



Investor Presentation (NYSE: OAKS)

JMP Securities
Financial Services and Real Estate Conference
New York – September 30, 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.

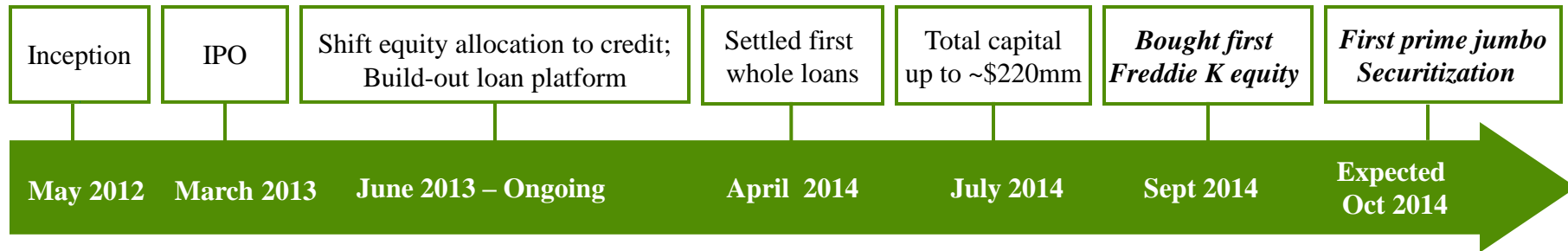
We seek to deliver long-term value to our stockholders by playing a key role in the “recapitalization” of the U.S. mortgage markets – newly issued loans and securities requiring substantially more private capital than in the past.

“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

We are accelerating our transition to an operating business model focused primarily on residential mortgage loans and complementary activities.

Five Oaks History



- Five Oaks began operating as a mortgage REIT in May 2012 to take advantage of unique opportunities and secular changes in the RMBS markets.
- IPO in March 2013. XL Investments Ltd and Management combined investment of \$51.5 million.
- Portfolio transition from Agencies towards credit. Equity allocation approx. 75%/25% credit/Agency at 6.30.14.*
- Whole loan platform build-out: state licensing, staffing, warehouse capacity, documentation, correspondent relationships...and the necessary capital to support the build-out.
- Sept. 2014: acquired first Freddie-Mac K-Series Multi-Family MBS equity tranche. Five Oaks expects to consolidate the Trust on balance sheet.

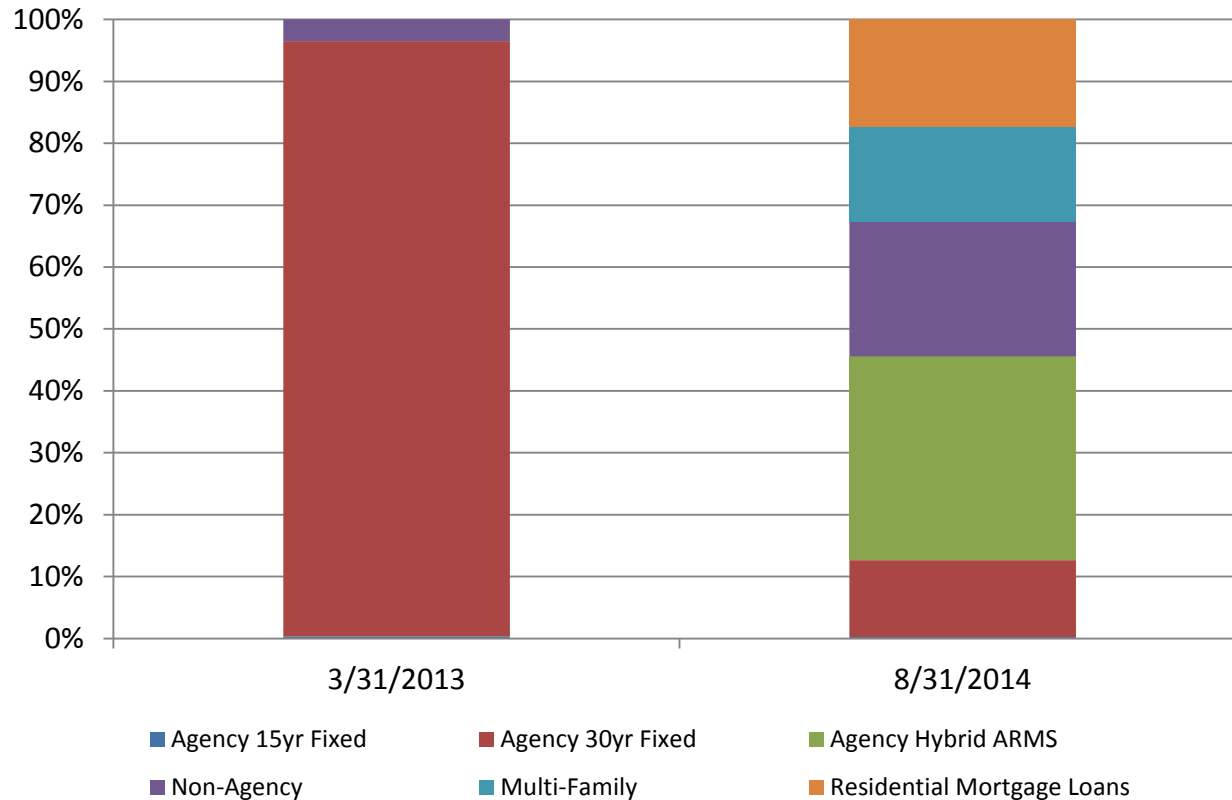
We have positioned Five Oaks to increase its control over the process of generating high quality yield for its balance sheet by developing a fully integrated residential whole loan platform

* Capital allocation net of unrestricted cash

Five Oaks – Wholesale Shift in Portfolio Allocation



OAKS Investment Portfolio Composition – (non-GAAP)*



Consistent transition from Agency RMBS towards increased focus on credit and loans

* 8/31/14 data is preliminary ; see slide 12 for full GAAP portfolio analysis at 6/30/2014, the most recent reporting date.

