
Average Monthly Rental Income per Home[(b)]	$ 1,007	$ 1,020
Operating Margin[17]	59.7%	43.8%

(a) $ in millions
(b) Based on contractual amounts for occupied residences, as of each corresponding period end

Arc Home Update

- During the quarter, Arc Home appointed a new management team to focus on credit originations
- During its second fiscal year of mortgage origination, Arc Home originated $1.3 billion of government and agency loans through its four channels of retail, direct, correspondent and wholesale, retaining the originated MSR on its balance sheet
- Arc Home produced a net loss available to its common shareholders of $(4.4) million in 2018
- In 2018, Arc Home, in conjunction with MITT and other Angelo Gordon funds, purchased ~$7.4 billion notional of Fannie Mae, Freddie Mac, and Ginnie Mae MSR from third parties

As of 12/31/2018	
Employees[a]	101
States Licensed to Originate[b]	47
MSR UPB[c]	$13.2
Wholesale Relationships	228
Correspondent Relationships	95

(a) Includes 14 commission based Retail Loan Officers
(b) Includes Washington, D.C.
(c) $ in billions

Note: Since inception, MITT has invested $22.5 million in Arc Home. MITT owns approximately 45% of the common equity of Arc Home.

Financing

- Financing arrangements with 44 counterparties
  - Currently financing investments with 31 counterparties
  - Our weighted average days to maturity is 142 days and our weighted average original days to maturity is 226 days
  - Financing counterparties remain stable

Financing Arrangements[a] ($ in millions)						
	Agency		Credit		SFR[b]	
Maturing Within	**Amount Outstanding**	**WA Funding Cost**	**Amount Outstanding**	**WA Funding Cost**	**Amount Outstanding**	**WA Funding Cost**
Overnight	$52.4	3.9%	$—	—	$—	—
30 Days or less	1,093.9	2.5%	482.3	3.5%	—	—
31-60 Days	658.7	2.6%	275.0	4.6%	—	—
61-90 Days	—	—	46.6	3.9%	—	—
91-180 days	—	—	13.7	6.0%	—	—
Greater than 180 Days	—	—	237.6	4.6%	102.0	4.8%
Total and WA	**$1,805.0**	**2.6%**	**$1,055.2**	**4.1%**	**$102.0**	**4.8%**

(a) Amounts do not include securitized debt of $10.9 million
(b) Includes $1.0 million of deferred financing costs

Duration Gap[14]

Duration gap was approximately 0.74 years as of December 31, 2018

Duration	Years
Agency	2.40
Residential Loans[a]	0.40
Hedges	(2.84)
Subtotal	**(0.04)**
Credit excluding Residential Loans[a]	0.78
Duration Gap	**0.74**

Duration gap was approximately 1.12 years as of September 30, 2018

Duration	Years
Agency	3.11
Residential Loans[a]	0.24
Hedges	(3.03)
Subtotal	**0.32**
Credit excluding Residential Loans[a]	0.80
Duration Gap	**1.12**

a) Residential Loans includes Re/Non-Performing Loans and New Origination Loans

Hedging

Hedge Portfolio Summary as of December 31, 2018 ($ in millions)		
	Notional	**Duration[14]**
Interest Rate Swaps	$(1,963.5)	(2.83)
Swaptions	(260.0)	(0.03)
Eurodollar Futures	(500.0)	(0.03)
U.S. Treasury Futures	30.0	0.06
U.S. Treasuries, net	(11.3)	(0.01)
Total	**$(2,704.8)**	**(2.84)**

