



AG  
MORTGAGE  
Investment Trust, Inc.

# AG Mortgage Investment Trust, Inc. Investor Presentation

## NYSE: MITT

August 2018

# 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 investment and portfolio strategy, investment returns, return on equity, liquidity and financing, taxes, our assets, our interest rate sensitivity, and our views on certain macroeconomic trends, 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, 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 and loans, 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 August 6, 2018. 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 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 believes that this non-GAAP financial information, when considered with our GAAP financials, provide supplemental information useful for investors in evaluating our results of operations. 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.

# Who is Angelo Gordon?



A leading privately held alternative investment firm with a focus on Credit and Real Estate strategies

- 1988 company founded
- 100% owned by AG founders and employees, and their related parties
- \$28 billion Assets Under Management<sup>(a)</sup>
- Over 450 employees<sup>(a)</sup>
- Headquartered in New York with offices globally
- Angelo Gordon and employees have approximately \$1 billion of capital in our funds<sup>(b)</sup>

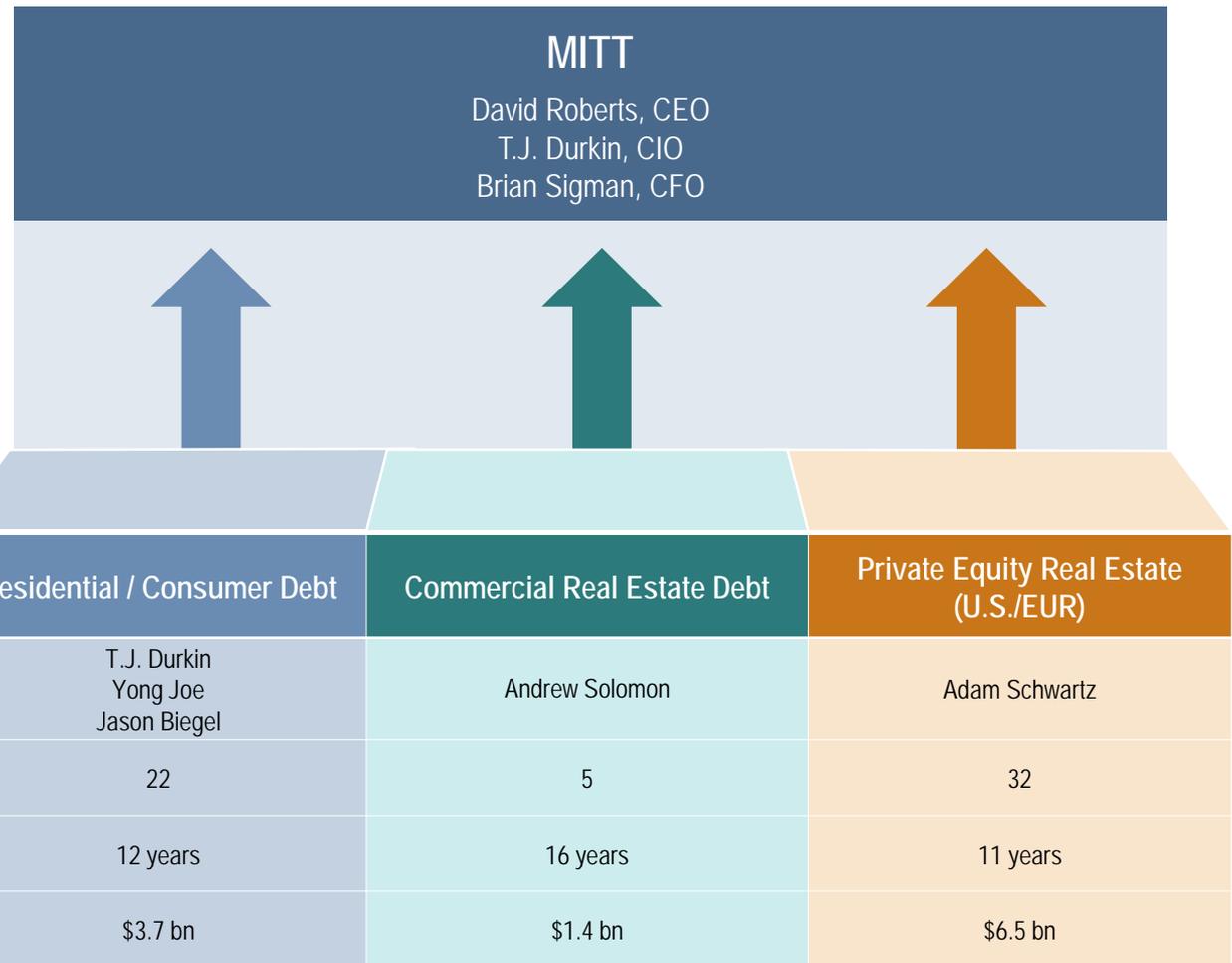


(a) As of June 30, 2018

(b) Approximate as of March 31, 2018. Includes GP, affiliate and employee related investments and accrued performance allocations. Includes committed, but uncalled capital.

# MITT Builds Upon Angelo Gordon's Expansive Real Estate Platform

- MITT benefits from Angelo Gordon's real estate, residential mortgage and real estate debt team expertise
  - 5 PMs, 55+ investment professionals
- Bottom-up idea selection
- Broad investment pipeline
- Fluid, daily interaction supplemented by ongoing investment and risk meetings



(a) As of June 30, 2018. Figures represent assets across the firm including commingled multi-strategy funds and multi-strategy separate accounts.

