



Investor Presentation (NYSE: OAKS)

Barclays
Global Financial Services Conference
New York – September 9-11, 2013

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All subsequent written and oral forward-looking statements that we make, or that are attributable to us, are expressly qualified in their entirety by this cautionary notice. Any forward-looking statement speaks only as of the date on which it is made. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This material is for information purposes only and does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation for any securities, financial instruments, or common or privately issued stock. The statements, information and estimates contained herein are based on information that we believe to be reliable as of today’s date, but we do not make any representation that such statements, information or estimates are complete or accurate.

For GAAP financial statement reporting purposes, certain of our Non-Agency RMBS are reported as "Linked Transactions" and the fair value of those assets are not included in the fair value of our RMBS portfolio on a GAAP basis. This is because when we finance the purchase of securities with repurchase agreements from the same counterparty from whom the securities are purchased and both transactions are entered into contemporaneously or in contemplation of each other, the transactions are presumed to be part of the same arrangement, or a "Linked Transaction," unless certain criteria are met. Under GAAP, we account for the two components of a Linked Transaction (the RMBS purchase and the related repurchase agreement financing) on a net basis and record a forward purchase (derivative) contract, at fair value, on our balance sheet in the line item "Linked Transactions, net, at fair value." In managing and evaluating the composition and performance of our RMBS portfolio, however, we do not view the purchase of our Non-Agency RMBS and the associated repurchase agreement financing as transactions that are linked. We therefore have also presented certain information that includes the Non-Agency RMBS underlying our Linked Transactions. This information constitutes non-GAAP financial measures within the meaning of Regulation G, as promulgated by the Securities and Exchange Commission. We believe that this non-GAAP information enhances the ability of investors to analyze our RMBS portfolio and the performance of our Non-Agency RMBS in the same way that we assess our portfolio and such assets. We reconcile these measurements to GAAP in our quarterly reports on form 10-Q filed with, and will reconcile them in our annual report on form 10-K when filed with, the Securities and Exchange Commission.

Five Oaks Today: Company Highlights



Successful IPO Completion

- ➔ **Operating since May 2012, completed IPO in March 2013**

Experienced Team

- ➔ **Investment / Operations team with experience across Market Cycles**
- ➔ **20+ years of industry experience on average, with 10 years together as a team**

Acceleration of Transition to Credit

- ➔ **Agency RMBS sold, Non-Agency RMBS increased during Q2 and thereafter**
- ➔ **GAAP leverage reduced from 7.9x to 5.9x to 4.2x at end of Q1, Q2 and at 8.31.13⁽¹⁾**

Flexible Hybrid Investment Strategy

- ➔ **Focus on current portfolio investments with increased focus on credit**
- ➔ **Progress in positioning for high-yielding New Issue opportunities**

Alignment of Interests

- ➔ **XL and Management invested a combined \$26.5 million in shares in May 2012**
- ➔ **XL purchased an additional \$25 million concurrently with our IPO in March 2013**

(1) Management estimate as at 8.31.13

The significant increase in long-term interest rates and related mortgage market volatility in Q2 and early Q3 led us to adopt a more defensive position and to accelerate our planned transition to less rate-sensitive credit risk:

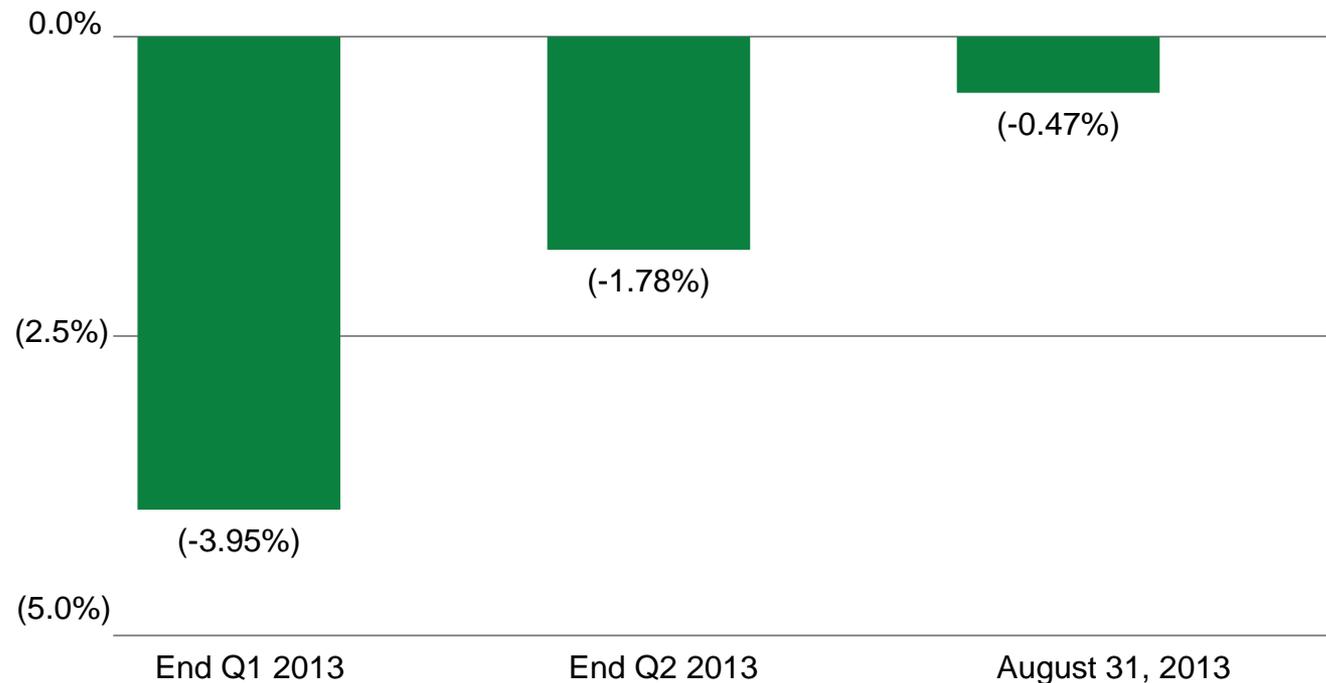
- ***Transitioning Portfolio:*** Significant deleveraging, driven by active selling of Agency RMBS, offset by increased Non-Agency RMBS purchases with inherently lower leverage
 - GAAP leverage declined from 7.9x at 3.31.13 to 5.9x at 6.30.13, and further to 4.2x at 8.31.13⁽¹⁾
 - Increased allocation to Non-Agency RMBS as available non-levered yields rose to 8-9.5% range
- ***Agency Repositioning:*** Within the Agency book, during Q3 we have taken certain repositioning actions to reduce exposure to 30-year fixed-rate RMBS and increase exposure to 10-year hybrid ARMs
- ***Reducing Rate Sensitivity:*** Increased the extent and duration of interest rate hedges, such that in combination with the reduced Agency RMBS portfolio size and adjusted composition, overall exposure to interest rate risk has been substantially reduced
- ***Expanding Credit Capabilities:*** Significant progress with new strategic initiatives designed to take advantage of expanded role of private capital in the provision of housing finance
 - State licensing applications submitted for accumulation of prime jumbo mortgage loans for securitization
 - After lengthy due diligence, approved for review of subordinated debt investment in Freddie Mac K-series multi-family securitizations

(1) Management estimate as at 8.31.13

Dynamic Approach to Hedging

An increase in the notional balance of hedges outstanding, together with ongoing portfolio rebalancing activities, have allowed us to reduce our sensitivity to further increases in interest rates:

Interest Rate Exposure (1) (2)



(1) Represents estimated change in portfolio value for a theoretical +100bps parallel increase in interest rates

