

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 30, 2023

SACHEM CAPITAL CORP.  
(Exact name of Registrant as specified in its charter)

<u>New York</u> (State or other jurisdiction of incorporation)	<u>001-37997</u> (Commission File Number)	<u>81-3467779</u> (IRS Employer Identification No.)
<u>698 Main Street, Branford, Connecticut</u> (Address of Principal Executive Office)		<u>06405</u> (Zip Code)

Registrant's telephone number, including area code (203) 433-4736

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Common Shares, par value \$.001 per share	SACH	NYSE American LLC
7.125% Notes due 2024	SCCB	NYSE American LLC
6.875% Notes due 2024	SACC	NYSE American LLC
7.75% notes due 2025	SCCC	NYSE American LLC
6.00% notes due 2026	SCCD	NYSE American LLC
6.00% notes due 2027	SCCE	NYSE American LLC
7.125% notes due 2027	SCCF	NYSE American LLC
8.00% notes due 2027	SCCG	NYSE American LLC
7.75% Series A Cumulative Redeemable Preferred Stock, Liquidation Preference \$25.00 per share	SACHPRA	NYSE American LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On March 30, 2023, Sachem Capital Corp. (the "Company") issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference, announcing its financial results for the year ended December 31, 2022.

**Item 7.01. Regulation FD Disclosure.**

On March 31, 2023, the Company hosted a conference call for investors to discuss its financial condition and operating results for the year ended December 31, 2022 and its outlook for 2023. A transcript of the call is attached hereto as Exhibit 99.2.

The information furnished pursuant to this Item 7.01 shall not be deemed to constitute an admission that such information is required to be furnished pursuant to Regulation FD or that such information or exhibits contain material information that is not otherwise publicly available. In addition, the Company does not assume any

obligation to update such information in the future.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

**Exhibit**

**No.**

**Description**

99.1 [Press release, dated March 30, 2023, announcing financial results for the year ended December 31, 2022.](#)

99.2 [Transcript of investor conference call held on March 31, 2023.](#)

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, furnished pursuant to Items 2.02 and 7.01, including Exhibits 99.1 and 99.2, respectively, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

\* \* \* \* \*

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sachem Capital Corp.

Dated: April 3, 2023

By: /s/John L. Villano  
John L. Villano, CPA  
President and Chief Executive Officer

---

**Exhibit Index**

**Exhibit**

**No.**

**Description**

99.1 [Press release, dated March 30, 2023, announcing financial results for the year ended December 31, 2022](#)

99.2 [Transcript of investor conference call held on March 31, 2023.](#)

---

# Sachem Capital Reports Record 2022 Annual Revenue of \$52.3 Million and Net Income Attributable to Common Shareholders of \$17.2 Million or \$0.46 per Share

**Conference Call and Webcast to be held at 8:00 AM ET on Friday, March 31, 2023**

**BRANFORD, Conn., March 30, 2023 (GLOBE NEWSWIRE)** – Sachem Capital Corp. (NYSE American: SACH) announced its financial results for the year ended December 31, 2022. The company will host a conference call on Friday, March 31, 2023 at 8:00 a.m. Eastern Time to discuss in greater detail its financial and operating results for 2022.

John Villano, CPA, the company's Chief Executive Officer, stated: "2022 was another record year for our company with revenue of \$52.3 million and net income attributable to common shareholders of \$17.2 million. Earnings per share was \$0.46 per share compared to \$0.44 for the prior year. Further we achieved approximately \$20.2 million of non-GAAP adjusted earnings or \$0.53 per share in earnings, reflecting the strength of our business and specifically our loan portfolio in a very challenging interest rate environment. We fully understand the effects of rapid interest rate increases on our business and, more importantly, our borrowers and will continue to take appropriate measures to further reduce risk and insulate our loan portfolio, including additional enhancements to our underwriting process and limiting the term of new loans.

"In 2022, we acquired Urbane New Haven, LLC, which added construction finance service expertise in all phases of our business. This acquisition provides us the ability to reduce risks associated with distressed properties, as well as new income streams to help ensure the highest level of oversight and planning diligence on all construction financing. We are extremely pleased with the addition of the Urbane team and their operational excellence.

"Certainly, the process of lending has undergone significant changes the past year and despite the ongoing crosscurrents, our business model has proven to be highly scalable and resilient, as evidenced by our continued strong performance during the year."

## Results of operations for year ended December 31, 2022

Total revenue grew 71.8% to approximately \$52.3 million compared to approximately \$30.4 million for the year ended December 31, 2021. The growth in revenue was due primarily to an increase in lending operations. For 2022, interest income was approximately \$42.6 million, origination fees were approximately \$7.3 million and various other fees relating to the company's lending activities were approximately \$3.0 million.

Total operating costs and expenses for the year ended December 31, 2022 were approximately \$31.4 million compared to approximately \$17.1 million for 2021, an increase of approximately \$14.3 million. Given the company's implementation of its growth strategies, the largest contributor to this increase was interest and amortization of deferred financing costs, which were \$21.5 million in 2022 compared to \$10.4 million in 2021. The balance of the increases was attributable to (i) approximately \$2.2 million of compensation (including stock-based compensation), fees and taxes and (ii) approximately \$854,000 general and administrative expenses. These increases are attributable to the implementation of certain growth strategies.

---

Net income for 2022 attributable to common shareholders was approximately \$17.2 million compared to approximately \$11.5 million for 2021, an increase of approximately \$5.8 million or 50.2%. Net income per weighted average common share outstanding for 2022 was \$0.46 compared to \$0.44 for 2021.

