



Investor Presentation (NYSE: OAKS)

**Keefe Bruyette & Woods
Mortgage Finance Conference
New York – June 3, 2014**

This presentation includes “forward-looking statements” within the meaning of the U.S. securities laws that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. You can identify forward-looking statements by use of words such as “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions or other comparable terms, or by discussions of strategy, plans or intentions. Statements regarding the following subjects, among others, may be forward-looking: the return on equity; the yield on investments; the ability to borrow to finance assets; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. Forward-looking statements are based on our beliefs, assumptions and expectations of its future performance, taking into account all information currently available to us. Actual results may differ from expectations, estimates and projections and, consequently, you should not rely on these forward looking statements as predictions of future events. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. Additional information concerning these and other risk factors are contained in our most recent filings with the Securities and Exchange Commission, which are available on the Securities and Exchange Commission’s website at www.sec.gov.

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 and Multi-Family MBS are reported as "Linked Transactions" and the fair value of those assets are not included in the fair value of our MBS 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 MBS 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 MBS portfolio, however, we do not view the purchase of our Non-Agency RMBS and our Multi-Family MBS and the associated repurchase agreement financing as transactions that are linked. We therefore have also presented certain information that includes the Non-Agency RMBS and Multi-Family MBS 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 MBS portfolio and the performance of our Non-Agency RMBS and Multi-Family MBS 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 and form 10-K when filed with the Securities and Exchange Commission.

Successful Record of Raising Capital

- ➔ Operating since May 2012, completed IPO in March 2013
- ➔ XL and Management have invested \$51.5 million in equity since inception
- ➔ \$23 million preferred deal in Dec. 2013; upsized to \$40 million in May 2014
- ➔ \$35 million common equity raise in Feb. 2014

Experienced Team

- ➔ Investment / Operations team with experience across Market Cycles
- ➔ 20+ years of industry experience on average, with over 10 years together as a team
- ➔ Additional recent hires with lengthy industry experience

Acceleration of Transition to Credit

- ➔ Progressive shift from Agency only to Non-Agency RMBS and Multi-Family MBS
- ➔ Non-GAAP leverage down from 8.0x at 3.31.13 to 3.7x at 3.31.14 (7.9x to 2.8x GAAP)
- ➔ Equity allocation approx. 75%/25% credit/Agency at 3.31.14*

Flexible Hybrid Investment Strategy

- ➔ Focus on current portfolio investments with transition to credit
- ➔ Progress in developing New Issue and operating company opportunities