Interest Rate Swaps as of December 31, 2018 ($ in millions)				
Maturity	**Notional Amount**	**Weighted Average Pay-Fixed Rate**	**Weighted Average Receive Variable Rate[(a)]**	**Weighted Average Years to Maturity**
2020	$105.0	1.5%	2.6%	1.2
2021	58.5	3.0%	2.6%	2.8
2022	478.0	1.9%	2.7%	3.6
2023	403.0	3.1%	2.6%	4.6
2024	230.0	2.1%	2.6%	5.5
2025	125.0	2.9%	2.7%	6.4
2026	75.0	2.1%	2.7%	7.9
2027	264.0	2.4%	2.7%	8.7
2028	225.0	3.0%	2.7%	9.4
Total/Wtd Avg	**$1,963.5**	**2.4%**	**2.7%**	**5.6**

(a) 100% of our receive variable interest rate swap notional amount resets quarterly based on three-month LIBOR

Q4 2018 Financial Metrics

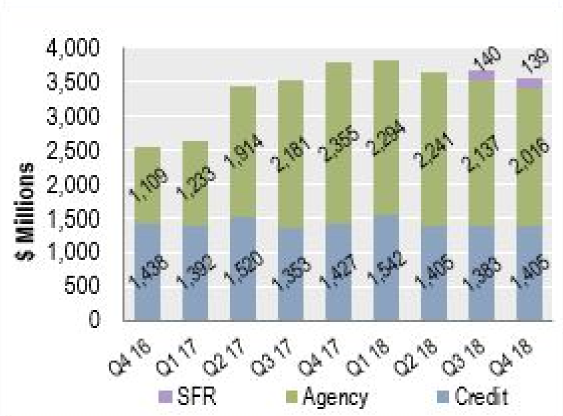
Key Statistics	December 31, 2018	Weighted Average for the quarter-ended December 31, 2018
Investment portfolio[4,5]	$3,559.6	$3,577.9
Financing agreements, net[5]	2,962.2	2,968.7
Total Financing[7]	2,989.3	2,942.1
Stockholders' equity	656.0	699.0
GAAP Leverage	4.3x	
"At Risk" Leverage[7]	4.6x	
Yield on investment portfolio[8]	5.3%	5.2%
Cost of funds[9]	3.0%	3.1%
Net interest margin[6]	2.3%	2.1%
Management fees[15]	1.4%	1.3%
Other operating expenses[16]	2.9%	2.7%
Book value, per share[1]	$17.21	
Undepreciated Book Value, per share[1]	$17.30	
Undistributed taxable income, per share[(a)]	$1.58	
Common Dividend, per share[1]	$0.50	

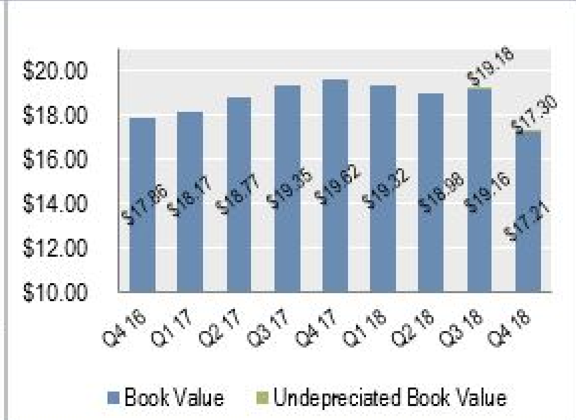
(a) Refer to slide 26 for further detail

Supplemental Information & Financial Statements

Quarter-Over-Quarter Snapshot

Net Carrying Value of Investment Portfolio	Undepreciated Book Value[(1)]	"At Risk" Leverage





Core Earnings*	Dividend	Net Income (Loss)

*Includes retrospective adjustment

Market Snapshot

Interest Rates	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Treasuries					
2-year	1.885	2.268	2.530	2.821	2.490
5-year	2.207	2.563	2.739	2.954	2.512
10-year	2.406	2.740	2.861	3.062	2.685
Swaps					
3 month LIBOR	1.694	2.312	2.336	2.398	2.808
2-year swaps	2.078	2.582	2.792	2.990	2.657
5-year swaps	2.244	2.708	2.890	3.071	2.570
10-year swaps	2.398	2.790	2.934	3.121	2.705