## Balance Sheet

Total assets at December 31, 2022 were approximately \$565.7 million compared to approximately \$418.0 million at December 31, 2021, an increase of approximately \$147.7 million, or 35.3%. The increase was due primarily to the growth in the company's mortgage loan portfolio, which increased approximately \$168.3 million, and an approximately \$24.8 million increase in partnership investments. Total liabilities were approximately \$348.0 million compared to approximately \$237.9 million.

Total indebtedness at December 31, 2022 included \$280.0 million of notes payable (net of \$8.4 million of deferred financing costs), \$3.6 million balance on our margin loan account with Wells Fargo Advisors, \$42.5 million outstanding on the company's master repurchase financing facility with an affiliate of Churchill Real Estate and \$750,000 outstanding on a mortgage with New Haven Bank.

Total shareholders' equity at December 31, 2022 increased approximately \$37.6 million to \$217.7 million compared to approximately \$180.1 million at December 31, 2021. The change was primarily due to net income of approximately \$20.9 million, net proceeds from the sale of common shares of \$39.3 million, and approximately \$1.0 million related to the acquisition of Urbane New Haven's assets.

## Dividends

The company declared and paid dividends of approximately \$14.9 million on common shares approximately \$3.7 million on Series A preferred shares, and reported approximately \$5.3 million of accrued dividends.

The company currently operates and qualifies as a Real Estate Investment Trust (REIT) for federal income taxes and intends to continue to qualify and operate as a REIT. Under federal income tax rules, a REIT is required to distribute a minimum of 90% of taxable income each year to its shareholders and the company intends to comply with this requirement for the current year.

## Investor Conference Call

The company will host a conference call on Friday, March 31, 2023, at 8:00 a.m., Eastern Time, to discuss in greater detail its financial results for the year ended December 31, 2022.

Interested parties can access the conference call via telephone by dialing toll free 1-877-704-4453 for U.S. callers or +1 201-389-0920 for international callers. A webcast of the call may be accessed on Sachem's website at <https://ir.sachemcapitalcorp.com/ir-calendar>.

The webcast will also be archived on the company's website and a telephone replay of the call will be available through Friday, April 14, 2023 and can be accessed by dialing 1-844-512-2921 for U.S. callers or +1 412-317-6671 for international callers and by entering replay passcode: 13737135.

## About Sachem Capital Corp

Sachem Capital Corp. is a financing REIT that 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 to real estate investors to fund their acquisition, renovation, development, rehabilitation, or improvement of properties. The company's primary underwriting criteria is a conservative loan to value ratio. The properties securing the 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 and is personally guaranteed by the principal(s) of the borrower. The company will also make opportunistic real estate purchases apart from its lending activities.

## 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. These forward-looking statements are based primarily on management's current expectations and projections about future events and trends that management believes may affect the company's 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 the Annual Report on Form 10-K for 2022 to be filed with the U.S. Securities and Exchange Commission on March 31, 2023. 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 the company believes that the expectations reflected in the forward-looking statements are reasonable, the company cannot guarantee future results, level of activity, performance, or achievements. In addition, neither the company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The company disclaims any duty to update any of these forward-looking statements. All forward-looking statements attributable to the company 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 the company in the context of these risks and uncertainties.

## Investor & Media Contact:

Email: [investors@sachemcapitalcorp.com](mailto:investors@sachemcapitalcorp.com)

## SACHEM CAPITAL CORP. CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
<b>Assets:</b>		
Cash and cash equivalents	\$ 23,713,097	\$ 41,938,897
Investment securities	24,576,462	60,633,661
Mortgages receivable	460,633,268	292,301,209
Interest and fees receivable	6,309,845	3,693,645
Due from borrowers	5,276,967	3,671,016
Real estate owned	5,216,149	6,559,010
Investments in partnerships	30,831,180	6,055,838
Property and equipment, net	4,121,721	2,172,185
Other assets	4,983,173	936,290
Total assets	<u>\$ 565,661,862</u>	<u>\$ 417,961,751</u>
<b>Liabilities and Shareholders' Equity:</b>		
Liabilities:		
Notes payable (net of deferred financing costs of \$8,352,597 and \$5,747,387)	\$ 280,049,153	\$ 160,529,363
Repurchase facility	42,533,466	19,087,189
Mortgage payable	750,000	750,000
Line of credit	3,587,894	33,178,031
Accrued dividends payable	5,342,160	3,927,600
Accounts payable and accrued liabilities	1,439,219	697,403
Advances from borrowers	9,892,164	15,066,114
Deferred revenue	4,360,452	4,643,490
Total liabilities	<u>347,954,508</u>	<u>237,879,190</u>
Commitments and Contingencies		
Shareholders' equity:		
Preferred shares - \$.001 par value; 5,000,000 shares authorized; 1,903,000 shares of Series A Preferred Stock issued and outstanding	1,903	1,903
Common stock - \$.001 par value; 200,000,000 shares authorized; 41,093,536 and 32,730,004 issued and outstanding	41,094	32,730
Paid-in capital	226,220,990	185,516,394
Accumulated other comprehensive loss	(561,490)	(476,016)
Accumulated deficit	(7,995,143)	(4,992,450)
Total shareholders' equity	<u>217,707,354</u>	<u>180,082,561</u>
Total liabilities and shareholders' equity	<u>\$ 565,661,862</u>	<u>\$ 417,961,751</u>

The accompanying notes are an integral part of these financial statements.