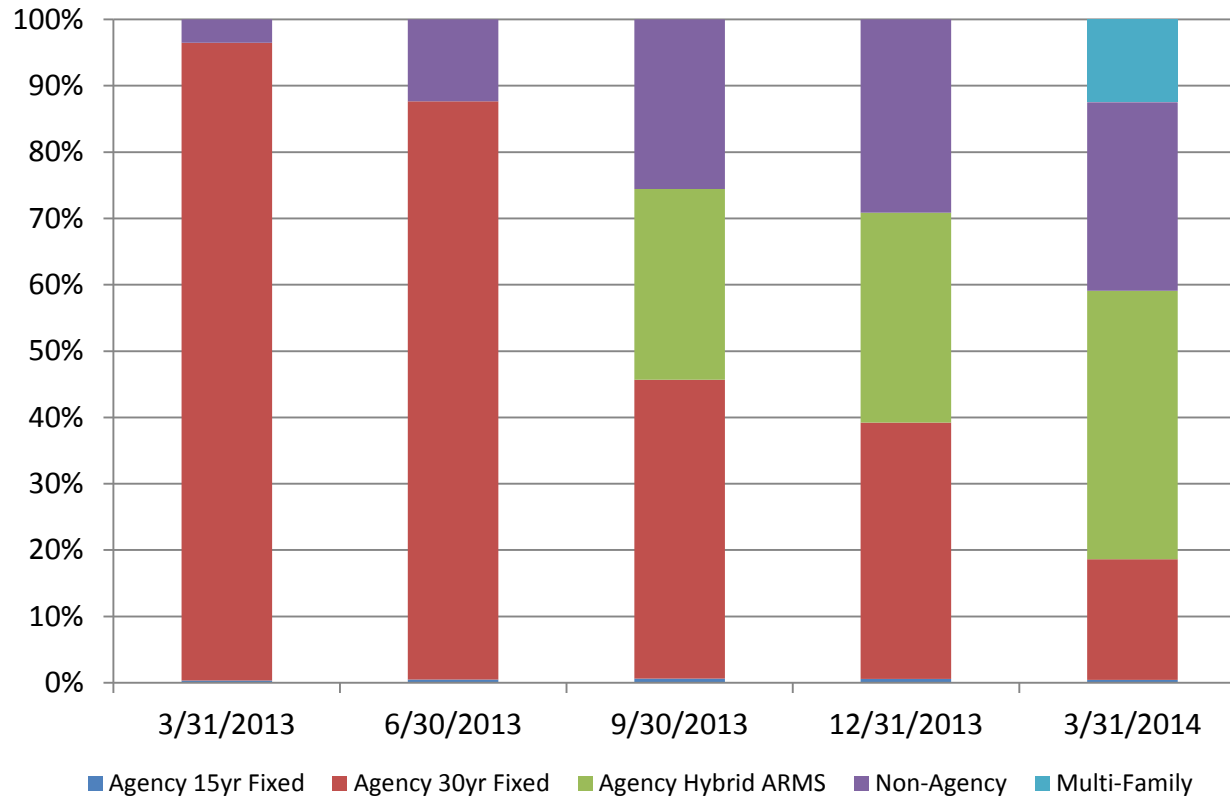
Five Oaks is a hybrid mortgage REIT with a focus on credit, and ongoing strategic initiatives to take advantage of the “recapitalization” opportunities in private mortgage and multi-family MBS credit

*Capital allocation net of unrestricted cash

Five Oaks – Where We Have Come From



OAKS Investment Portfolio Composition – (non-GAAP)*



Consistent transition from Agency RMBS towards increased focus on credit

* See slide 11 for GAAP portfolio analysis at 3/31/2014

“Looking beyond 2014, we see a sizeable, long-term opportunity to increase our exposure to what we describe as the “recapitalization” of the U.S. mortgage markets – newly issued loans and securities requiring substantially more private capital than in the past. In many cases we may seek to build out existing platforms that enhance our ability to effectively source, underwrite and position credit....consistent with what we see as an ‘operating company’ franchise”.

David Carroll, CEO, Five Oaks 2013 Annual Report

“We prefer the mortgage REITs that are building out operating businesses, which we see as being rewarded with premium valuations over time”.

Douglas Harter, CFA, Credit Suisse Research Report May 27, 2014

Residential Mortgage Market – Notable Trends*



Declining Levels of Home Ownership

- ➔ Home ownership rate has fallen from 69.2% in 2004 to 64.8% today
- ➔ Research suggests it may drop below 60% in the years to come

Increased Propensity to Rent

- ➔ Marriage deferral is reducing household formation
- ➔ Echo boomers aged 20-34 have 60% to 70% propensity to rent

Negative Equity Constraining Inventory

- ➔ More than 9.7 million home mortgages remain underwater
- ➔ Results in continued limited inventory, pushing prices up and affordability down
- ➔ Median price of a new home rose to \$290,000 in March 2014 – highest on record

