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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____________ to ____________

Commission file number 001-35151

AG MORTGAGE INVESTMENT TRUST, INC.

Maryland (State or Other Jurisdiction of Incorporation or Organization)	**27-5254382** (I.R.S. Employer Identification No.)
245 Park Avenue, 26th Floor **New York, New York** (Address of Principal Executive Offices)	**10167** (Zip Code)

(212) 692-2000
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 and Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filed, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐ Accelerated filer ☒ Non-Accelerated filer ☐ Smaller reporting company ☐ (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2013, there were 27,933,594 outstanding shares of common stock of AG Mortgage Investment Trust, Inc.

AG MORTGAGE INVESTMENT TRUST, INC.
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PART I

ITEM 1. FINANCIAL STATEMENTS

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	March 31, 2013	December 31, 2012
Assets		
Real estate securities, at fair value:		
Agency - $3,492,277,288 and $3,536,876,135 pledged as collateral, respectively	$ 3,756,513,646	$ 3,785,867,151
Non-Agency - $617,904,514 and $529,455,020 pledged as collateral, respectively	639,461,932	568,858,645
ABS - $18,490,547 and $33,937,097 pledged as collateral, respectively	18,490,547	33,937,097
CMBS - $184,057,709 and $148,307,262 pledged as collateral, respectively	184,057,709	148,365,887
Commercial loans receivable, at fair value	30,000,000	2,500,000
Investment in affiliates	7,422,005	-
Linked transactions, net, at fair value	103,537,050	45,122,824
Cash and cash equivalents	40,714,152	149,594,782
Restricted cash	4,078,000	9,130,000
Interest receivable	15,916,429	14,242,453
Receivable on unsettled trades	127,678,006	96,310,999
Derivative assets, at fair value	739,804	-
Other assets	300,338	454,069
Due from broker	818,988	884,605
Total Assets	$ 4,929,728,606	$ 4,855,268,512
Liabilities		
Repurchase agreements	$3,981,826,976	$ 3,911,419,818
Payable on unsettled trades	82,492,249	84,658,035
Interest payable	2,829,086	3,204,205
Derivative liabilities, at fair value	31,160,053	36,375,947
Dividend payable	21,984,550	18,540,667
Due to affiliates	4,183,150	3,910,065
Accrued expenses	1,649,160	2,537,994
Taxes payable	2,632,269	-
Total Liabilities	4,128,757,493	4,060,646,731
Stockholders' Equity		
Preferred stock - $0.01 par value; 50,000,000 shares authorized:		
8.25% Series A Cumulative Redeemable Preferred Stock, 2,070,000 shares issued and outstanding ($51,750,000 aggregate liquidation preference)	49,920,772	49,920,772
8.00% Series B Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding ($115,000,000 aggregate liquidation preference)	111,293,233	111,293,233
Common stock, par value $0.01 per share; 450,000,000 shares of common stock authorized and 27,594,562 and 26,961,936 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	275,946	269,620
Additional paid-in capital	566,991,782	552,067,681
Retained earnings	72,489,380	81,070,475
	800,971,113	794,621,781
Total Liabilities & Equity	$ 4,929,728,606	$ 4,855,268,512

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

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net Interest Income		
Interest income	$ 38,617,716	$ 13,996,628
Interest expense	6,875,962	1,827,414
	31,741,754	12,169,214
Other Income		
Net realized gain	5,335,417	2,429,020
Gain on linked transactions, net	5,838,219	3,439,185
Realized loss on periodic interest settlements of interest rate swaps, net	(5,272,343)	(1,457,950)
Unrealized gain/(loss) on derivative instruments, net	5,223,241	(2,845,879)
Unrealized loss on real estate securities and loans, net	(17,711,381)	(755,552)
	(6,586,847)	808,824
Expenses		
Management fee to affiliate	2,859,340	1,049,294
Other operating expenses	2,274,370	813,324
Equity based compensation to affiliate	114,528	87,329
Excise tax	500,000	77,653
	5,748,238	2,027,600
Income before provision for income taxes and equity in loss from affiliate	19,406,669	10,950,438
Provision for income taxes	(2,632,269)	-
Equity in loss from affiliate	(3,591)	-
Net Income	16,770,809	10,950,438
Dividends on preferred stock	3,367,354	-
Net Income Available to Common Stockholders	$ 13,403,455	$ 10,950,438
Earnings Per Share of Common Stock		
Basic	$ 0.49	$ 0.77
Diluted	$ 0.49	$ 0.77
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	27,280,531	14,179,635
Diluted	27,402,305	14,180,789
Dividends Declared per Share of Common Stock	$ 0.80	$ 0.70