**SACHEM CAPITAL CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenue:</b>		
Interest income from loans	\$ 42,618,817	\$ 22,305,530
Investment gain (loss), net	521,662	1,069,374
Income from partnership investments	1,809,564	142,026
Origination and modification fees, net	7,320,625	4,322,883
Fee and other income	2,969,117	2,299,970
Unrealized losses on investment securities	(2,963,760)	284,769
Total revenue	<u>52,276,025</u>	<u>30,424,552</u>
<b>Operating costs and expenses:</b>		
Interest and amortization of deferred financing costs	21,549,859	10,422,101
Compensation, fees and taxes	5,315,455	3,122,934
Other expenses	544,684	432,868
General and administrative expenses	3,097,219	2,243,038
Loss (Gain) on sale of real estate	(44,752)	165,915
Impairment loss	904,909	719,000
Total operating costs and expenses	<u>31,367,374</u>	<u>17,105,856</u>
Net income	20,908,651	13,318,696
Preferred stock dividend	(3,687,062)	(1,853,855)
Net income attributable to common shareholders	<u>17,221,589</u>	<u>11,464,841</u>
<b>Other comprehensive loss</b>		
Unrealized gain (loss) on investment securities	(85,474)	(476,016)
Comprehensive income	<u>\$ 17,136,115</u>	<u>\$ 10,988,825</u>
<b>Basic and diluted net income per common share outstanding:</b>		
Basic	<u>\$ 0.46</u>	<u>\$ 0.44</u>
Diluted	<u>\$ 0.46</u>	<u>\$ 0.44</u>
<b>Weighted average number of common shares outstanding:</b>		
Basic	<u>37,741,657</u>	<u>26,316,286</u>
Diluted	<u>37,749,169</u>	<u>26,324,986</u>

The accompanying notes are an integral part of these financial statements.

**SACHEM CAPITAL CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>Preferred Stock</b>		<b>Common Stock</b>		<b>Additional Paid in Capital</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Accumulated Deficit</b>	<b>Totals</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>				
Balance, January 1, 2021	-	-	22,124,801	22,125	83,814,376	(25,992)	(2,890,969)	\$ 80,919,540
Issuance of Preferred Stock, Net of expenses	1,903,000	1,903			45,460,723			45,462,626
Issuance of Common Stock, Net of expenses			10,490,188	10,490	56,049,982			56,060,472
Exercise of warrants			5,334	5	(5)			-
Stock based compensation			109,681	110	191,318			191,428
Unrealized loss on investments						(450,024)		(450,024)
Dividends paid on Common shares							(9,638,722)	(9,638,722)
Dividends paid on Series A Preferred Stock							(1,853,855)	(1,853,855)
Dividends declared and payable							(3,927,600)	(3,927,600)
Net income for the year ended December 31, 2021							13,318,696	13,318,696
Balance, December 31, 2021	1,903,000	1,903	32,730,004	32,730	185,516,394	(476,016)	(4,992,450)	180,082,561
Issuance of Preferred Stock, net of expenses	-	-			(70,000)			(70,000)
Issuance of Common Stock, net of expenses			7,879,907	7,880	39,284,065			39,291,945
Acquisition of Urbane New Haven assets			300,000	300	995,700			996,000
Exercise of warrants			19,658	20	(20)			-
Stock based compensation			163,967	164	494,851			495,015
Unrealized loss on investments						(85,474)		(85,474)
Dividends paid on Common shares							(14,882,122)	(14,882,122)

Dividends paid on Series A Preferred Stock							(3,687,062)	(3,687,062)
Accrued Dividends							(5,342,160)	(5,342,160)
Net income for the year ended December 31, 2022							20,908,651	20,908,651
Balance, December 31, 2022	<u>1,903,000</u>	<u>\$ 1,903</u>	<u>41,093,536</u>	<u>\$ 41,094</u>	<u>\$ 226,220,990</u>	<u>\$ (561,490)</u>	<u>\$ (7,995,143)</u>	<u>\$ 217,707,354</u>

The accompanying notes are an integral part of these financial statements.

**SACHEM CAPITAL CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

	Years Ended December 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 20,908,651	\$ 13,318,696
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs and bond discount	2,104,093	1,215,200
Write-off of deferred financing costs	-	72,806
Depreciation expense	106,414	83,525
Stock based compensation	495,015	191,318
Impairment loss	904,909	719,000
(Gain) Loss on sale of real estate	(44,752)	165,915
Unrealized loss on investment securities	2,963,760	(284,769)
Gain on sale of investment securities	(521,662)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Interest and fees receivable	(2,616,200)	(1,873,578)
Other assets	(3,599,779)	(26,801)
Due from borrowers	(1,605,951)	(1,645,353)
Accrued Dividends Payable	(1,414,560)	-
Other Assets - Prepaid Expenses	-	(199,978)
(Decrease) increase in:		
Accrued Interest	158,687	161,385
Accounts payable and accrued liabilities	766,723	129,091
Deferred revenue	(283,038)	2,544,159
Advances from borrowers	(5,173,950)	13,235,575
Total adjustments	(7,760,291)	14,487,495
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>13,148,360</u>	<u>27,806,191</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(51,651,930)	(204,064,590)
Proceeds from the sale of investment securities	85,113,227	180,533,333
Purchase of interests in investment partnerships, net	(24,775,342)	(6,055,838)
Proceeds from sale of real estate owned	2,090,879	2,399,557
Acquisitions of and improvements to real estate owned, net	(126,442)	(981,873)
Purchase of property and equipment	(1,581,350)	(822,322)
Security deposits held	-	(13,415)
Principal disbursements for mortgages receivable	(300,277,303)	(251,832,318)
Principal collections on mortgages receivable	131,840,244	115,147,409
Other Assets - Pre-offering Costs	(170,606)	(306,440)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(159,538,623)</u>	<u>(165,996,497)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from (repayment of) line of credit	(29,590,137)	5,122,383
Net proceeds from repurchase facility	23,446,277	19,087,189
Proceeds from mortgage	-	750,000
Repayment of mortgage payable	-	(767,508)
Accounts payable and accrued liabilities - principal payments on other notes	(24,907)	(23,761)
Dividends paid on Common Stock	(18,809,722)	(12,267,706)
Dividends paid on Preferred Stock	(3,687,062)	(1,853,855)
Financings costs incurred	-	(461,357)
Repayment of other loans	-	(257,845)
Proceeds from issuance of common shares, net of expenses	39,291,945	56,060,472
Proceeds from issuance of Series A Preferred Stock, net of expenses	(70,000)	45,462,626
Gross proceeds from issuance of fixed rate notes	122,125,000	51,750,000
Financings costs incurred in connection with fixed rate notes	(4,516,931)	(1,879,463)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>128,164,463</u>	<u>160,721,175</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(18,225,800)</u>	<u>22,530,869</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>41,938,897</u>	<u>19,408,028</u>

CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 23,713,097</u>	<u>\$ 41,938,897</u>
---	----------------------	----------------------

The accompanying notes are an integral part of these financial statements.

**SACHEM CAPITAL CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW (Continued)**

	Years Ended December 30,	
	<u>2022</u>	<u>2021</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS</b>		
<b>INFORMATION</b>		
Interest paid	<u>\$ 19,286,819</u>	<u>\$ 9,097,631</u>
<b>SUPPLEMENTAL INFORMATION-NON-CASH</b>		
Dividends declared and payable	<u>\$ 5,342,160</u>	<u>\$ 3,927,600</u>

Corrected Transcript

31-Mar-2023  
 Sachem Capital Corp. (SACH)  
 Q4 2022 Earnings Call

**FACTSET:callstreet**  
 1-877-FACTSET www.callstreet.com

Total Pages: 14  
 Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
 Q4 2022 Earnings Call

Corrected Transcript  
 31-Mar-2023

## CORPORATE PARTICIPANTS

**Kevin Reed**  
*Senior Vice President, ICR Inc.*

**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

## OTHER PARTICIPANTS

**Matthew Erdner**  
*Analyst, JonesTrading Institutional Services LLC*

**Tyler Batory**  
*Analyst, Oppenheimer & Co., Inc.*

**Gaurav Mehta**  
*Analyst, EF Hutton Group*

**Chris Muller**  
*Analyst, JMP Securities LLC*

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings and welcome to the Sachem Capital Corp. Fourth Quarter and Full Year 2022 Earnings Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Kevin Reed, ICR. Thank you, Kevin. You may begin.

**Kevin Reed**  
*Senior Vice President, ICR Inc.*

Good morning, everyone, and thank you for joining Sachem Capital Corp.'s year-end 2022 conference call. On the call from Sachem Capital today is Chief Executive Officer, John Villano, CPA, and Chief Financial Officer, John Warch. This morning the company announced its operating results for the year ended December 31, 2022, and its financial condition as of that date. The press release is posted on the company's website, [www.sachemcapitalcorp.com](http://www.sachemcapitalcorp.com).

In addition, the company will file its year-end report on Form 10-K with the US Securities and Exchange Commission on March 31, 2023, which can be accessed on the company's website, as well as the SEC's website at [www.sec.gov](http://www.sec.gov). If you have any questions after the call or would like any additional information about the company, please visit our website.

We'd like to remind everyone that this conference call may contain forward-looking statements. All statements other than statements of historical facts contained in this conference call, 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 in other words, in terms of similar expressions are intended to identify forward-looking statements.

**FACTSET:callstreet**  
 1-877-FACTSET www.callstreet.com

2  
 Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
 Q4 2022 Earnings Call

Corrected Transcript  
 31-Mar-2023

These forward-looking statements are based largely on the company's current expectations and projections about future events and trends that it believes may affect its financial conditions, 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 the company's Form 10-K filed with the US Securities and Exchange Commission on March 31, 2023. Because of these risks, uncertainties and assumptions, the forward-looking events or circumstances discussed in this conference call 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 the company believes the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, level of activity, performance or achievements. In addition, neither the company nor any person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The company disclaims any duty to update any of these forward-looking



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

With that, I'll now turn the call over to John.

---

**John L. Villano**

*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

Thank you and thanks to, everyone, for joining us today. I am very pleased to report Sachem had another year of record revenue of \$52.3 million and net income attributable to common shareholders of \$17.2 million, or \$0.46 per share. Our 2022 revenue was an increase of almost 72% from 2021, and our net income attributable to common shareholders increased over 50%. These results, achieved through disciplined underwriting in an increasingly difficult macroeconomic backdrop, illustrate the success and scalability of our business model.

During 2022, we funded approximately \$300.3 million of mortgage loans, including loan modifications and construction draws. While we are very proud of this level of activity, it is necessary to acknowledge the shifting trends throughout the year. As inflation increased, the Federal Reserve commenced a series of rate hikes, resulting in a sharp rise in interest rates throughout the year. Equity markets felt the pain of higher interest rates as sources of liquidity became cautious and credit spreads widened, turning previously profitable investments into losses. Amid this environment, we remained prudent and disciplined and our investment in new loans slowed.

Further, uncertainty continued with the broadening banking turmoil and potential fallout. Fortunately, we have no exposure to troubled banks at this point. That said, we are cognizant and keeping a keen eye on the implications the volatility may have on property appraisals, our cost of capital and normal loan payoff activity.