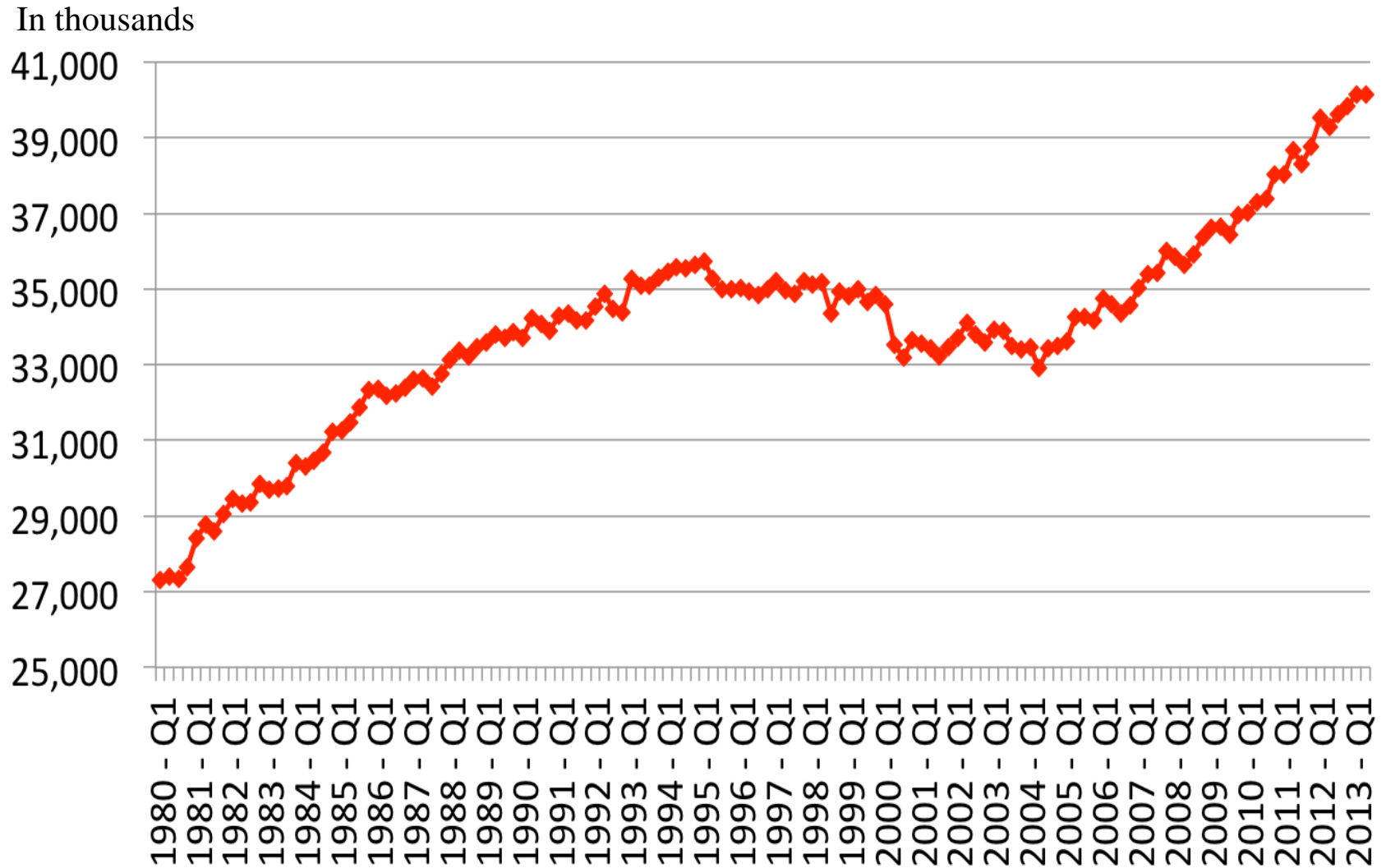
Mortgage Credit Remains Tight

- ➔ Mortgage availability limited for less than perfect credit
- ➔ Negative equity compounds the challenge of affording down-payments

Multiple Factors Driving Increased Rental Demand, in Turn Fuelling Increased Investment in Both Multi-Family and Single Family Rental Properties

*Sources: National Association of Realtors; Wall Street Journal; U.S. Census Bureau; Commerce Department; Zillow

Renter Households



Source: National Association of Realtors

Prime Jumbo Aggregation and Securitization

- State mortgage licensing substantially complete; warehouse facility in place and used
- Bidding on loans and signing up correspondent relationships; first loan settled in May 2014
- With refinancing volumes down, relationships are critical to success in purchase mortgage market
- Advanced discussions with potential loan originator – flow and private-label bank fulfilment