# Angelo Gordon Platform Provides MITT a Competitive Advantage in Sourcing Residential and Consumer Debt Opportunities

## Experienced Residential and Consumer Debt Team

- Integrated mortgage credit team that has expanded to 22 professionals in order to meet the broadening opportunity set
- As one of the most active managers across the mortgage credit markets, Angelo Gordon has robust insight into market trends, fundamental performance and relative value

## Prominent participant in the mortgage credit market as both a buyer and an issuer

- Angelo Gordon has purchased approximately \$60 billion<sup>(a)</sup> of residential credit and consumer ABS since the MITT IPO
  - As a buyer, we are a top counterparty to sell-side firms resulting in proprietary and off-market deal flow
- Angelo Gordon has issued 14 transactions totaling approximately \$2.5 billion<sup>(a)</sup> under its GCAT program since the MITT IPO
- Angelo Gordon was selected as one of nine PPIP managers by the U.S. Treasury in 2009
  - Net IRR of 24.8% and Net Multiple of Paid in Capital of 1.69x<sup>(b)</sup>

## Angelo Gordon Platform includes Arc Home, a licensed residential mortgage servicer and originator, and Red Creek, a wholly-owned asset management affiliate

- Arc Home and Red Creek offer additional insight into the U.S. residential mortgage market and the behavior of the U.S. consumer
  - Arc Home gives MITT direct access to a captive, affiliated fully licensed mortgage originator for products such as Mortgage Servicing Rights, Non-QM whole loans and other residential mortgage credit
  - Red Creek actively manages approximately 11,700 modified or distressed residential whole loans<sup>(a)</sup> that MITT and other Angelo Gordon Funds own, providing real time, on the ground information about local housing markets

(a) As of 6/30/18

(b) Source: [www.treasury.gov](http://www.treasury.gov)

# Angelo Gordon Platform Provides MITT a Competitive Advantage in Sourcing Commercial Real Estate Debt Opportunities

## Experienced Commercial Real Estate Debt team

- The team has purchased approximately \$9 billion<sup>(a)</sup> of CMBS and Commercial Real Estate Debt since the MITT IPO
- 5 investment professionals with experience across all major segments of the real estate debt market including loan origination, special servicing, trading, CDO structuring, and private equity real estate investing