Let me now turn to what I believe are the key strengths that position us to perform well in the current environment and emerge stronger than ever. First, we have a diversified mortgage portfolio across commercial multifamily and larger single family fix and flip real estate projects. Our loan portfolio is spread across 16 states and we continue to grow in the dynamic Southeast.

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

3  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

In addition, in October, we acquired the business assets of Urbane New Haven, a move that was both strategic and highly synergistic. Having Urbane in-house provides us with very strong construction finance expertise, which enables Sachem to take on larger and more profitable construction loans with better quality sponsors, while vertically integrating our platform to be in a better position to address any loan issues that may arise. In addition, Urbane provides us a differentiated and consistent income stream, as well as downside protection should a construction loan run into difficulty.

Second, our portfolio is short term in duration. As of December 31, 2022, approximately 17.6% of the loans in our portfolio had a term of one year or less, allowing us to reprice our capital relatively quickly, better protecting margins in a rising rate environment.

Third, we have a deep experienced and cycle-tested team having underwritten more than \$939 million in loans through many different investment environments. With the ongoing economic uncertainty, local banks and other competitors are fearful to extend credit and have tightened lending and credit standards turning away good borrowers and sponsors, or even withdrawing completely from the market. We believe we are well positioned to potentially gain market share in this environment with our prudent lending tactics, capital strength and flexibility.

And fourth, we have a strong balance sheet with \$565.7 million in assets, including \$23.7 million of cash and cash equivalents, offset with \$326.9 million in total debt outstanding.

Earlier this month, we further augmented our capital structure as we entered into a \$45 million revolving line of credit with Needham Bank, a new relationship bank, which further validates our portfolio strength and opportunistic growth strategy. This new line of credit enhances our financial flexibility and liquidity and gives us the capacity to further scale our business and execute on our growth strategy where appropriate.

I would now like to turn over the call to John to touch on some key financial highlights. Then, I'll talk more about our performance and strategy going forward.

---

**John E. Warch**

*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

Thank you, John. Beginning with total revenue for the year ended December 31, 2022, we generated approximately \$52.3 million, up almost 72% compared to approximately \$30.4 million for the year ended December 31, 2021. The increase was due to an increase in our lending operations and overall portfolio growth, as well as higher interest income, net origination fees and interest on investment securities year-over-year.

Total operating costs and expenses for the year ended December 31, 2022 were approximately \$31.4 million, up over 83% compared to approximately \$17.1 million for the year ended 2021. The increase was driven by higher interest rates and amortization of deferred financing costs, compensation fees, taxes and G&A.

Net income attributable to common shareholders for the year ended December 31, 2022 was approximately \$17.2 million, up approximately 50% compared to approximately \$11.5 million for the 2021 period. Earnings per share for 2022 was \$0.46 per share, up 4.5% compared to \$0.44 per share for 2021.

With regard to our portfolio, as of December 31, 2022, we had 444 loans with a [ph] total book (09:45) principal balance of \$460.6 million, with an average interest rate of 10.7%, including amortized fees. We had 40 loans with principal balance of approximately 8.8% in default or foreclosure. In the case of each of these loans, we believe the value of the collateral exceeds the total amount due. And as we have discussed in the past, a troubled or distressed loan rarely loses 100% of its value. And usually over the term of the loan, when interest income, origination and other fees are considered, the overall transaction is profitable.

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

4  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

Real estate owned was about \$5.2 million compared to \$6.6 million at year-end 2021. And as of December 31, 2022, real estate owned included \$800,000 of real estate held for rental and \$4.4 million of real estate held for sale. This favorable reduction is partly attributable to new asset liquidation initiatives that will further support the continued reduction in REO and real estate carrying costs.

Turning to our balance sheet, as of December 31, 2022, total assets were \$565.7 million, up \$147.7 million from year end of the prior year. Total loan balance at year end 2022 was \$460.6 million, and we had a total cash and cash equivalents of \$23.7 million. We had total debt of approximately \$326.9 million as of that date.

Additionally, as John mentioned, earlier this year, we augmented our liquidity with a new \$45 million revolving line of credit with Needham Bank. This line of credit carries an interest rate of prime minus 0.25% or 4.5%, whichever is higher, and matures in 2026. We were very pleased to work with Needham Bank to expand our capital sources and available liquidity.

Given that this is the last day of the quarter, while we do not provide guidance, and as John alluded to in his remarks, we did want to share that we remained prudent and disciplined in regards to originations in the first quarter, given the uncertainty in the macroeconomic environment. As others have shared, our originations will be lower than the prior year. We also continue to invest in the business operations infrastructure to position us for further future growth.

With that, I'll turn the call back to John.

---

**John L. Villano**

*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

Thanks, John. Our operational performance in 2022 is testament to our conservative and calculated approach given these volatile times, coupled with the sustainability of our business model built for the long term. Our company was formed in 2010 during a period of extreme financial dislocation. And since then, we have always kept our eyes on the horizon. Since our inception, we have walked before running and always kept our shareholders invested dollars well protected.

Moving forward, we will continue to monitor the ever-changing macroeconomic backdrop, looking for opportunities to invest capital and grow our platform. Further, our loan pipeline is robust and there continues to be significant market opportunities for a well-capitalized, hard money lender to originate attractively priced loans to small and mid-scale real estate developers with good collateral and a strong operating history. We are well capitalized with a solid balance sheet and will carefully underwrite opportunities that meet our stringent underwriting standards and that add to our portfolio diversification and strength.