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

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)

	Common Stock		8.25 % Series A Cumulative Redeemable Preferred Stock	8.00 % Series B Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount					
Balance at January 1, 2012	10,009,958	$ 100,100	$ -	$ -	$ 198,228,694	$ 7,955,126	$ 206,283,920
Net proceeds from issuance of common stock	5,750,000	57,500	-	-	103,848,019	-	103,905,519
Grant of restricted stock and amortization of equity based compensation	4,842	48	-	-	103,806	-	103,854
Common dividends declared	-	-	-	-	-	(11,039,560)	(11,039,560)
Net income	-	-	-	-	-	10,950,438	10,950,438
Balance at March 31, 2012	15,764,800	$ 157,648	$ -	$ -	$ 302,180,519	$ 7,866,004	$ 310,204,171
Balance at January 1, 2013	26,961,936	$ 269,620	$ 49,920,772	$ 111,293,233	$ 552,067,681	$ 81,070,475	$ 794,621,781
Net proceeds from issuance of common stock	627,996	6,280	-	-	14,785,465	-	14,791,745
Grant of restricted stock and amortization of equity based compensation	4,630	46	-	-	138,636	-	138,682
Common dividends declared	-	-	-	-	-	(21,984,550)	(21,984,550)
Preferred Series A dividends declared	-	-	-	-	-	(1,067,354)	(1,067,354)
Preferred Series B dividends declared	-	-	-	-	-	(2,300,000)	(2,300,000)
Net income	-	-	-	-	-	16,770,809	16,770,809
Balance at March 31, 2013	27,594,562	$ 275,946	$ 49,920,772	$ 111,293,233	$ 566,991,782	$ 72,489,380	$ 800,971,113