## Experienced Private Equity Real Estate team

- The team has acquired over 150 properties at an aggregate purchase price of approximately \$10.0 billion<sup>(b)</sup> since the MITT IPO
- 32 investment professionals

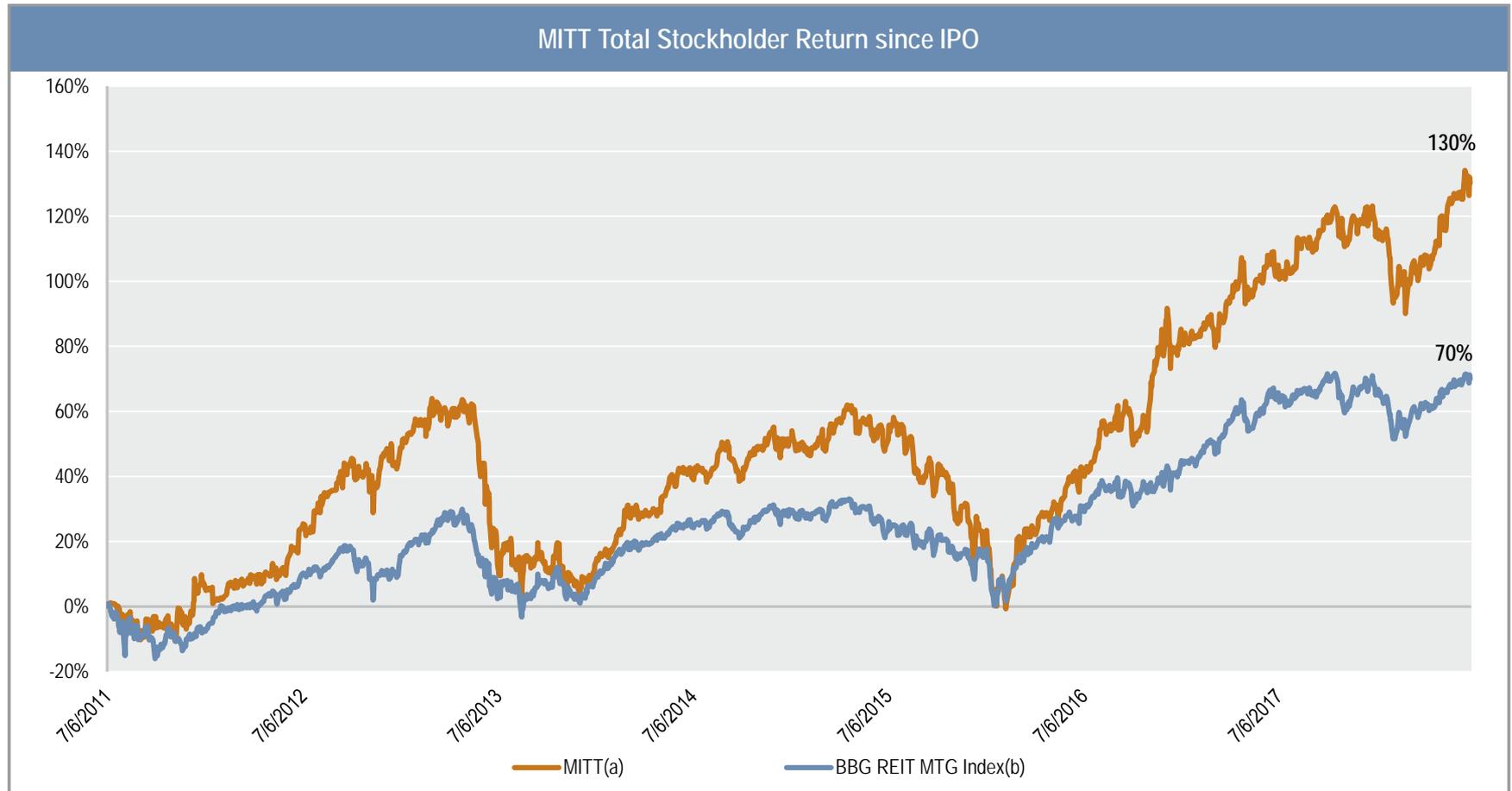
## Angelo Gordon's Real Estate groups provide MITT the ability to source Commercial Real Estate lending opportunities