To conclude, we have an experienced management running a company borne out of the great financial crisis, a solid and well-diversified portfolio, a strong balance sheet with excellent liquidity, and a proven business model to navigate all economic cycles and drive profitability. We intend to stay disciplined while maintaining a conservative yet prudent approach, as we continue to deploy capital accretively. We believe we are well positioned to grow cash flow, dividends and shareholder value over the long term.

With that, we will open the call for questions. Operator?

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

5  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] Thank you. Our first question is from Matthew Erdner with JonesTrading. Please proceed with your question.

**Matthew Erdner**

*Analyst, JonesTrading Institutional Services LLC*

Hey, guys. Thanks for taking the question. I'm on for Jason Stewart this morning. So, when writing these fix and flip projects, what is the duration on these loans and does that vary from house-to-house? And then also, what kind of spread are you guys seeing now compared to either year end or the end of 3Q given the year [ph] the move-in tenure? (14:47)

---

**John L. Villano**

*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

So, the first part of your question, a majority of our loans are underwritten with a one year term. As part of our construction finance business, sometimes it's in the best interest of the borrower for us to write an 18-month period as opposed to 12-month. And that's usually at the recommendation of our Urbane counterparts.

And then secondly, with respect to spread, we – in the past, we have had some price competition from our competitors. All of that has now gone away. We do have the freedom to price and price aggressively. So, right now, today, what used to be middle of the road, a 12% and 2-point loan offer is now 13% and perhaps 2 points or 3 points. And then, in addition, if it's a construction finance situation, we have another 2 percentage points for the Urbane services added. Our cost of capital is just under 9%. Our spread is still pretty good.

So, overall, yes, we have moved with the rising rates. We have not moved as far as the rates have gone. But even though we're raising prices, there has been no slowdown in demand for quality projects on our end.

---

**Matthew Erdner**

*Analyst, JonesTrading Institutional Services LLC*

Got you. That's good to know. And then, what is the – I guess, what are you guys requiring people to put down on these loans that are either 12% with the 2 points on top or 13% and whatever? And then following up on that, on the for-sale assets, what is the assumption that you guys kind of have going into a loan versus where you guys are able to exit or run it out at? Thanks.

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Okay. The first part, we are still working with a max 70% LTV. We are looking to do better, if we can. In the past, we – our borrowers did not put up those amounts in cash. Sometimes we took additional collateral. Now we are focusing more on cash down payments. We're really looking for the borrower or sponsor to have significant skin in the game, cash money in the game. And that's a little bit of a change that we've implemented over a year ago. The second part of the question – let me think of the best way to answer this. I'm lost here, John. How do you want to – what was that? What was the second part of your deal there, your question?

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

6  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

**Matthew Erdner**  
*Analyst, JonesTrading Institutional Services LLC*

Q

So, on the assumption on the exit of the loans that you guys are originating, how have the assets that you've held for sale or for rent varied compared to where you guys underwrote to on the exit?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Okay. We have done very well on troubled loan disposition, whether it be foreclosure or just a default and REO situation. Our underwriting has been strong. You'll see in our K the impairments are relatively low. They're based portfolio-wide. But if you look in our P&L, the loss from the sale of real estate owned is nominal dollars. So, our underwriting is strong. It's been tight. And I'll be right to the point here. Sometimes we let a property go at a breakeven just to get our capital back. There are times where we can hold out for more money, maybe redevelop the property a little bit. That's not our game. We want our capital back and we wanted to – we want to put it to work again.

**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

A

Just to add to that, I'll apologize for my voice. I'd kind of lost it. We work hard on the way in to make sure we have enough collateral, and we constantly look at the values if we have to take property back. We also, during our annual audit, proved that the values we're carrying are holding and that we don't have to take any more writedowns. And you see, over time, we haven't really take anything significantly. So, I think we do a really good job with underwriting and making sure that if we have to take it back, and that's not the initial intent, that we're very well covered protecting our investment.

**Matthew Erdner**  
*Analyst, JonesTrading Institutional Services LLC*

Q

Awesome. Thank you, guys. That's helpful.

**Operator:** Thank you. Our next question is from Gaurav Mehta with EF Hutton. Please proceed with your question.

**Gaurav Mehta**  
*Analyst, EF Hutton Group*

Q

Thank you. Good morning. I was hoping if you could provide some more color on your loan pipeline, how much is the dollar volume and what is it comprised of?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Our pipeline is staggering. It's probably, at least, \$100 million. While most of these deals will not be funded by us, at least, in this environment, it gives us the ability to cherry-pick what we think are the best deals in the best locations. Right now, we are seeing loans from all over the country. There is a lot of fear in the lending business. People are pulling back. Borrowers with commitments are being hung out to dry by their bankers or other lenders. And those deals are coming here. So, our pipeline is unbelievably strong, even at higher pricing points. And we are cherry-picking what we feel are the best of the bunch.

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

7  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

**Gaurav Mehta**  
*Analyst, EF Hutton Group*

Q

Okay. In the press release, you also talked about your focus on enhancing your underwriting standards and limiting the terms on the new loans. Can you provide some more color on that? Like what's the – what to expect in new term on the loan and what kind of enhancements you guys are doing?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

So, what we've – from many – from a few years back, our underwriting standards at the moment are truly institutional quality. I'll put up our underwriting process against anyone, and this is a big change from where this company has started and where it's come from. And part of it is in direct relation to what the market has been doing. So, as the market was scaling higher over the past couple of years, we increased our diligence. And now that we feel that the market may have peaked, we are further increasing our diligence, looking for sources of cash-in deals, pulling some professionals into the construction finance components, doing significant more in the form of background and credit. We're basically beefing up our back office knowing that we could be heading into a troubled environment. And we also know that our borrowers and developers can also be running into trouble, and we need to see that before they tell us.

