

April 1, 2019

SACHEM / CAPITAL

Sachem Capital Reports 67.4% Increase in Revenue and 59.9% Increase in Net Income for 2018

Earnings per share increases 31.6%

Conference Call and Webcast to be Held at 8:00 AM (Eastern DST) on Tuesday, April 2, 2019

BRANFORD, Conn.--(BUSINESS WIRE)-- Sachem Capital Corp. (NYSE American: SACH) today announced its financial results for the year ended December 31, 2018. In addition, the Company announced that it will host a conference call on Tuesday, April 2, 2019 at 8:00 a.m., Eastern Time.

Operational highlights:

- Revenue for the year ended December 31, 2018 increased approximately 67.4% to approximately \$11.7 million
- Net income for the year ended December 31, 2018 increased approximately 59.9% to approximately \$7.8 million
- Net income per share (basic and diluted) increased approximately 31.6% to \$0.50 from \$0.38 in 2017

Balance Sheet highlights:

- Mortgages receivable at December 31, 2018, approximately \$78.9 million, increased approximately 24.7% from December 31, 2017
- Total assets at December 31, 2018, approximately \$86.0 million, increased approximately 27.4% from December 31, 2017

To date, distributions of 2018 income have totaled approximately \$7.3 million or approximately 94.6% of 2018 net income.

John Villano, CPA, co-chief executive officer and chief financial officer of Sachem Capital Corp., stated, "Overall, we are extremely pleased with our operating results for 2018, with significant increases in revenues, net income and earnings per share. The first half of the year was extremely robust with loan activity and net income at record levels, fueled, in part, by strong demand for our products and services, a strong economic environment and fresh infusions of capital from our follow-on public offering in the fourth quarter of 2017, as well as a new and larger credit facility we secured in the second quarter of 2018. During the second half of 2018, we witnessed some softening in the local real estate market, however, demand for our products and services remains strong. At the same time, our ability to originate new loans was limited by available capital. As a result, we have begun to explore several options

to provide us greater financial flexibility. In the meantime, we are confident that we can continue to grow our business, based, in part, on our current backlog and continuous flow of funding requests. As always, we remain committed to adhering to our conservative lending practices, strict underwriting policies, and providing our investors attractive risk-adjusted returns.”

Results of operations – year ended December 31, 2018

Total revenue for the year ended December 31, 2018 was approximately \$11.7 million compared to approximately \$7.0 million for the year ended December 31, 2017, an increase of approximately \$4.7 million, or 67.4%. The company recorded increases in all revenue categories, including interest income, net origination fees, other income (which includes modification fees, lender fees, income on borrower charges) and gains on the sale of real estate.

Total operating costs and expenses for the year ended December 31, 2018 were approximately \$3.9 million compared to approximately \$2.1 million for 2017, an increase of \$1.8 million, or 84.5%. The increase in operating costs and expenses is due to an increase in lending operations and our financing activities during the year. The company recorded increases in all major cost and expense categories, including interest expense and amortization of deferred financing costs, compensation and related costs, professional fees and general and administrative expenses.

Net income for 2018 was approximately \$7.8 million compared to \$4.9 million for 2017 due to the increase in our lending activities, partially offset by the increase in operating costs and expenses. Basic and diluted net income per weighted average common share outstanding for the year ended 2018 was \$0.50 compared to \$0.38 per share for the year ended 2017.

Investor Conference Call

The Company will host a conference call on Tuesday, April 2, 2019 at 8:00 a.m., Eastern Time, to discuss the Company’s financial results for the fourth quarter ending December 31, 2018 as well as the Company’s corporate progress and other meaningful developments.

Interested parties can access the conference call by calling 877-407-8033 for U.S. callers, or +201-689-8033 for international callers. The call will be available on the Company’s website via webcast at <https://www.sachemcapitalcorp.com>. John Villano, Co-Chief Executive Officer and Chief Financial Officer will lead the conference call and other Sachem Capital executives will also be available to answer questions.

A webcast will also be archived on the Company’s website and a telephone replay of the call will be available approximately one hour following the call, through 8:00 a.m. on April 16, 2019, and can be accessed by calling: 877-481-4010 for U.S. callers or +919-882-2331 for international callers and entering conference ID: 45729.