- The depth of the Private Equity Real Estate platform allows for sharing of local market information across real estate strategies
  - Real estate is a "local business" – Angelo Gordon network includes 50 joint-venture operating partners with geographic and product type expertise
- Angelo Gordon's operating partner model offers critical and timely insight into local markets and sub-markets
  - The Commercial Real Estate Debt investment team utilizes this local knowledge when analyzing individual loans in CMBS transactions
- CRE is an inefficient market and Angelo Gordon's broad relationships provide unique sourcing advantage to MITT

(a) As of 6/30/18

(b) As of 3/31/18

# Focus on Driving Strong Long-Term Returns

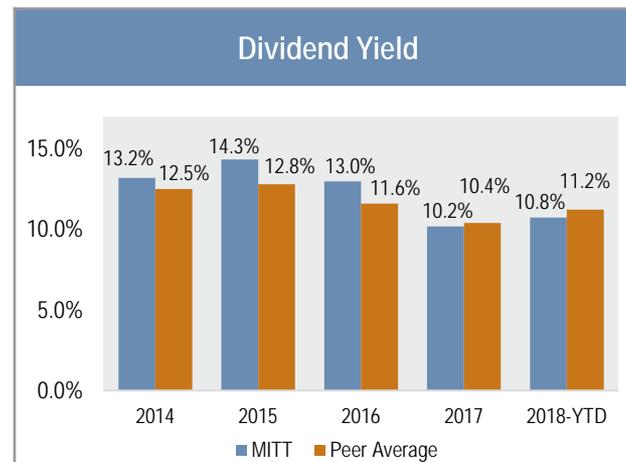
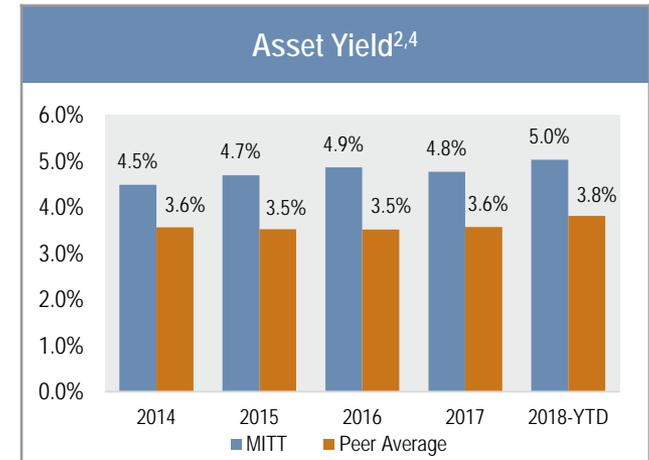
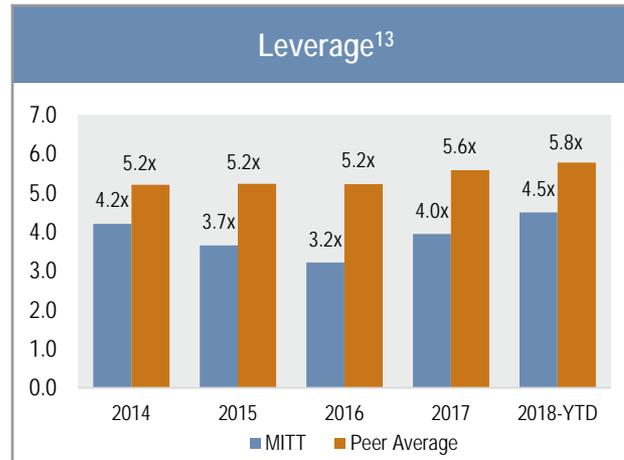