**Gaurav Mehta**  
*Analyst, EF Hutton Group*

Q

Okay. And lastly, on the loans in foreclosure, just to clarify, did you say 8.8% of the loans are in foreclosure or active management?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

That is correct. So, part of that is an initiative on our end to clean some of the smaller loans from our portfolio. If you remember, in the past, we were a truly small balance commercial lender. We had loans as small as \$50,000 or \$100,000. We are not cutting those borrowers any slack at the moment. We're trying to enhance and upgrade our minimums with respect to the loans that we do. And again, these are – the Street doesn't like to see this, but I've got to be perfectly honest, and I say this every quarter, Sachem makes a whole lot of money in a default process. We're not proud that they happen, but we are well protected in the form of our loan documentation. We're well protected in our collateral. And in the end, there are significant pricing advantages and profit advantages for us as a company.

**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

A

And just to add, while they've done small loans going back in the past, I think the average loan in the last 12 months to 15 months is roughly about \$1.1 million. So, we have significantly upped our game, knowing that to do \$100,000 loan and the \$5 million loan, it takes about the same time. We're being more efficient and really going for the loans that make the most sense for the company.

**Gaurav Mehta**  
*Analyst, EF Hutton Group*

Q

Okay. Thank you. That's all I had.

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

8  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Thank you.

**Operator:** Thank you. Our next question is from Christopher Nolan with Ladenburg Thalmann. Please proceed with your question.

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

Q

Hey, guys. Am I correct that there was...

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Good morning, Chris.

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

Q

Is there – am I correct that there was no common dividend declared for the first quarter 2023?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Chris, we're scheduled to do it early next week.

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

Q

Okay. But that will [ph] account for its (24:39) second quarter. Correct?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

No, it's really – it's a first quarter payout.

**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

A

Yeah.

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

Q

Okay. And then, given – I mean, you seem to have a lot of cross-currents going on in terms of strong pricing, strong demand, but also asset quality seems to be deteriorating. [ph] Where is (24:59) the thoughts in terms of taking balance sheet leverage?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

So, company-wide, we're really constrained by the asset coverage ratio on our unsecured notes, which it keeps us from getting out over our skis. It's 1.5 times coverage. We're well within our limits. We try not to go to bed at night and worry about portfolio performance, because we have a very strong balance sheet. Compared to our peers, our leverage is relatively low.

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

9  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

Q

Okay. And then, I guess, in a general question, I mean, a lot of stuff is going on the regulatory front and it looks like you guys are sort of benefiting from it. But has there been any sort of change in the regulatory scrutiny of the company following all the stuff that's gone on with the banks last month?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

No, absolutely not. We have no – no one's poking around here. There are no hints of any trouble on the commercial side. We feel like we're in a pretty good place. And with the banks becoming very fearful, companies like us are a last resort for a lot of sponsors and developers. There's really nowhere else for them to go. So, we're actually very comfortable. We don't see any storm clouds on the horizon with respect to our business in this environment. The last time that we had a situation like this back in 2010, hard money lenders were the only players in the industry. And that's how projects were completed. Banks kind of ran from the carnage. So, banks took the TARP money and the hard

money guys didn't. So, we're kind of comfortable here. And this is actually a pretty good environment for us to really maybe increase our stride with respect to distressed properties and other deals that have may been – that may have been closed down by the bankers.

**Christopher Nolan**  
*Analyst, Ladenburg Thalmann & Co., Inc.*

Q

Okay. Thank you, John.

**Operator:** Thank you. Our next question is from Tyler Batory with Oppenheimer. Please proceed with your question.

**Tyler Batory**  
*Analyst, Oppenheimer & Co., Inc.*

Q

Hey. Good morning. Thanks for taking my question. Just to follow up on some of the commentary thus far, just can you just talk a little bit more directly about the competitive environment, specifically your peers? You kind of alluded to this, but it sounds like maybe there's some opportunities for some other folks perhaps to get over their skis. Is that something that you're seeing out there? I mean, is that an opportunity for you to take even more market share as well?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Yeah. Yes. And the first thing that comes to my mind, and I'm sure yours, is the financial situation that occurred with Broadmark. That was a situation where Broadmark was born from a SPAC. They had \$1 billion in cash and they lent it like drunken sailors. That's not our game that – we don't play that. We've always, always walked before we ran. Sometimes being a little too conservative at times. While we desire to be a larger company, it's been slow and steady here since our inception. And we are always looking for accretive investment capital, because there are significant opportunities. And our Urbane acquisition is part of the plan to take advantage of those opportunities that we think are coming and coming fast.

**FACTSET:callstreet**  
1-877-FACTSET www.callstreet.com

10  
Copyright © 2001-2023 FactSet CallStreet, LLC

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

**Tyler Batory**  
*Analyst, Oppenheimer & Co., Inc.*

Q

Okay. Okay. Great. That's helpful. In terms of the cost structure, I mean, you kind of mentioned, I think, investing in the business. Again, where are you in terms of head count, right now? I mean, would you anticipate that moving higher next year? I mean, might it move lower given the environment?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

So, part of our initiative here is to move to larger loan sizes with better sponsors. And what that does is it kind of caps our head count. With a lot of these smaller borrowers, take a lot of our time. A lot of our legal effort, a lot of our treasury people, we want to start getting away from those. So, at the moment, we're looking to find a place to put them. But our move is to larger deals, which will keep track of head count, keep it in line. And to be very specific, I think we're in pretty good shape here with comp. As you may be aware, we have moved to our new office facility. We've outgrown our last building. And now with all of us here basically under one roof, we're efficient, we have a great working space, and we do have room for growth here. But at the moment, I think we have enough people to get us, at least, through the first half of the year without bringing on more bodies.