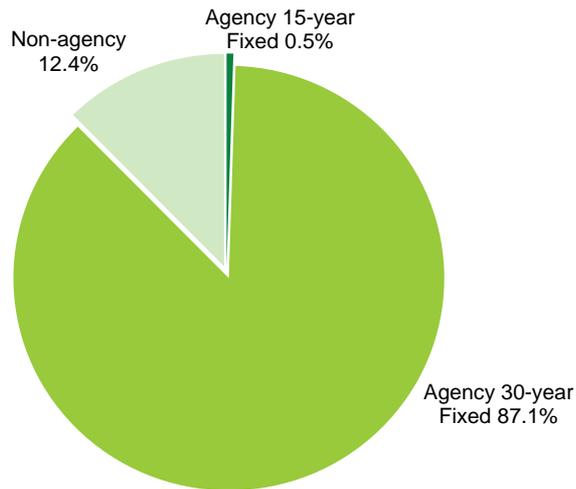
(2) Agency MBS only

Portfolio Composition – Accelerated Transition



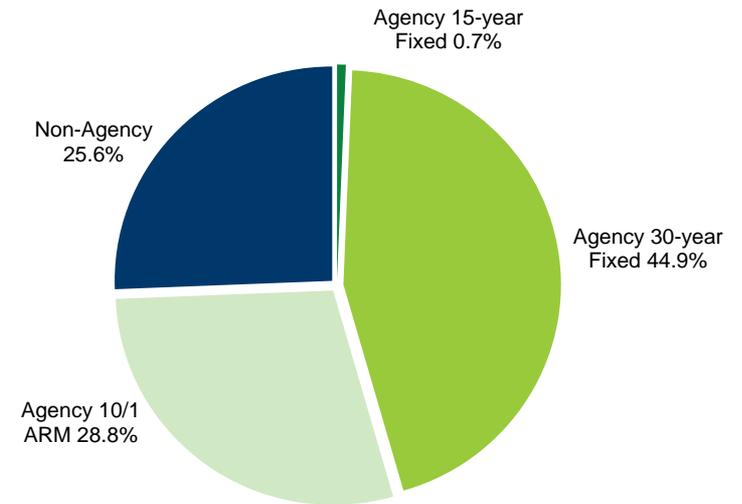
Portfolio Composition as of June 30, 2013 ⁽¹⁾

Total = \$636.3 million



Portfolio Composition as of August 31, 2013 ⁽¹⁾

Total = \$478.3 million



1. Presented on a non-GAAP basis to include Non-Agency RMBS underlying Linked Transactions.

Recent Developments

- Hired David Akre to build out loan platform
- Established Taxable REIT subsidiary
- State mortgage licensing process well under way
- Warehouse capacity offers received and in detailed negotiation
- Volumes continue to increase and credit quality remains strong
- FHFA loan limit reduction announcement expected soon → further expansion

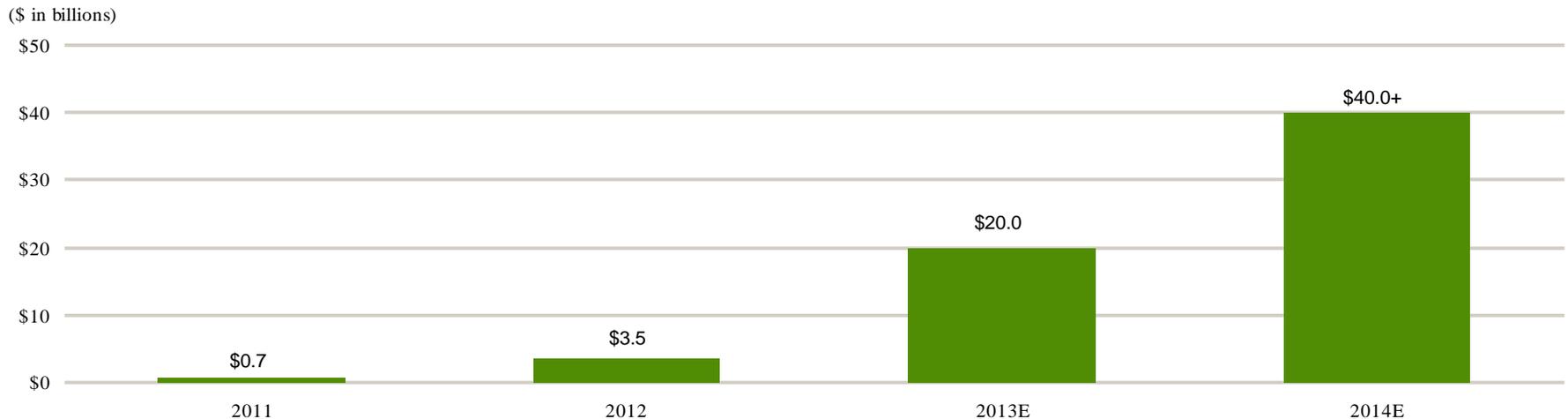
Proposed Five Oaks Platform

- Fully integrated
- Flow and bulk purchases
- Leverages experience in managing credit process
- Objective to brand our own shelf
- Generate well underwritten subordinated prime RMBS investments

Full integration and direct control of credit process should enhance our ability to generate attractive investments with higher yields and lower rate sensitivity, while also building a “Five Oaks” franchise

While the GSEs remain dominant in the \$10+ trillion dollar mortgage market, we believe the Non-Agency origination and securitization markets will continue recent growth