Agency RMBS	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Fannie Mae Pass-Throughs					
30 year 3.00%	100-01+	97-17+	96-25+	95-20+	97-11+
30 year 3.50%	102-23+	100-06+	99-14+	98-12+	99-26+
30 year 4.00%	104-19+	102-19+	101-29+	100-30+	101-26+
30 year 4.50%	106-13+	104-22+	104-02+	103-04+	103-14+
Mortgage Rates					
15-year	3.44%	3.90%	4.04%	4.16%	4.01%
30-year	3.99%	4.44%	4.55%	4.72%	4.55%

Credit Spreads	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
CDX IG	49	66	68	59	88
CAS 2016 Vintage M2	160	92	94	78	135
CMBX.NA 8 BBB- Mid Spread	591	604	542	449	550

Source: Bloomberg and Wall Street research. Data has not been independently validated.

Book Value Roll-Forward

	Amount (000's)	Per Share[1]
9/30/18 Book Value	**$550,659**	**$19.16**
Common dividend	(14,372)	(0.50)
Core earnings	13,579	0.47
Net proceeds and accretion/(dilution) from issuance of common stock and RSUs	(26)	(0.00
Equity based compensation	128	0.00
Property depreciation and amortization	(1,842)	(0.06)
Transaction related expenses and deal related performance fees	(1,638)	(0.06)
Equity in earnings/(loss) from affiliates	(2,509)	(0.09)
Other income	122	0.00
Net realized gain/(loss)	(2,398)	(0.08)
Net unrealized gain/(loss)	(46,906)	(1.63)
12/31/18 Book Value	**$494,797**	**$17.21**
Change in Book Value	(55,862)	(1.95)
Accumulated depreciation and amortization	2,336	0.09
Undepreciated Book Value	**$497,133**	**$17.30**

Reconciliation of GAAP Net Income to Core Earnings[2]

Three Months Ended December 31, 2018		Amount (000's)	Per Share[1]
Net Income/(loss) available to common stockholders	**$**	**(41,591) $**	**(1.45)**
Add (Deduct):			
Net realized (gain)/loss		2,398	0.08
Equity in (earnings)/loss from affiliates		1,430	0.05
Net interest income and expenses from equity method investments (a)		1,078	0.04
Transaction related expenses and deal related performance fees		1,638	0.06
Property depreciation and amortization		1,842	0.06
Other income		(122)	(0.00
Unrealized (gain)/loss on real estate securities and loans, net		(15,092)	(0.53)
Unrealized (gain)/loss on derivative and other instruments, net		61,998	2.16
Core Earnings	**$**	**13,579 $**	**0.47**

(a) For the three months ended December 31, 2018, $(2.6) mm or $(0.09) of realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights and corresponding derivatives were excluded from core earnings per diluted share as a result of the Company's modification to the definition and calculation of core earnings in Q4 2018. See footnote 2 for further detail.

Undistributed Taxable Income Roll-Forward

		Amount (000's)		Per Share[1]
9/30/18 Undistributed Taxable Income	**$**	**45,493**	**$**	**1.58**
Q4 Core Earnings		13,579		0.47
Q4 Recurring Core-Tax Differences		509		0.03
Q4 Other Core-Tax Differences		70		0.00
Q4 2018 Ordinary Taxable Income, Net of Preferred Distribution		14,158		0.50
Q4 2018 Common Distribution		(14,372)		(0.50)
12/31/18 Undistributed Taxable Income	**$**	**45,280**	**$**	**1.58**

Note: This estimate of undistributed taxable income per share represents the total estimated undistributed taxable income as of quarter-end. Undistributed taxable income is based on current estimates and projections. The actual amount is not finalized until we file our annual tax return, typically in October of the following year. Figures may not foot due to rounding.