**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

A

Let's just add. I think, we'll strategically add as appropriate during the year. We're not going to do it well in advance and get ahead of our skies, as we said. But we'll be conscious of, hey, volumes up or whatever and [ph] add (30:46) in the right place. But I don't think you'll see a lot of adds, but it'll be adds that make sense with what's going on.

**Tyler Batory**  
*Analyst, Oppenheimer & Co., Inc.*

Q

Okay. Just the last question, really more general, in terms of the dividend, I mean, I know it's something a lot of investors are focused on in terms of this whole return. Just how are you thinking about the level of dividend payout right now? Just any broad commentary you can make in terms of kind of how comfortable you are with where the dividend is?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Again, I don't want to project the future, because we don't know. But as I sit here today, I'm pretty confident on our ability to continue to pay dividends. And last year, we tried to move our dividend up. We moved it from \$0.12 million to \$0.14 million back to \$0.13 million. We're trying to find a stable ground. So, you may see it move \$0.01 back and forth, but it's really just us, the ebb and flow of our business. Our goal here is to always increase the dividend and reward our shareholders. But you can't – you never know how the quarter will end until it ends. So we're trying to be a little conservative. We don't want to jack the dividend and then pull it back.

And to that end, if you saw in our press release, our non-GAAP earnings were \$0.53. That's a pretty good number. And to spend a minute and explain the difference between our \$0.46 and \$0.53 per share, we had safe money parked in treasuries and long-term securities and the interest rates to bat to our portfolio. Overall, our company performed outrageously well. We [ph] would have (32:47) been at \$0.53 if we didn't play safe with our long-term portfolio.

Sachem Capital Corp. (SACH)  
Q4 2022 Earnings Call



Corrected Transcript  
31-Mar-2023

**Tyler Batory**  
*Analyst, Oppenheimer & Co., Inc.*

Q

Makes sense. Okay. Very good detail. Thank you.

**Operator:** Thank you. Our next question is from Chris Muller with JMP Securities. Please proceed with your question.

**Chris Muller**  
*Analyst, JMP Securities LLC*

Q

Hey, guys. Thanks for taking the question and congrats on a nice finish to a challenging year. I wanted to follow up on John's comments on the banks. I guess, starting on the financing side, how have conversations been going with your existing relationships? Nice to see that the Needham facility added, but are there any talks about pulling back financing at all or maybe increasing credit lines as a supplement to direct lending coming from the banks? Thanks.

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

Right now, I think we're pretty good. We have a \$45 million line. It's expandable to \$75 million. John, I'm not sure how much we've taken off of it, but I don't think a whole lot.

**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

A

We haven't taken much at all. So, it's out there very expandable. And Needham has basically committed that. They will do most of the \$75 million by themselves. We don't have to go out and find other sources. We do have that availability to us and we all know other banks that, over time, we may bring on board as the situation warrants and/or permits, but we felt Needham and us had some great synergies and that's a good starting point for the next facility.

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

And Needham, the first thing that will come to mind is, hey, you know what, we can put \$45 million on the Street tomorrow. That's not the play. That's not what we're thinking. This is played safe. This is protection. This is let's wait and see what the world does over the next couple of months. So, we're looking at Needham, one, as a really great lending partner with us, but also as a safety net should things get off the rails.

**Chris Muller**  
*Analyst, JMP Securities LLC*

Q

Got it. That's helpful. And then, on the demand side, as the banks do pull back and competition kind of decreases a little bit, do you expect this \$100 million pipeline to kind of be the new norm, or is that things being pulled forward a little bit?

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

The – we've had a large pipeline for the past year and a half. And as I sit here, I talk about walking before running. It would be nice to have a huge chunk of money to go to work. We just – our company is not too big and yet not too small, and we're kind of stuck in the middle. And that's kind of a good thing, because we get investment capital in moderate-sized chunks and it keeps us playing close to the best. I would love to be able to handle \$100 million a quarter and not worry about our next dollar. But for right now, we're cherry-picking the best. I think that will continue to grow. And we'll see where it goes. But for right now, everybody in the country seems to be calling us.



**John E. Warch**  
*Chief Financial Officer and Executive Vice President, Sachem Capital Corp.*

A

And just to add to John's, if we found a creative capital that we could use, we would certainly do more deals. But while we've had discussions and been offered some capital, if it doesn't work, it doesn't work. And I totally agree with John on need. And while it's there, we're not going to ramp it up just because it's there. We're going to really watch on everything's going and really be good stewards of our shareholders' investment and the company. So, sometimes slow and steady is better than, hey, look, there's an opportunity, jump in, because you don't know what's going on, on the other side. So, I think, we're positioned right with some cushions and some capital that we can continue to grow the business. And if the right deal comes up or the right capital gets offered to us, we're all ears.

**Chris Muller**  
*Analyst, JMP Securities LLC*

Q

Okay. Well, it's a good position to be in, especially in this environment. So, thanks for taking the questions.

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

A

[ph] You bet. (36:58)

**Operator:** Thank you. There are no further questions at this time. I'd like to hand the floor back over to John Villano for any closing comments.

**John L. Villano**  
*Chairman, Chief Executive Officer & President, Sachem Capital Corp.*

Thank you, all, for joining our call today. We look forward to updating you, again, next quarter. Thank you, again.

**Operator:** This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.



#### Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2023 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.