Prime Non-Agency RMBS Issuance is Accelerating



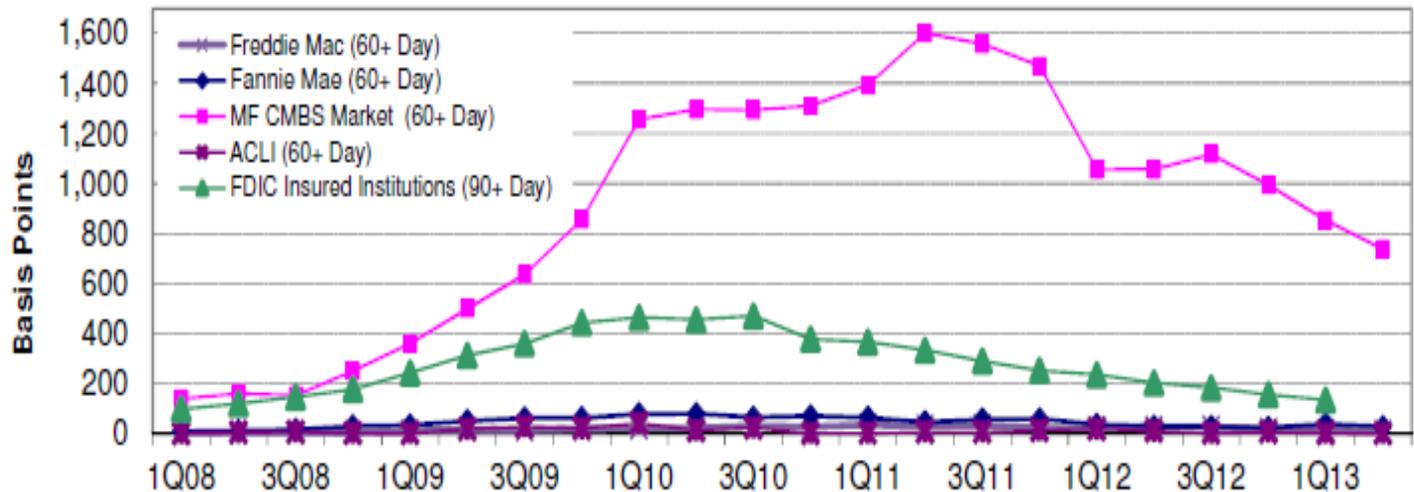
- The current regulatory environment continues to drive changes to risk retention and capital requirements, encouraging inflows of private capital
- Mortgage REITs are well-positioned to accommodate the need for fresh capital

- Approved to review subordinated investment in Freddie Mac K-Series
- Favorable demographics and economics for multi-family
- Leverages our strength in detailed credit analysis and surveillance
- Offers potential for high yield returns with limited interest rate sensitivity
- Well-established and consistent underwriting and securitization process
- Conservative LTV, DSCR and other credit parameters (e.g. limited IO)
- Strong overall program performance metrics

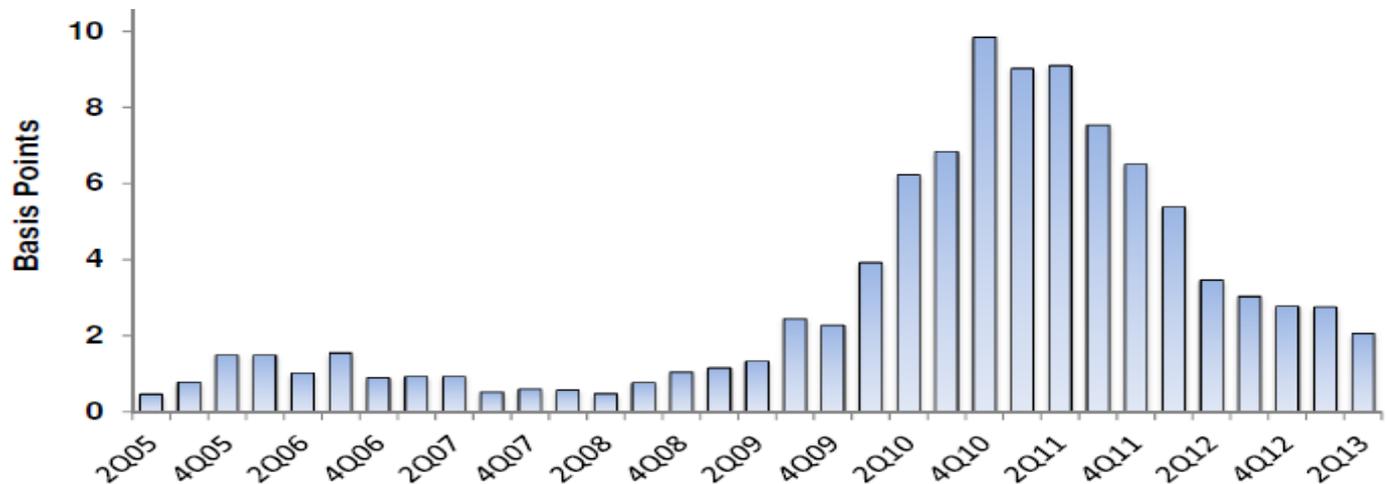
Freddie Mac Multi-Family Business Results