Condensed Consolidated Balance Sheet

December 31, 2018 (Unaudited)					
Amount (000's)					
Assets			**Liabilities**		
Real estate securities, at fair value	$	2,896,175	Financing arrangements, net	$	2,822,505
Residential mortgage loans, at fair value		186,096	Securitized debt, at fair value		10,858
Commercial loans, at fair value		98,574	Dividend payable		14,372
Single-family rental properties		138,678	Other liabilities		45,180
Investments in debt and equity of affiliates		84,892	Total Liabilities		2,892,915
			Commitments and Contingencies		
Excess mortgage servicing rights, at fair value		26,650	**Stockholders' Equity**		
Cash and cash equivalents		31,579	Preferred stock		161,214
Restricted cash		52,779	Common stock		287
Other assets		33,503	Additional paid-in capital		595,412
Total Assets	$	3,548,926	Retained earnings (deficit)		(100,902)
			Total Stockholders' Equity		656,011
			Total Liabilities & Stockholders' Equity	$	3,548,926

Condensed Consolidated Statement of Operations

Three Months Ended December 31, 2018 (Unaudited)					
Amount (000's)					
Net Interest Income			**Earnings/(Loss) Per Share of Common Stock**		
Interest income	$	41,403	Basic	$	(1.45)
Interest expense		21,769	Diluted	$	(1.45)
Total Net Interest Income		19,634			
Other Income/(Loss)			**WA Shares of Common Stock Outstanding**		
Rental Income		3,297	Basic		28,744
Net realized gain/(loss)		(2,398)	Diluted		28,744
Net interest component of interest rate swaps		623			
Unrealized gain/(loss) on real estate securities and loans, net		15,092			
Unrealized gain/(loss) on derivative and other instruments, net		(61,998)			
Other Income		351			
Total Other Income/(Loss)		(45,033)			
Expenses					
Management fee to affiliate		2,334			
Other operating expenses		4,754			
Equity based compensation to affiliate		28			
Excise tax		375			
Servicing fees		201			
Property depreciation and amortization		1,842			
Property operating and maintenance expenses		1,630			
Property management fee		231			
Total Expenses		11,395			
Income/(loss) before equity in earnings/(loss) from affiliates		(36,794)			
Equity in earnings/(loss) from affiliates		(1,430)			
Net Income/(Loss)		**(38,224)**			
Dividends on preferred stock		3,367			
Net Income/(Loss) Available to Common Stockholders	**$**	**(41,591)**			