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

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Cash Flows from Operating Activities		
Net income	$ 16,770,809	$ 10,950,438
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gain	(5,335,417)	(2,429,020)
Net amortization of premium related to real estate securities	15,932,405	4,844,559
Unrealized losses on equity method investments	85,729	-
Unrealized gains on linked transactions, net	(2,627,577)	(2,001,931)
Unrealized (gains)/losses on derivative instruments, net	(5,223,241)	2,845,879
Unrealized losses on real estate securities and loans, net	17,711,381	755,552
Equity based compensation to affiliate	114,528	87,329
Equity based compensation expense	40,255	40,005
Change in operating assets/liabilities:		
Interest receivable	(2,137,987)	(3,501,463)
Other assets	153,731	137,406
Due from affiliates	-	104,994
Due from broker	65,617	-
Interest payable	(1,126,877)	(652,696)
Due to affiliates	273,085	278,953
Accrued expenses	(888,834)	448,383
Due to broker	-	(379,914)
Taxes payable	2,632,269	-
Net cash provided by operating activities	36,439,876	11,528,474
Cash Flows from Investing Activities		
Purchase of real estate securities	(837,247,918)	(1,222,126,033)
Investment in affiliates	(7,440,948)	-
Purchase of securities underlying linked transactions	(138,537,664)	(142,396,982)
Proceeds from sale of real estate securities	537,088,261	144,498,225
Principal repayments on real estate securities	151,349,556	41,611,891
Principal repayments on securities underlying linked transactions	19,418,884	8,567,464
Purchase of commercial loans	(30,017,825)	-
Net settlement of interest rate swaps	(788,274)	153,721
Net settlement of TBAs	(339,258)	1,593,437
Restricted cash provided by (used in) investment activities	144,000	(857,999)
Net cash used in investing activities	(306,371,186)	(1,168,956,276)
Cash Flows from Financing Activities		
Net proceeds from issuance of common stock	14,791,745	103,905,519
Borrowings under repurchase agreements	7,222,663,377	4,192,078,320
Borrowings under repurchase agreements underlying linked transactions	969,747,380	363,883,861
Repayments of repurchase agreements	(7,152,256,219)	(3,255,537,413)
Repayments of repurchase agreements underlying linked transactions	(876,895,582)	(254,908,719)
Collateral held by derivative counterparty	3,710,000	(210,002)
Collateral held by repurchase counterparty	1,198,000	189,056
Dividends paid on common stock	(18,540,667)	(7,011,171)
Dividends paid on preferred stock	(3,367,354)	-
Net cash provided by financing activities	161,050,680	1,142,389,451
Net change in cash and cash equivalents	(108,880,630)	(15,038,351)
Cash and cash equivalents, Beginning of Period	149,594,782	35,851,249
Cash and cash equivalents, End of Period	$ 40,714,152	$ 20,812,898
Supplemental disclosure of cash flow information:		
Cash paid for interest on repurchase agreements	$ 7,208,672	$ 1,681,785
Cash paid for income tax	$ 1,750,187	$ -
Real estate securities recorded upon unlinking of Linked Transactions	$ 13,192,824	$ -
Repurchase agreements recorded upon unlinking of Linked Transactions	$ 11,562,000	$ -
Supplemental disclosure of non-cash financing activities:		
Common stock dividends declared but not paid	$ 21,984,550	$ 11,039,560

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

1. Organization

AG Mortgage Investment Trust, Inc. (the “Company”) was organized in the state of Maryland on March 1, 2011. The Company is focused on investing in, acquiring and managing a diversified portfolio of residential mortgage-backed securities, or RMBS, issued or guaranteed by a government-sponsored enterprise such as Fannie Mae or Freddie Mac, or any agency of the U.S. Government such as Ginnie Mae (collectively, “Agency RMBS”), and other real estate-related securities and financial assets, including Non-Agency RMBS, ABS CMBS and loans (as defined below).

Non-Agency RMBS represent fixed-and floating-rate residential RMBS issued by entities or organizations other than a U.S. government-sponsored enterprise or agency of the U.S. government, including investment grade (AAA through BBB) and non investment grade classes (BB and below). The mortgage loan collateral for residential Non-Agency RMBS consists of residential mortgage loans that do not generally conform to underwriting guidelines issued by U.S. government agencies or U.S. government-sponsored entities.

Asset Backed Securities (“ABS”) are securitized investments similar to the aforementioned investments except the underlying assets are diverse, not only representing real estate related assets.

Commercial Mortgage Backed Securities (“CMBS”) represent investments of fixed- and floating-rate CMBS, including investment grade (AAA through BBB) and non investment grade classes (BB and below). CMBS will be secured by, or evidence an ownership interest in, a single commercial mortgage loan or a pool of commercial mortgage loans.

Collectively, the Company refers to Agency RMBS, Non-Agency RMBS, ABS and CMBS assets types as real estate securities.

Commercial Loans Receivable (“loans”) are secured by an interest in commercial real estate and represent a contractual right to receive money on demand or on fixed or determinable dates.

The Company is externally managed by AG REIT Management, LLC (the “Manager”), a wholly-owned subsidiary of Angelo, Gordon & Co., L.P. (“Angelo, Gordon”), a privately-held, SEC-registered investment adviser. The Manager, pursuant to a delegation agreement dated as of June 29, 2011, has delegated to Angelo, Gordon the overall responsibility with respect to the Manager’s day-to-day duties and obligations arising under the management agreement.

