



## MFA FINANCIAL INC.

### FAST FACTS

- forward dividend of \$ 1.44 or 14.97%
- Share discount of 27% to GAAP book value
- Portfolio will benefit from lowering interest rates
- Broxton projects an increase in distributable earnings
- 9% Senior Notes offer attractive risk reward

We continue our coverage of publicly traded loan portfolios with a hold on the common shares of MFA Financial Inc. (MFA). MFA is a real estate investment trust or REIT that invests in non-traditional residential mortgage loans. MFA concentrates on the following residential mortgage loan types: [non-conforming loans](#) (non-QM), nonperforming and reperforming loans, short term or transitional loans and single family rental loans. As of March 2025, the company's \$11.5 billion portfolio was comprised of the following:

- \$4.5 B non-QM
- \$1.8 B transitional loans
- \$1.3 B Single-Family Rental
- \$1.1 B Nonperforming and Reperforming
- \$2.0 B Mortgage backed securities and Other

The company has experienced a difficult decade since 2019. The book value of the shares has dropped from the \$28 area at the end of 2019 to its current level of \$13.28. This was caused by 2 events. During the covid crisis in 2020, margin calls forced MFA to sell mortgages at a discount. Secondly, the interest rate rise of 2022 caused further losses. To counter this the company switched the majority of borrowings to non-mark to market loans and is using interest rate hedges as well. These problems were basically repeated at almost every single residential mortgage REIT in 2020. Mortgage REIT ETF (MORT) (27 holdings) dropped 60% since 2019.

However, MFA was fairly stable in the years leading up to 2020. Overall, mortgage REITs are difficult, but the environment may be stabilizing. We focus on the 9% and 8.875% Notes of 2029 for investors since they are senior to over \$1.5 billion in equity and trade close to par. The Notes may be called in 2026 but offer a high yield with relative safety.

### INVEST/STAY CONNECTED

INITIAL REPORT JUNE 27, 2025

LAST UPDATED JUNE 27, 2025

**\$9.62 / Recommendation: Hold, target \$10.00**

### Company Stats & Estimates in \$ or MM

<b>Current Yield</b>	<b>14.97%</b>
Share Price	\$9.62
Shares Outstanding	102.7
Total Assets	\$11,520

PFD Par Value	\$475
Total Liabilities + PFD	\$10,156
Common Share Equity	\$1,364
Equity Market Cap	\$988
Book Value / Share*	\$13.28
Share Discount to Book Value	28%
2025 Distributable Earnings	\$1.65
2025 Projected Dividend	\$1.44
Dividend coverage 2025	126%
2027 Distributable Earnings	2.01
2027 Projected dividend	1.44
EBITDA (2025 Est.)	705.32
EV / EBITDA	15.4
2025 Dist. Earnings multiple	5.8
2027 Dist. Earnings multiple	4.8

### [MFA INVESTOR RELATIONS](#)

### [FIRST QUARTER MFA PRESENTATION](#)



**MFA monthly chart since 2020**

# SMART YIELD

Income Fund

## BROXTON CAPITAL ADVISORS MFA as of 3/31/2025

Sunday, June 29, 2025

share price \$9.62

### PROJECTIONS IN MM \$ fiscal yr

2025 2026 2027

#### Income Statement

Interest Income	738	746	761
Interest Income Growth	2%	1%	2%
Interest Expense	500	480	485
Net Investment Income	238	265	276
Other Income	90	89	88
Total Revenue	330	356	366
Operating and Other Expenses	162	161	160
Net Income	167	194	0
PFD Share Div	33	33	33
Common Shares Net Income	1.30	1.57	1.67
Non Cash Operating Exp.	35	35	35
Cash Flow	169	197	207

Net Income / Share GAAP 1.30 1.57 1.67

Dist. Earnings / Comm Share 1.65 1.91 2.01

Projected Dividend 1.44 1.44 1.44

EBITDA 705 713 728

#### Valuations

PE ratio	7.4	6.1	5.8
Common Dividend Coverage %	126.1%	121.7%	120.4%
Price to Dist Earnings / Share	5.8	5.0	4.8
EV / EBITDA	15.4	15.2	14.9
Distributable Earnings Yield	17.1%	19.9%	20.9%
Projected Dividend Yield	14.97%	14.97%	14.97%

#### Capital Structure

Total Borrowings	9,367
Pfd Par Value	475
Shares Outstanding mm	103
Equity Market Cap	988
Enterprise Value (incl. PFD)	10,830
Total Assets	11,520
Total Liabilities	9,681
Total Liabilities + PFD	10,156
Non Controlling Interests	0

Common Share Equity	1,364
Book Value / Share	\$13.28
Share Discount to Book Value	27.57%

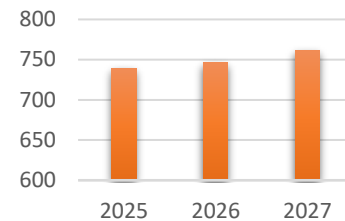
#### Liquidity DEC. 31 2024

Cash	253
Borrowing Availability est.	500+
Total Asset / T Liab Ratio	113%

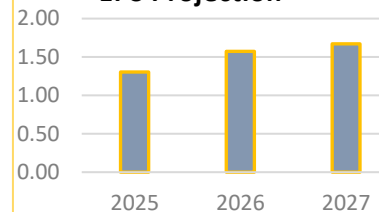
Debt to Equity Ratio 745%

NOTES: Amortization schedule is not available due to the fact that amortizations are variable. Excepting \$190 mm of Notes due in 2029.

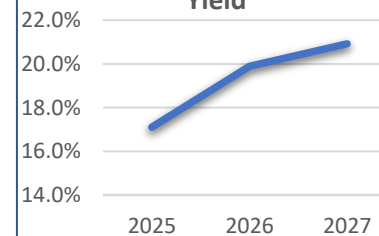
### Revenue Projection



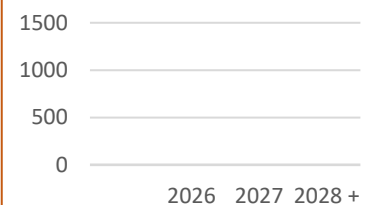
### EPS Projection



### Distributable Earnings Yield



### Amortization Schedule



**Disclosures 02022025**

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Broxton Capital Advisors 151 Calle San Francisco  
San Juan PR, 00901 [broxtoncapital.com](http://broxtoncapital.com)  
310-208-2191

Allen Cooke Portfolio Manager 310-208-2151  
Cell 310-279-3338  
[allen@broxtoncapital.com](mailto:allen@broxtoncapital.com)

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