Data as of June 30, 2018.

a) MITT's total stockholder return is calculated for the period July 6, 2011 through June 30, 2018. Total stockholder return is defined as stock price appreciation including reinvestment of dividends. Source: Bloomberg.  
b) Bloomberg REIT Mortgage Index total stockholder return for the period July 6, 2011 through June 30, 2018. The Bloomberg REIT Mortgage Index tracks publicly traded REITs whose principal business consists of originating, servicing or investing in residential mortgage interests. The index uses a modified market capitalization weighted methodology, and components are reviewed quarterly for eligibility. Source: Bloomberg.

# MITT Delivers Attractive Returns with Lower Risk

- MITT has the ability to opportunistically allocate capital to drive long term stockholder value
- The Angelo Gordon platform has enabled MITT to maintain lower leverage, higher asset yield, and higher or comparable dividend yield versus the peer group
- MITT's diversified business model takes advantage of the evolving mortgage credit landscape



Note: Peers include MFA, IVR, MTGE, WMC, DX, TWO, and NLY. MITT and peer financial data for Leverage and Asset Yield is based on available financial information in the company earnings presentation or as filed with the SEC and represents the average for all reportable quarters per respective fiscal year through June 30, 2018. Peer dividend data based on peer company press releases and Bloomberg data; represents the average for all reportable quarters per respective fiscal year through June 30, 2018. Dividend yield calculated as of quarter end stock price.



# Quarterly Performance and Highlights

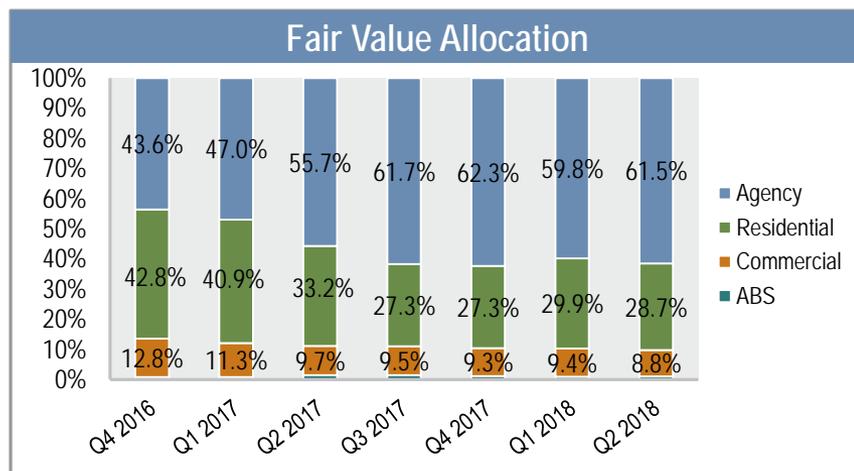
# Q2 2018 Investment Portfolio Composition<sup>1,2</sup>

	Amortized Cost (mm)	Fair Value (mm)	Percent of Fair Value	Allocated Equity (mm) <sup>3</sup>	Percent of Equity	Weighted Average Yield <sup>4</sup>	Funding Cost <sup>(a)</sup>	NIM <sup>(a)</sup>	Leverage <sup>(b)</sup>
Agency RMBS <sup>(c)</sup>	\$2,267.4	\$2,241.4	61.5%	\$285.5	41.0%	3.7%	2.1%	1.6%	7.1x
Residential Investments <sup>(c)</sup>	989.3	1,046.7	28.7%	254.9	36.6%	6.7%	3.5%	3.2%	3.2x
Commercial Investments <sup>(c)</sup>	319.1	319.6	8.8%	137.2	19.7%	8.0%	3.4%	4.6%	1.3x
ABS	37.3	37.8	1.0%	19.0	2.7%	9.0%	3.6%	5.4%	1.0x
<b>Total Investment Portfolio</b>	<b>\$3,613.1</b>	<b>\$3,645.5</b>	<b>100.0%</b>	<b>\$696.6</b>	<b>100.0%</b>	<b>5.1%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>4.4x</b>