The Company conducts its operations to qualify and be taxed as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

2. Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements and related notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Certain prior period amounts have been reclassified to conform to the current period’s presentation. In the opinion of management, all adjustments considered necessary for a fair presentation for the interim period of the Company’s financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

Cash and cash equivalents

Cash is comprised of cash on deposit with financial institutions. We classify highly liquid investments with original maturities of three months or less from the date of purchase as cash equivalents. We place our cash and cash equivalents with high credit quality institutions to minimize credit risk exposure.

Restricted cash

Restricted cash includes cash pledged as collateral for clearing and executing trades, interest rate swaps and repurchase agreements. Restricted cash is carried at cost, which approximates fair value. Any cash held by the Company as collateral would be included in a due to broker line item on the consolidated balance sheet.

Offering costs

The Company incurred offering in connection with common stock offerings and issuances of preferred stock. The offering costs were paid out of the proceeds of the respective offerings. Offering costs in connection with common stock offerings have been accounted for as a reduction of additional paid-in-capital and offering costs in connection with preferred stock offerings have been accounted for as a reduction of their respective gross proceeds.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

Earnings per share

In accordance with the provisions of Accounting Standards Codification ("ASC") 260, "Earnings per Share," the Company calculates basic income per share by dividing net income (loss) available to common stockholders for the period by weighted-average shares of the Company's common stock outstanding for that period. Diluted income per share takes into account the effect of dilutive instruments, such as stock options, warrants and unvested restricted stock, but uses the average share price for the period in determining the number of incremental shares that are to be added to the weighted-average number of shares outstanding.

Valuation of financial instruments

The fair value of the financial instruments that the Company records at fair value will be determined by the Manager, subject to oversight of the board of directors, and in accordance with ASC 820, "Fair Value Measurements and Disclosures." When possible, the Company determines fair value using independent data sources. ASC 820 establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy under ASC 820 are described below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's assumptions about the factors that market participants would use in pricing an asset or liability, and would be based on the best information available.

Transfers between levels are assumed to occur at the beginning of the reporting period.

Accounting for real estate securities

Investments in real estate securities are recorded in accordance with ASC 320. The Company has chosen to make a fair value election pursuant to ASC 825 for its real estate securities portfolio. Real estate securities are recorded at fair market value on the consolidated balance sheet and the periodic change in fair market value is recorded in current period earnings on the consolidated statement of operations as a component of "Unrealized gain on real estate securities and loans, net."

These investments generally meet the requirements to be classified as available for sale under ASC 320-10-25, "Debt and Equity Securities," which requires the securities to be carried at fair value on the consolidated balance sheet with changes in fair value charged to other comprehensive income, a component of Stockholders' Equity. Electing the fair value option allows the Company to record changes in fair value in the statement of operations, which, in management's view, more appropriately reflects the results of our operations for a particular reporting period as all securities activities will be recorded in a similar manner.

Sales of securities

Sales of securities are driven by the Manager's portfolio management process. The Manager seeks to mitigate risks including those associated with prepayments and will opportunistically rotate the portfolio into securities with more favorable attributes. Strategies may also be employed to manage net capital gains, which need to be distributed for tax purposes.

Realized gains or losses on sales of securities and derivatives, inclusive of linked transactions are included in the net realized gain line item on the consolidated statement of operations. The cost of positions sold is calculated using a FIFO basis. Realized gains and losses are recorded in earnings at the time of disposition.

Accounting for loans

Investments in mortgage loans are recorded in accordance with ASC 310. The Company has chosen to make a fair value election pursuant to ASC 825 for its loan portfolio. Loans are recorded at fair market value on the consolidated balance sheet and any periodic change in fair market value will be recorded in current period earnings on the consolidated statement of operations as a component of "Unrealized gain on real estate securities and loans, net."