Footnotes

1. Diluted per share figures are calculated using weighted average outstanding shares in accordance with GAAP. Per share figures are calculated using a denominator of all outstanding common shares including all shares granted to our Manager and our independent directors under our equity incentive plans as of quarter-end. Book value uses stockholders' equity less net proceeds of the Company's 8.25% Series A and 8.00% Series B Cumulative Redeemable Preferred Stock as the numerator. Undepreciated book value per share is a non-GAAP book value metric which adds accumulated depreciation and amortization back to book value to present an adjusted book value that incorporates the Company's single-family rental property portfolio at its undepreciated basis. This metric allows management to consider the investment portfolio exclusive of non-cash adjustments.
2. Core Earnings are defined as Net Income/(loss) available to common stockholders excluding (i) unrealized gains/(losses) on securities, loans, derivatives and other instruments and realized gains/(losses) on the sale or termination of such investments, (ii) beginning with Q2 2018, as a policy change, any transaction related expenses incurred in connection with the acquisition or disposition of investments, (iii) beginning with Q3 2018, concurrent with a change in the Company's business, any depreciation or amortization expense related to the Company's SFR portfolio, (iv) beginning with Q3 2018, as a policy change, accrued deal related performance fees payable to Arc Home and third party operators to the extent the primary component of the accrual relates to items that are excluded from core earnings, such as unrealized and realized gains/(losses), and (v) beginning with Q4 2018 and applied retrospectively, as a policy change, realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights as well as realized and unrealized changes in the fair value of derivatives that are intended to offset changes in the fair value of those net mortgage servicing rights. Items (i) through (v) above include any amounts related to those items held in affiliated entities. THis metric, in conjunction with related GAAP measures provides greater transparency into the information used by our management team in its financial and operation decision-making. Management considers the transaction related expenses referenced in (ii) above to be similar to realized losses incurred at acquisition or disposition and does not view them as being part of its core operations. Management views the exclusion described in (v) above to be consistent with how it calculates Core Earnings on the remainder of its portfolio. As defined, Core Earnings include the net interest income and other income earned on the Company's investments on a yield adjusted basis, including TBA dollar roll income or any other investment activity that may earn or pay net interest or its economic equivalent. Core Earnings includes earnings from AG Arc LLC. See page 25 for a reconciliation of GAAP net income to Core Earnings. See footnote 13 for further details on AG Arc LLC.
3. The economic return on equity for the quarter represents the change in book value per share from September 30, 2018 to December 31, 2018, plus the common dividends declared over that period, divided by book value per share as of September 30, 2018. The economic return on equity for 2018 represents the change in net book value per share from December 31, 2017 to December 31, 2018, plus the dividends declared over that period, divided by net book value per share as of December 31, 2017.
4. The investment portfolio at period end is calculated by summing the net carrying value of our Agency RMBS, any long positions in TBAs, Residential Investments, Commercial Investments, ABS Investments, and our SFR portfolio, including securities and mortgage loans owned through investments in affiliates, exclusive of AG Arc LLC. Our Agency RMBS, Residential Investments, Commercial Investments, and ABS Investments are held at fair market value and our SFR portfolio is held at purchase price plus capitalized expenses less accumulated depreciation and amortization and any adjustments related to impairment. Our Credit Investments refer to our Residential Investments, Commercial Investments and ABS Investments. Refer to footnote 5 for more information on the GAAP accounting for certain items included in our investment portfolio. The percentage of net carrying value includes any net TBA positions and securities and mortgage loans owned through investments in affiliates and is exclusive of AG Arc LLC. Agency RMBS include fair value of $0.9 million of investment in debt and equity of affiliates related to Excess MSRs. Credit Investments include fair value of $212.5 million of investment in debt and equity of affiliates comprised of $94.1 million of Re/Non-Performing Loans, $113.3 million of New Origination Loans, $1.0 mm of Interest Only and $4.1 million of Freddie Mac K-Series. These items, inclusive of our investment in AG Arc LLC and other items, net to $84.9 million which is included in the "Investments in debt and equity of affiliates" line item on our GAAP Balance Sheet. See footnote 13 for further details on AG Arc LLC.
5. Generally, when we purchase an investment and employ leverage, the investment is included in our assets and the leverage is reflected in our liabilities on our consolidated balance sheet as either "Financing arrangements, net" or "Securitized debt, at fair value." Throughout this presentation where we disclose our investment portfolio and the related financing, we have presented this information inclusive of (i) securities and mortgage loans owned through our investments in affiliates that are accounted for under GAAP using the equity method and (ii) long positions in TBAs, which are accounted for as derivatives under GAAP. This presentation excludes investments through AG Arc LLC unless otherwise noted. This presentation of our investment portfolio is consistent with how our management evaluates the business, and we believe this presentation, when considered with the GAAP presentation, provides supplemental information useful for investors in evaluating our investment portfolio and financial condition. See footnote 13 for further details on AG Arc LLC.
6. Net interest margin is calculated by subtracting the weighted average cost of funds from the weighted average yield for the Company's investment portfolio, which excludes cash held by the Company. Net interest margin also excludes any net TBA position. See footnotes 8 and 9 for further detail.
7. "At Risk" Leverage is calculated by dividing total financing, including any net TBA position, by our GAAP stockholders' equity at quarter-end. Our net TBA position (at cost) was $0.0 million, $75.2 million, $166.2 million, $143.7 million, and $102.5 million for the periods ending December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018, and December 31, 2017, respectively. Total financing at quarter-end, and when shown, daily weighted average total financing, includes financing arrangements inclusive of financing arrangements through affiliated entities, exclusive of any financing utilized through AG Arc LLC, plus the payable on all unsettled buys less the financing on all unsettled sells, securitized debt, and any net TBA position (at cost). Total financing excludes any financing arrangements and unsettled trades on U.S. Treasuries.

