



READY
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Ready Capital Corporation
to acquire
Anworth Mortgage Asset Corporation

December 7, 2020



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TRANSACTION SUMMARY

Business to be Acquired	<ul style="list-style-type: none">• Anworth Mortgage Asset Corporation (“ANH” or “Anworth”)
Implied Offer Price per Share¹	<ul style="list-style-type: none">• \$2.94
Premium^{1,2}	<ul style="list-style-type: none">• 25.1% premium to the closing price of ANH common stock ending on December 4, 2020
Common Equity Value	<ul style="list-style-type: none">• \$302 million
Merger Consideration	<ul style="list-style-type: none">• 20% cash and 80% stock with a fixed exchange ratio<ul style="list-style-type: none">• \$0.61 per share in cash, plus• 0.1688x in shares of Ready Capital common stock• Ready Capital to assume Anworth’s \$46.5 million of existing Series A preferred stock, \$19.5 million of Series B preferred, and \$48.6 million of Series C preferred
Management and Governance	<ul style="list-style-type: none">• Following consummation of the merger, Ready Capital’s current external manager, Waterfall Asset Management, LLC (“Waterfall”), will continue to serve as the external manager of the pro forma entity<ul style="list-style-type: none">• Waterfall has agreed to reduce its pro forma base management fee by a total of \$4 million over the four quarters immediately following the close of the transaction, benefitting all shareholders• One Ready Capital Board seat will be available to the former Anworth shareholders
Pro forma Ownership	<ul style="list-style-type: none">• Ready Capital shareholders will own approximately 76% of the combined company
Expected Closing	<ul style="list-style-type: none">• Closing of transaction is expected in the first quarter of 2021

TRANSACTION HIGHLIGHTS FOR READY CAPITAL SHAREHOLDERS

ENHANCED SCALE & MARKET PRESENCE

- \$1 billion+ combined equity base allows for greater market presence and further optimization of funding sources
- Access to incremental capital will enhance Ready Capital's diversified investment strategy
- Augment market positioning, enhance access to funding alternatives and capitalize on the breadth of Waterfall's capabilities
- Potential for improved valuation resulting from increased scale and related expense synergies, shareholder liquidity and access to market opportunities

PORTFOLIO REDEPLOYMENT

- Ability to recycle capital into accretive investment opportunities with attractive risk-adjusted returns
- More efficient capital utilization as new investments are funded

IMPROVED COST STRUCTURE & FINANCIAL POSITION

- Shareholders will benefit from the significant cost and operating efficiencies resulting from increased scale of combined platforms
- Further augments Ready Capital's strong liquidity position
- Management fee waiver of \$4 million by Waterfall further benefits combined shareholders

Enhanced Shareholder Liquidity

- Expected pro forma entity market capitalization of ~\$984 million¹ at current trading levels
- Diversifies investor base and expected to lead to increased trading volume

TRANSACTION HIGHLIGHTS FOR ANWORTH SHAREHOLDERS

MEANINGFUL PREMIUM WITH SIGNIFICANT UPSIDE POTENTIAL

- Premium of 25.1% to Anworth's stock price of \$2.35 as of close on December 4, 2020
- Significant stock consideration provides potential long-term upside to Anworth stockholders

STABLE OPERATING PERFORMANCE AND FINANCIAL POSITION

- Stable book value and return on equity across cycles due to combination of net interest margin coupled with gain on sale driven businesses
- Benefit from a higher, consistent and more stable dividend
- Lower relative leverage of 4.7x on a debt/equity basis

ENHANCED SCALE AND LIQUIDITY

- Over \$1 billion of total pro forma equity base, 2.9x larger than Anworth's 9/30/2020 equity base
- \$984 million expected pro forma market capitalization, 4.2x larger than Anworth's market capitalization as of December 4, 2020, providing significant increase in trading liquidity

Partner With a Proven Track Record

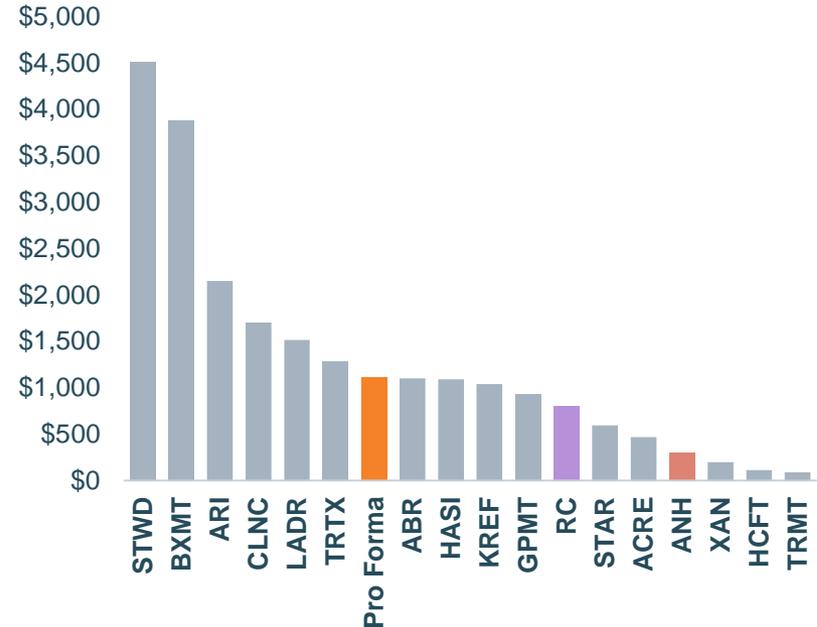
- Access to extensive expertise and resources of Ready Capital's external manager, Waterfall Asset Management
- Ready Capital's diversified investment strategy provides differentiated ability to generate assets with attractive risk adjusted returns across cycles
- Strong track record of successfully acquiring and integrating platforms with 6 transactions since 2014
 - Total return of approximately 14% for stockholders since completion of merger with Owens Realty Mortgage on 3/29/2019