About Sachem Capital, Corp.

Sachem Capital Corp. specializes in originating, underwriting, funding, servicing and managing a portfolio of first mortgage loans. It offers short term (*i.e.*, three years or less) secured, nonbanking loans (sometimes referred to as “hard money” loans) to real estate

investors to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in Connecticut. The Company does not lend to owner occupants. The Company's primary underwriting criteria is a conservative loan to value ratio. The properties securing the Company's loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate. Each loan is also personally guaranteed by the principal(s) of the borrower, which guaranty may be collaterally secured by a pledge of the guarantor's interest in the borrower. The Company also makes opportunistic real estate purchases apart from its lending activities. The Company believes that it qualifies as a real estate investment trust (REIT) for federal income tax purposes and has elected to be taxed as a REIT beginning with its 2017 tax year.

Forward Looking Statements

This press release may contain forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "estimate," "expect," "project," "plan," "seek," "intend," "believe," "may," "might," "will," "should," "could," "likely," "continue," "design," and the negative of such terms and other words and terms of similar expressions are intended to identify forward- looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to several risks, uncertainties and assumptions as described in our Annual Report on Form 10-K for 2018 filed with the U.S. Securities and Exchange Commission on March 29, 2019. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this press release may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this press release. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

	2018	2017
Assets		
Assets:		
Cash	\$ 99,310	\$ 954,223
Cash - restricted	59,549	0
Escrow deposits	12,817	111,189
Mortgages receivable	78,011,653	62,166,937
Mortgages receivable, affiliate	879,457	1,104,022
Interest and fees receivable	1,397,038	645,493
Other receivables	155,000	234,570
Due from borrowers	695,218	451,795
Prepaid expenses	14,866	4,520
Property and equipment, net	1,180,107	501,819
Deposits on property and equipment	12,000	-
Real estate owned	2,943,438	1,224,409
Deferred financing costs	553,597	95,560
	<u>\$86,014,050</u>	<u>\$67,494,537</u>
Total assets	<u>\$86,014,050</u>	<u>\$67,494,537</u>

Liabilities and Shareholders' Equity

Liabilities:		
Line of credit	\$27,219,123	\$ 9,841,613
Mortgage payable	290,984	301,101
Accounts payable and accrued expenses	316,413	390,758
Security deposits held	7,800	2,550
Advances from borrowers	317,324	519,764
Due to shareholder	1,200,000	-
Due to note purchaser	-	723,478
Deferred revenue	1,058,406	1,108,400
Dividend payable	2,624,566	-
Accrued interest	176,619	40,592
Total liabilities	<u>33,211,235</u>	<u>12,928,256</u>

Commitments and Contingencies

Shareholders' equity:

Preferred shares - \$.001 par value; 5,000,000 shares authorized; no shares issued	-	-
Common stock - \$.01 par value; 50,000,000 shares authorized; 15,438,621 and 15,415,737 issued and outstanding	15,439	15,416
Paid-in capital	53,192,859	53,315,772
(Accumulated deficit) retained earnings	(405,483)	1,235,093
Total shareholders' equity	<u>52,802,815</u>	<u>54,566,281</u>
Total liabilities and shareholders' equity	<u>\$86,014,050</u>	<u>\$67,494,537</u>

SACHEM CAPITAL CORP. STATEMENTS OF OPERATIONS

Years Ended December 31,

	2018	2017
Revenue:		
Interest income from loans	\$ 8,960,883	\$ 5,434,502
Origination fees, net	1,411,100	802,264

Late and other fees	189,078	136,834
Processing fees	138,317	124,240
Rental income, net	101,789	88,364
Other income	837,339	410,494
Net gain on sale of real estate	74,864	179
	<u>11,713,370</u>	<u>6,996,877</u>
Total revenue		
Operating costs and expenses:		
Interest and amortization of deferred financing costs	1,665,891	664,134
Compensation to manager	-	35,847
Professional fees	417,312	299,935
Compensation, fees and taxes	1,248,107	698,227
Exchange fees	33,535	32,083
Other expenses and taxes	20,707	155,345
Excise tax	19,000	-
Depreciation	32,529	28,358
General and administrative expenses	437,011	222,100
Impairment loss	67,493	-
	<u>3,941,585</u>	<u>2,136,029</u>
Total operating costs and expenses		
Net income	<u>\$ 7,771,785</u>	<u>\$ 4,860,848</u>

Basic and diluted net income per common share outstanding:

Basic	\$ 0.50	\$ 0.38*
Diluted	\$ 0.50	\$ 0.38*

Weighted average number of common shares outstanding:

Basic	15,425,772	11,956,246
Diluted	15,425,772	-

* Basic and diluted net income per common share outstanding and weighted average number of shares outstanding are calculated for the period beginning February 9, 2017 (the effective date of the Company's initial public offering) through December 31, 2017.