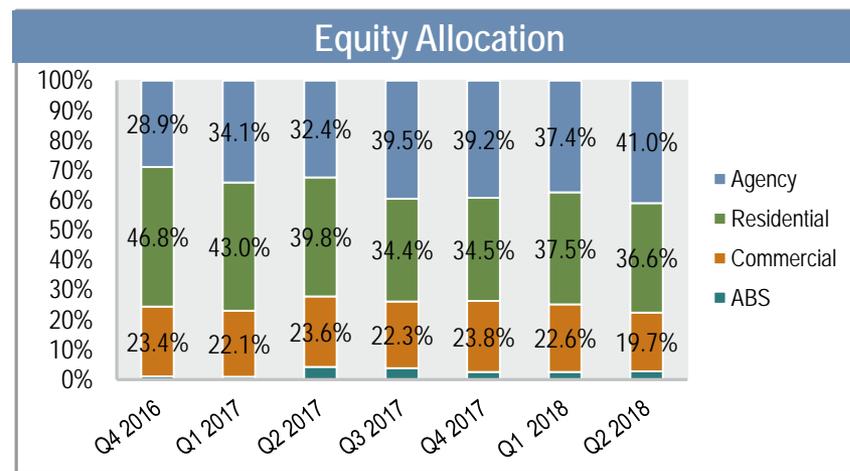
(a) Funding cost and NIM shown in each investment category line exclude the costs of our interest rate hedges, however these costs are included in the total funding cost and NIM lines. The total funding cost and NIM lines excluding the cost of our interest rate hedges would be 2.6% and 2.5%, respectively.

(b) The leverage ratio on Agency RMBS includes any net receivables on TBA. The leverage ratio by type of investment is calculated based on allocated equity.

(c) Includes fair value of \$0.9 mm of Agency RMBS, \$131.5 mm of Residential Investments and \$66.1 mm of Commercial Investments that are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheet.



As of Q2 2018, 61.5% of fair value allocated to Agency and 38.5% to Credit



As of Q2 2018, 41.0% of equity allocated to Agency and 59.0% to Credit

# Q2 2018 Performance and Highlights



- Second quarter 2018:
  - Common dividend increase of 5.3% to \$0.50 per common share<sup>5</sup>
  - \$0.17 of Net Income/(Loss) per diluted common share<sup>5</sup>
  - \$0.55 of Core Earnings per diluted common share<sup>5,6</sup>
    - Includes de minimus retrospective adjustment
  - 0.8% economic return on equity for the quarter, 3.2% annualized<sup>7</sup>
  - \$18.98 book value per share<sup>5</sup> as of June 30, 2018, inclusive of our current quarter \$0.50 common dividend
    - Book value decreased \$(0.34) or (1.8)% from the prior quarter primarily due to:
      - Modest rise in interest rates given positive duration gap
      - Acquisition and securitization expenses related to residential whole loans
      - Spread widening in mortgage derivatives
      - Underperformance of specified pools versus TBA
    - Book value increased approximately 2% in July due to an increase in the value of our credit portfolio

## Q2 2018 Performance and Highlights<sup>2</sup> (cont'd)

- \$3.6 billion investment portfolio as of June 30, 2018 as compared to the \$3.8 billion investment portfolio as of March 31, 2018<sup>1</sup>
- Decrease in portfolio size due to securitization of whole loans, sales and payoffs of commercial investments
- 2.71% Net Interest Margin (“NIM”) as of June 30, 2018<sup>8</sup>
  - Net Interest Margin remained stable during the quarter
- 4.4x “At Risk” Leverage as of June 30, 2018<sup>9</sup>