Delinquency Rates⁽¹⁾



Net Charge-offs (Rolling 12 months)⁽²⁾



- (1) FDIC Insured Institutions: FDIC Quarterly Banking Profile – Loan Performance Data; MF CMBS Market: Trepp 60+ days, in foreclosure, REO or non-performing balloons; Fannie Mae delinquency rate from SEC filing; Freddie Mac Multifamily delinquency performance is based on the UPB of the total Multifamily mortgage portfolio ACLI: First Quarter 2013 ACLI Investment Bulletin
- (2) Graph shows Freddie Mac Multifamily portfolio net charge-offs. Data point for each quarter reflects net charge-offs for a rolling twelve month period. For example, the 2Q11 value equals the sum of net charge-offs in 3Q10, 4Q10, 1Q11 and 2Q11 divided by the average balance of the multifamily loan and guarantee portfolios during 2Q11.

Illustrative Target Allocation of Equity



- Five Oaks' credit-centric approach focuses on intrinsic value by combining in-depth research, conservative valuation and diversification
- Blending investments allows potential for attractive risk-adjusted returns with different leverage, duration and convexity profiles from an Agency-only portfolio
- We anticipate end-2014 equity allocations in the following ranges:

Asset Type	Target Allocation of Equity	Interest Rate Sensitivity
Agency RMBS	10-30%	Medium to High
Legacy Non-Agency RMBS	20-40%	Low
New Issue Non-Agency RMBS	15-35%	Low
Multi-Family MBS	15-35%	Low

A well diversified hybrid portfolio oriented to credit has the potential to minimize meaningful exposure to interest rate movements

David Carroll – Chief Executive Officer, President and Chairman of the Board

- Ivy Square Ltd.: President (2008 – 2012)
- Ceres Capital Partners LLC: Co-founder (1999 – 2008)
- Morgan Stanley: Director (1986 – 1999)
- Cargill Inc.: Trader (1984 – 1986)
- B.A., University of Virginia; M.B.A., Duke University Fuqua School of Business

David Oston – Chief Financial Officer, Treasurer and Secretary

- Ivy Square Ltd.: Managing Director (2008 – 2012)
- Ceres Capital Partners LLC: Portfolio Manager (2002 – 2008)
- Natexis Banques Populaires: CFO, New York Branch (2000 – 2001); Head of Specialty Finance (1990 – 2000)
- Various credit-related roles at ANZ/Grindlays and Banque Bruxelles Lambert
- B.A., M.A., Economic Geography, Cambridge University, England

Paul Chong, CFA – Chief Investment Officer

- Ivy Square Ltd.: Portfolio Manager (2008 – 2011)
- Ceres Capital Partners LLC: Portfolio Manager (2004 – 2008)
- Financial Consultant, Arthur Anderson
- Credit Analyst, Bank of America
- B.Bus., Nanyang Technological University in Singapore, M.B.A., Duke University Fuqua School of Business
- C.F.A. holder

Darren Comisso – Managing Director

- 20 years of experience in the financial markets
- Ceres Capital Partners LLC: Co-founder (1999 – 2008)
- Bank of America: Vice President (1992 – 1999)
- B.A. Economics, University of California in Los Angeles

Tom Flynn – Managing Director

- 35 years of experience in the financial markets
- Ivy Square Ltd.: Managing Director (2008 – 2011)
- Ceres Capital Partners LLC: Managing Director (2001 – 2008)
- Morgan Stanley: Head of Global Banking and Finance Credit Research (1985 – 2000)
- B.S.B.A., Georgetown University, M.B.A., Babson College

David Akre – Managing Director

- 29 years of experience in the financial markets
- Whole Loan Capital, LLC: Principal (2009 – 2013)
- New York Mortgage Trust: Co-CEO, Vice Chairman, co-Founder (2003 – 2009)
- Thornburg Mortgage, Inc: Vice President, Capital Markets, Bulk Acquisitions and Secondary Marketing (1997- - 2003)
- B.S., United States Merchant Marine Academy, Kings Point, New York