STRATEGIC COMBINATION OVERVIEW

Pro Forma Entity Highlights

- Significant capital base to fund cycle-proven, diversified investment strategy
- Strong balance sheet and abundant liquidity coupled with financial return outperformance relative to the broader industry
- Proven manager with extensive expertise and a track record of success
- Increased operational efficiency due to highly scalable business model
- Potential for improved valuation given increased scale

Pro Forma Equity Base¹



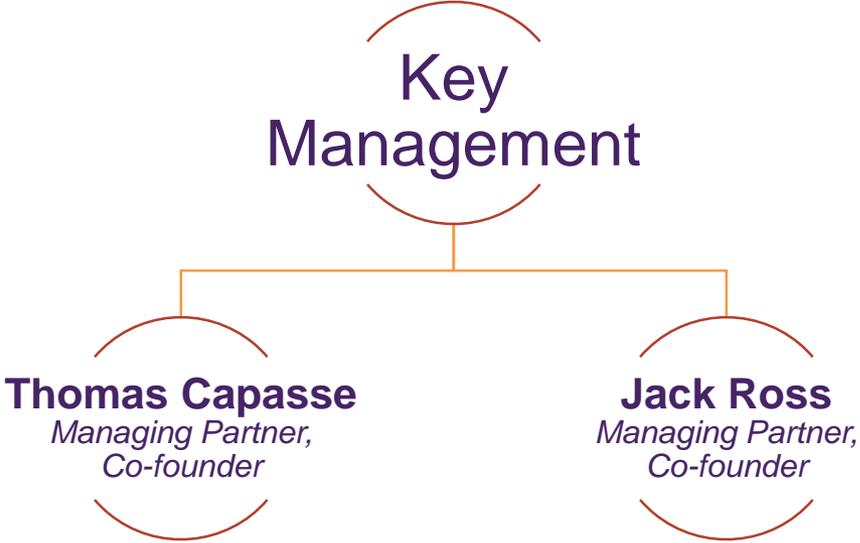
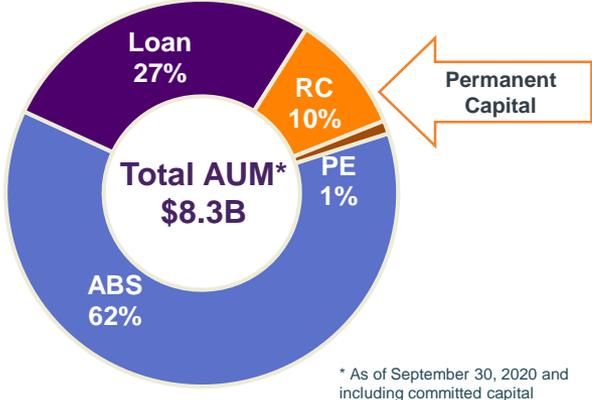
Enhanced Capital Base

Scale and Operating Efficiency

Shareholder Liquidity

WATERFALL – A SUCCESSFUL & PROVEN ASSET MANAGER

▶ Waterfall consists of a dedicated team of 64 investment professionals who have extensive experience in small balance commercial (SBC) distressed asset acquisition, loan origination, asset management and capital markets.



Group	Employees (#)
Investment Professionals	64
Finance and Operations	69
Legal/Compliance/HR/Business Development	15

- SEC-registered credit investment advisor founded in 2005
- Top 10 global manager with focus on real estate loans & ABS
- Principals were early pioneers of the ABS industry with 60+ years combined experience
 - Co-founders started Merrill Lynch ABS business in 1980s and worked together for 20 years
- RC has the right of first refusal on all SBC loans sourced by WAM⁽¹⁾

(1) Waterfall has agreed in the side letter agreement that, for so long as the management agreement is in effect, neither it nor any of its affiliates will (i) sponsor or manage any additional investment vehicle where the Company does not participate as an investor whose primary investment strategy will involve SBC mortgage loans, unless Waterfall obtains the prior approval of a majority of the Company's board of directors (including a majority of its independent directors), or (ii) acquire a portfolio of assets, a majority of which (by value or UPB) are SBC mortgage loans on behalf of another investment vehicle (other than acquisitions of SBC ABS), unless the Company is first offered the investment opportunity and a majority of its board of directors (including a majority of its independent directors) decide not to acquire such assets.





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