	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
Yield on Investment Portfolio <sup>4</sup>	4.75%	4.69%	4.64%	4.99%	5.08%
Cost of Funds <sup>10</sup>	2.27%	2.12%	2.26%	2.30%	2.37%
NIM <sup>8</sup>	2.48%	2.57%	2.38%	2.69%	2.71%
“At Risk” Leverage <sup>9</sup>	4.2x	4.2x	4.4x	4.6x	4.4x

# Q2 2018 Activity

(\$ in millions)

Description	Purchased	Sold/Payoff	Net Activity
30 Year Fixed Rate	\$438.1	\$(467.2)	\$(29.1)
Inverse Interest Only	12.6	(4.3)	8.3
Interest Only	14.3	-	14.3
Fixed Rate 30 Year TBA	<u>328.5</u>	<u>(305.6)</u>	<u>22.9</u>
<b>Total Agency RMBS</b>	<b>793.5</b>	<b>(777.1)</b>	<b>16.4</b>
Prime	-	(5.1)	(5.1)
Credit Risk Transfer	2.3	(1.6)	0.7
Residential Whole Loans	<u>122.2</u>	<u>(30.9)</u>	<u>91.3</u>
<b>Total Residential Investments</b>	<b>124.5</b>	<b>(37.6)</b>	<b>86.9</b>
CMBS	26.1	(47.3)	(21.2)
Freddie Mac K-Series	-	(0.8)	(0.8)
CMBS Interest Only	-	(4.7)	(4.7)
Commercial Whole Loans	-	<u>(14.5)</u>	<u>(14.5)</u>
<b>Total Commercial Investments</b>	<b>26.1</b>	<b>(67.3)</b>	<b>(41.2)</b>
<b>Total ABS</b>	<b>0.8</b>	<b>-</b>	<b>0.8</b>
<b>Total Q2 Activity</b>	<b>\$944.9</b>	<b>\$(882.0)</b>	<b>\$62.9</b>

- Acquired a pool of primarily re-performing mortgage loans, investing \$18.8 mm of equity
- Payoffs and sales of commercial investments returned \$17.2 mm of equity, which was primarily reinvested in a commercial whole loan at the end of July
- MITT, along with another Angelo Gordon fund, participated in a term securitization in June which refinanced re-performing mortgage loans from repo into lower cost, fixed rate, non-recourse long-term financing, returning \$12.7 million of equity
  - The Company maintained exposure to the securitization through an interest in the subordinated tranches as well as through its ownership of the vertical risk retention portion of the securitization

Note: The chart above is based on trade date.

# Duration Gap<sup>11</sup>



Duration gap was approximately 1.08 years as of June 30, 2018

Duration	Years
Agency	2.93
Hedges	<u>(2.95)</u>
<b>Agency Gap Subtotal</b>	<b>(0.02)</b>
Credit	<u>1.10</u>
<b>Duration Gap</b>	<b>1.08</b>

Duration gap was approximately 1.25 years as of March 31, 2018

Duration	Years
Agency	2.77
Hedges	<u>(2.72)</u>
<b>Agency Gap Subtotal</b>	<b>0.05</b>
Credit	<u>1.20</u>
<b>Duration Gap</b>	<b>1.25</b>

# Investment Opportunity Set



Agency RMBS	<ul style="list-style-type: none"><li>▪ Hypothetical Duration Hedged Levered ROE: 8-14%<sup>(a)(b)</sup></li><li>▪ 30/20/15 Year Fixed Rate, Hybrid ARM, Fixed Rate CMO, Agency IO, Inverse IO, Excess MSRs</li></ul>
Residential Investments	<ul style="list-style-type: none"><li>▪ Hypothetical Levered ROE: 8-14%<sup>(b)</sup></li><li>▪ CRT, NPL, RPL, Non-QM, Legacy</li></ul>
Commercial Investments	<ul style="list-style-type: none"><li>▪ Hypothetical Levered ROE: 10-16%<sup>(b)</sup></li><li>▪ Conduit, Single Asset/Single Borrower, Freddie Mac K-series, Commercial Whole Loans</li></ul>
ABS	<ul style="list-style-type: none"><li>▪ Hypothetical Levered ROE: 8-14%<sup>(b)</sup></li><li>▪ Consumer, auto backed debt, credit card, other non-residential ABS</li></ul>

(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 results could differ materially based on a number of factors, including changes in interest rates, spreads, prepayments, asset values, funding levels, risk positions, hedging costs, expenses and other factors.