Interest Rate Risk

Approach

- Reduce Agency RMBS, and within Agencies, lower 30-year fixed exposure
- Increase Non-Agency RMBS – typically floating rate
- Increase Multi-Family MBS – easier to hedge

Result

Interest Rate Risk
****Lower****

Prepayment Risk

- Reduce Agency RMBS, and within Agencies, lower 30-year fixed exposure
- Legacy Non-Agency discount RMBS may benefit from faster prepayments
- Multi-Family MBS typically bullet repayment

Prepayment Risk
****Lower****

Leverage Risk

- Non-GAAP leverage reduced from 8.0x at 3.31.13 to 3.3x at 6.30.14. (7.9x to 2.3x GAAP)
- Reduced overall dependence on repo
- Increase range of repo counterparties

Leverage Risk
****Lower****

Five Oaks' Prime Jumbo Platform – Key Components



Our People

- ➔ **David Akre hired in 2013**
- ➔ **Additional hires in 2014 for correspondent relations and loan operations**

Licensing

- ➔ **State by state licensing process began in 2013**
- ➔ **Substantially complete – 2 or 3 states in final stages**

Warehouse Capacity

- ➔ **Credit Suisse - \$125mm (Q1 2014)**
- ➔ **Bank of America - \$100mm, and Barclays - \$100mm (Q3 2014)**
- ➔ **Additional facilities under negotiation**

Customers

- ➔ **16 approved correspondents**
- ➔ **42 applications in progress**

Five Oaks has all the components in place for a fully integrated residential mortgage aggregation and securitization platform

Why Build?

- **Generate yield:** Control the credit process and create “organic” investments for the REIT
- **Customers:** Build direct relationships
- **Improve economics:** Enhance deal execution economics
- **Build MSR:** Retain excess servicing
- **Franchise value:** Establish a name-brand shelf

Where Are We Now?

- Began aggregating loans in April 2014
- Approx. \$180mm in settled loans, approx. \$200mm in pipeline as of 9.30.14.
- Expect to participate in an early Q4 securitization: Five Oaks to contribute loans and own the subs.
- Aggregating loans for a potential second Q4 securitization – approx. \$260mm pipeline so far

- **Primary focus** is now on new mortgage loan opportunities
- **Continue to build** out our “operating company” loan aggregation and securitization opportunity
- **Establish** a name-brand **shelf** and develop franchise value
- Increase the contribution of “**organically-generated**” high quality yield to the overall portfolio
- Raise additional capital based primarily on “**demand pull**” from new mortgage loan opportunities

These ongoing initiatives build on the team’s extensive credit and operations experience and progress made to date, 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 (1982 – 1984)
- 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 June 30, 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	\$ 2,660	\$ 66	\$ -	\$ 2,726	\$ (24)	\$ 2,702	2.50%	1.96%
30 year fixed-rate	122,157	6,868	-	129,025	(3,270)	125,755	3.50%	2.69%
Hybrid ARMS	369,257	37	-	369,294	3,266	372,560	2.49%	2.69%
Total Agency RMBS	494,074	6,971	-	501,045	(28)	501,017	2.74%	2.68%
Multi-Family MBS Excluding Linked Transactions								
	7,000	(175)	-	6,825	395	7,220	4.09%	4.44%
Non-Agency RMBS Excluding Linked Transactions								
	90,230	(18,827)	(15,450)	55,953	6,570	62,523	0.38%	7.84%
Residential Mortgage Loans	4,418	-	-	4,418	93	4,511	4.18%	4.18%
Total/Weighted Average (GAAP)	\$ 595,722	\$ (12,031)	\$ (15,450)	\$ 568,241	\$ 7,030	\$ 575,271	2.41%	3.22%

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								
	151,919	(24,850)	-	127,069	5,053	132,122	2.02%	5.63%
Non-Agency RMBS Linked Transactions								
	206,282	(38,452)	(32,887)	134,943	10,637	145,580	0.38%	7.89%
Residential Mortgage Loans	-	-	-	-	-	-	-%	-%
Total/Weighted Average (GAAP)	\$ 358,201	\$ (63,302)	\$ (32,887)	\$ 262,012	\$ 15,690	\$ 277,702	1.08%	6.80%

Non-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	\$ 2,660	\$ 66	\$ -	\$ 2,726	\$ (24)	\$ 2,702	2.50%	1.96%
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Hybrid ARMS	369,257	37	-	369,294	3,266	372,560	2.49%	2.69%
Total Agency RMBS	494,074	6,971	-	501,045	(28)	501,017	2.74%	2.68%
Multi-Family MBS Including Linked Transactions								
	158,919	(25,025)	-	133,894	5,448	139,342	2.11%	5.57%
Non-Agency RMBS Including Linked Transactions								
	296,512	(57,279)	(48,337)	190,896	17,207	208,103	0.38%	7.88%
Residential Mortgage Loans	4,418	-	-	4,418	93	4,511	4.18%	4.18%
Total/Weighted Average (GAAP)	\$ 953,923	\$ (75,333)	\$ (48,337)	\$ 830,253	\$ 22,720	\$ 852,973	1.91%	4.35%

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

(2) Average yield incorporates future prepayment assumptions