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW

	Years Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 7,771,785	\$ 4,860,848
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs	137,241	59,118
Depreciation expense	32,529	28,358
Stock based compensation	37,589	-
Impairment loss	67,493	-
Gain on sale of real estate	(74,864)	(179)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Escrow deposits	98,372	(111,189)
Interest and fees receivable	(994,900)	(166,565)

Other receivables	234,570	(51,728)
Due from borrowers	(243,423)	-
Prepaid insurance	(10,346)	(4,520)
Deposits	(12,000)	-
(Decrease) increase in:		
Due to note purchaser	(723,478)	-
Due to member	-	(656,296)
Accrued interest	136,027	16,242
Accrued expenses	(74,345)	194,674
Deferred revenue	(49,994)	817,944
Advances from borrowers	(116,207)	(141,995)
Total adjustments	<u>(1,555,736)</u>	<u>(16,136)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,216,049</u>	<u>4,844,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate owned	1,848,558	530,181
Acquisitions of and improvements to real estate owned	(541,525)	(531,961)
Purchase of land and building	(699,228)	(39,923)
Purchase of property and equipment	(11,587)	(92,806)
Security deposits	5,250	1,750
Principal disbursements for mortgages receivable	(42,078,191)	(53,468,949)
Principal collections on mortgages receivable	24,641,469	23,948,601
Repurchase of notes sold	-	(2,000,000)
Proceeds from notes sold	-	2,723,478
NET CASH USED FOR INVESTING ACTIVITIES	<u>(16,835,254)</u>	<u>(28,929,629)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	77,564,529	44,177,225
Repayment of line of credit	(60,187,019)	(42,449,555)
Principal payments on mortgage payable	(10,117)	(8,899)
Dividends	(6,787,795)	(3,339,655)
Proceeds from IPO	-	30,250,000
Pre-offering costs incurred	-	(3,258,158)
Costs in connection with ATM	(160,479)	
Financing costs incurred	(595,278)	(87,202)
Member contributions	-	653,646
Member distributions	-	(2,460,125)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>9,823,841</u>	<u>23,477,277</u>
NET DECREASE IN CASH AND RESTRICTED CASH	(795,364)	(607,640)
CASH AND RESTRICTED CASH- BEGINNING OF YEAR	<u>954,223</u>	<u>1,561,863</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 158,859</u>	<u>\$ 954,223</u>

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW (Continued)

	Years Ended December 31,	
	<u>2018</u>	<u>2017</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Taxes paid	\$ 53,191	\$ -
Interest paid	<u>\$1,370,714</u>	<u>\$587,442</u>

SUPPLEMENTAL INFORMATION-NON-CASH

Dividends declared and payable

\$2,624,566 \$ -

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

On February 8, 2017, Sachem Capital Partners, LLC transferred all its assets and liabilities to the Company in exchange for 6,283,237 shares of the company's Common stock.

Prior year's pre-offering costs in the amount of \$625,890 were charged to paid-in-capital during the year ended December 31, 2017.

During the year ended December 31, 2018, the Company issued notes payable in the amount of \$169,338 for the acquisition of mortgages receivable.

On April 24, 2018, the Company purchased a mortgage receivable from a third party at a discount in the amount of \$21,433.

Real estate acquired in connection with the foreclosure of certain mortgages, inclusive of interest and other fees receivable, during the year ended December 31, 2018 amounted to \$3,173,963.

Assignment of mortgage receivable to shareholder in the amount of \$1,200,000, during the year ended December 31, 2018.

Other receivable in the amount of \$155,000 obtained in connection with the sale of real estate during the year ended December 31, 2018.

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