Multi-Family MBS

- Approved to bid on subordinated investments in Freddie Mac K-Series
- Have purchased a number of mezzanine tranche investments in Q1 and Q2 2014
- Leverages our strength in credit analysis and surveillance; attractive yields and low rate sensitivity

Buy-To-Rent and “Rehab” Loans (Specialty Finance)

- Goldman Sachs estimates aggregate rental home value ~\$2.8 trillion, rehab loan market ~\$1 trillion
- Investor-owned properties represent growing portion of market with limited current leverage
- Increased bank regulation/capital requirements creating opportunities for non-banks/mREITs
- Typically strong credit profile with attractive yields – we are actively exploring opportunities

These existing and future initiatives build on the team’s extensive credit and operations experience in order to generate attractive investments with higher yields and lower rate sensitivity, while also developing an “operating company” franchise valuation

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

Hayden McMillian – Managing Director

- 26 years of experience in the financial markets
- Cornerstone Management Advisors: Managing Director (2011 – 2014)
- E*TRADE Financial: Director (2004 – 2007)
- Dominion Capital: President, COO & CFO (1994 – 2003)
- M.B.A., University of Virginia Darden School of Business; J.D. University of Utah

Annex One: Portfolio as of March 31, 2014



GAAP Basis

\$ in thousands	Principal Balance	Unamortized Premium (Discount)	Designated Credit Reserve	Amortized Cost	Unrealized Gain/(Loss)	Fair Value	Net Weighted Average Coupon(1)	Average Yield(2)
Agency RMBS								
15 year fixed-rate	\$ 3,012	\$ 72	\$ -	\$ 3,084	\$ (70)	\$ 3,014	2.50%	1.99%
30 year fixed-rate	124,934	7,078	-	132,012	(6,331)	125,681	3.50%	2.70%
Hybrid ARMS	280,543	(2,125)	-	278,418	1,321	279,739	2.41%	2.76%
Total Agency RMBS	408,489	5,025	-	413,514	(5,080)	408,434	2.74%	2.74%
Multi-Family MBS Excluding Linked Transactions								
	10,000	(629)	-	9,371	202	9,573	3.79%	4.79%
Non-Agency RMBS Excluding Linked Transactions								
	94,896	(19,724)	(16,824)	58,348	6,189	64,537	0.36%	7.83%
Total/Weighted Average (GAAP)	\$ 513,385	\$ (15,328)	\$ (16,824)	\$ 481,233	\$ 1,311	\$ 482,544	2.32%	3.39%

Non-GAAP Adjustments

\$ in thousands	Principal Balance	Unamortized Premium (Discount)	Designated Credit Reserve	Amortized Cost	Unrealized Gain/(Loss)	Fair Value	Net Weighted Average Coupon(1)	Average Yield(2)
Agency RMBS								
15 year fixed-rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
30 year fixed-rate	-	-	-	-	-	-	-%	-%
Hybrid ARMS	-	-	-	-	-	-	-%	-%
Total Agency RMBS	-	-	-	-	-	-	-%	-%
Multi-Family MBS Linked Transactions								
	79,016	(2,919)	-	76,097	596	76,693	4.34%	4.97%
Non-Agency RMBS Linked Transactions								
	188,950	(36,451)	(30,149)	122,350	9,570	131,920	0.39%	8.06%
Total/Weighted Average (GAAP)	\$ 267,966	\$ (39,370)	\$ (30,149)	\$ 198,447	\$ 10,166	\$ 208,613	1.56%	6.88%

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Total Agency RMBS	408,489	5,025	-	413,514	(5,080)	408,434	2.74%	2.74%
Multi-Family MBS Including Linked Transactions								
	89,017	(3,548)	-	85,469	798	86,267	4.28%	4.95%
Non-Agency RMBS Including Linked Transactions								
	283,847	(56,175)	(46,973)	180,699	15,758	196,457	0.38%	7.99%
Total/Weighted Average (GAAP)	\$ 781,353	\$ (54,698)	\$ (46,973)	\$ 679,682	\$ 11,476	\$ 691,158	2.06%	4.41%

(1) Weighted average coupon is presented net of servicing and other fees

(2) Average yield incorporates future prepayment assumptions