# Quarter-Over-Quarter Snapshot



# Footnotes

1. The investment portfolio at period end is calculated by summing the fair market value of our Agency RMBS, any long positions in TBAs, Residential Investments, Commercial Investments, and ABS Investments, including securities and mortgage loans owned through investments in affiliates, exclusive of AG Arc LLC. Our Credit Investments refer to our Residential Investments, Commercial Investments, and ABS Investments. Refer to footnote 2 for more information on the GAAP accounting for certain items included in our investment portfolio. The percentage of fair market value includes any net TBA positions and securities and mortgage loans owned through investments in affiliates and is exclusive of AG Arc LLC. See footnote 12 for further details on AG Arc LLC.
2. Generally, when we purchase a security and employ leverage, the security is included in our assets and the leverage is reflected in our liabilities on our consolidated balance sheet as either "Repurchase agreements" 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) unconsolidated ownership interests 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 12 for further details on AG Arc LLC.
3. The Company allocates its equity by investment using the fair market 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.
4. The yield on our investment portfolio 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 investment portfolio during the quarter was calculated by annualizing interest income for the quarter and dividing by our daily weighted average investment portfolio. This calculation excludes cash held by the Company and excludes any net TBA position. The calculation of weighted average yield is weighted based on fair value.
5. 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.
6. Core Earnings are defined as Net Income/(loss) available to common stockholders excluding (i) unrealized and realized gains/(losses) on the sale or termination of securities and the related tax expense/benefit or disposition expense, if any, on such sale, including investments held in affiliated entities and derivatives and, beginning with Q2 2018, (ii) any transaction related expenses. Management considers transaction related expenses to be similar to realized losses incurred at acquisition and do not view them as being part of its core operations. As defined, Core Earnings include the net interest and other income earned on these 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. Earnings from AG Arc LLC were \$(0.1) million in the second quarter of 2018. See footnote 12 for further details on AG Arc LLC.
7. The economic return on equity for the quarter represents the change in book value per share from March 31, 2018 to June 30, 2018, plus the common dividends declared over that period, divided by book value per share as of March 31, 2018. The annualized economic return on equity is the quarterly return on equity multiplied by four.
8. 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 4 and 10 for further detail.

## Footnotes *(cont.)*

9. "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 \$166.2 million, \$143.7 million, \$102.5 million, \$121.6 million, and \$310.5 million for the periods ending June 30, 2018, March 31, 2018, December 31, 2017, September 30, 2017, and June 30, 2017, respectively. Total financing at quarter-end, and when shown, daily weighted average total financing, includes repurchase agreements inclusive of repurchase agreements 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 repurchase agreements and unsettled trades on U.S. Treasuries.
10. The cost of funds during the quarter is calculated by annualizing the sum of our interest expense and net interest settlements 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 were weighted by the outstanding repurchase agreements and securitized debt outstanding at quarter-end, excluding repurchase agreements associated with U.S. Treasury positions. The cost of funds excludes any net TBA position.
11. 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. Duration related to repurchase agreements is netted within its respective agency and credit line items.
12. The Company invests in Arc Home LLC through AG Arc LLC, one of its indirect subsidiaries.
13. "Leverage" in the heading of the chart on slide 7 for us refers to our "At Risk" Leverage. See footnote 9 for a description of our "At Risk" Leverage. For our peers, "Leverage" refers to the most comparable disclosed leverage for each peer for each period based on available financial information in the company earnings presentation or as filed with the SEC.



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