Footnotes *(cont'd)*

8. The yield on our debt investments represents an effective interest rate, which utilizes all estimates of future cash flows and adjusts for actual prepayment and cash flow activity as of quarter-end. The yield on our SFR portfolio represents annualized net operating income for the quarter divided by its carrying value, gross of accumulated depreciation and amortization. Net operating income on our SFR portfolio is rental income and other SFR related income less property operating and maintenance expenses and property management fees. Our calculation excludes cash held by the Company and excludes any net TBA position. The calculation of weighted average yield is weighted based on net carrying value.
9. The cost of funds during the quarter is calculated by annualizing the sum of our interest expense and net interest component on all derivative instruments and dividing that sum by our daily weighted average total financing for the period. Interest earning/paying derivative instruments may include interest rate swaps and U.S. Treasuries. The cost of funds at quarter-end is calculated as the sum of (i) the weighted average funding costs on total financing outstanding at quarter-end and (ii) the weighted average of the net pay rate on our interest rate swaps, the net receive rate on our Treasury long positions, the net pay rate on our Treasury short positions and the net receivable rate on our IO index derivatives, if any. Both elements of the cost of funds at quarter-end are weighted by the outstanding financing arrangements and securitized debt outstanding at quarter-end, excluding financing arrangements associated with U.S. Treasury positions. The cost of funds excludes any net TBA position.
10. The Company allocates its equity by investment using the net carrying value of its investment portfolio, less any associated leverage, inclusive of any long TBA position (at cost). The Company allocates all non-investment portfolio related items based on their respective characteristics in order to sum to the Company's stockholders' equity per the consolidated balance sheets. The Company's equity allocation method is a non-GAAP methodology and may not be comparable to similarly titled measures or concepts of other companies, who may use different calculations.
11. This represents the weighted average monthly CPRs published during the quarter for our in-place portfolio during the same period. Any net TBA position is excluded from the CPR calculation.
12. Equity residuals, excess MSRs and principal only securities with a zero coupon rate are excluded from this calculation. The calculation of weighted average coupon is weighted based on face value.
13. The Company invests in Arc Home LLC through AG Arc LLC, one of its indirect subsidiaries.
14. The Company estimates duration based on third-party models. Different models and methodologies can produce different effective duration estimates for the same securities. We allocate the net duration by asset type based on the interest rate sensitivity. Duration includes any net TBA position. Duration does not include our equity interest in AG Arc LLC or our investment in SFR. Duration related to financing agreements is netted within its respective agency and credit line items.
15. The management fee percentage during the quarter is calculated by annualizing the management fees recorded during the quarter and dividing by our weighted average stockholders' equity for the quarter. The management fee percentage at quarter-end is calculated by annualizing management fees recorded during the quarter and dividing by quarter-end stockholders' equity.
16. The other operating expenses percentage during the quarter is calculated by annualizing the other operating expenses recorded during the quarter and dividing by our weighted average stockholders' equity for the quarter. The other operating expenses percentage at quarter-end is calculated by annualizing other operating expenses recorded during the quarter and dividing by quarter-end stockholders' equity.
17. Operating margin on our SFR portfolio is calculated as net operating income divided by revenues from our SFR portfolio. Net operating income on our SFR portfolio is comprised of rental income and other SFR related income less property operating and maintenance expenses and property management fees.

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