The Company amortizes or accretes any premium or discount over the life of the related loan utilizing the effective interest method. On at least a quarterly basis, the Company evaluates the collectability of both interest and principal of each loan, if circumstances warrant, to determine whether they are impaired. A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated and recorded accordingly. Income recognition is suspended for loans at the earlier of the date at which payments become 90-days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. When the ultimate collectability of the principal of an impaired loan is in doubt, all payments are applied to principal under the cost recovery method. When the ultimate collectability of the principal of an impaired loan is not in doubt, contractual interest is recorded as interest income when received, under the cash basis method until an accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed. A loan is written off when it is no longer realizable and/or legally discharged.

Investment in affiliates

The Company's unconsolidated ownership interests in affiliates are generally accounted for using the equity method. As of March 31, 2013, the underlying entities have chosen to make a fair value election pursuant to ASC 825; as such the Company will treat its investment in affiliates consistently with this election. The investment in affiliates is recorded at fair market value on the consolidated balance sheet and periodic changes in fair market value will be recorded in current period earnings on the consolidated statement of operation as a component of "Equity in loss from affiliate." Capital contributions, distributions and profits and losses of such entities are allocated in accordance with the terms of the applicable agreements.

Investment consolidation

For each investment made, the Company evaluates the underlying entity that issued the securities acquired or to which the Company makes a loan to determine the appropriate accounting. A similar analysis will be performed for each entity with which the Company enters into an agreement for management, servicing or related services. In performing the analysis, the Company will refer to guidance in ASC 810-10, “Consolidation.” In situations where the Company is the transferor of financial assets, the Company will refer to the guidance in ASC 860-10, “Transfers and Servicing.”

In variable interest entities (“VIEs”), an entity is subject to consolidation under ASC 810-10 if the equity investors either do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support, are unable to direct the entity’s activities or are not exposed to the entity’s losses or entitled to its residual returns. VIEs within the scope of ASC 810-10 are required to be consolidated by their primary beneficiary. The primary beneficiary of a VIE is determined to be the party that has both the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. This determination can sometimes involve complex and subjective analyses. Further, ASC 810-10 also requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE. In accordance with ASC 810-10, all transferees, including variable interest entities, must be evaluated for consolidation. If the Company were to treat securitizations as sales in the future, the Company will analyze the transactions under the guidelines of ASC 810-10 for consolidation. All VIEs in which the Company has participated are non-recourse to the Company.

The Company may periodically enter into transactions in which it sells assets. Upon a transfer of financial assets, the Company will sometimes retain or acquire senior or subordinated interests in the related assets. Pursuant to ASC 860-10, a determination must be made as to whether a transferor has surrendered control over transferred financial assets. That determination must consider the transferor’s continuing involvement in the transferred financial asset, including all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. The financial components approach under ASC 860-10 limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. It defines the term “participating interest” to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale.

Under ASC 860-10, after a transfer of financial assets that meets the criteria for treatment as a sale—legal isolation, ability of transferee to pledge or exchange the transferred assets without constraint and transferred control—an entity recognizes the financial and servicing assets it acquired or retained and the liabilities it has incurred, derecognizes financial assets it has sold and derecognizes liabilities when extinguished. The transferor would then determine the gain or loss on sale of financial assets by allocating the carrying value of the underlying mortgage between securities or loans sold and the interests retained based on their fair values. The gain or loss on sale is the difference between the cash proceeds from the sale and the amount allocated to the securities or loans sold. When a transfer of financial assets does not qualify for sale accounting, ASC 860-10 requires the transfer to be accounted for as a secured borrowing with a pledge of collateral.

From time to time, the Company may securitize mortgage loans it holds if such financing is available. These transactions will be recorded in accordance with ASC 860-10 and will be accounted for as either a “sale” and the loans will be removed from the balance sheet or as a “financing” and will be classified as “real estate securities” on the consolidated balance sheet, depending upon the structure of the securitization transaction. ASC 860-10 is a complex standard that may require the Company to exercise significant judgment in determining whether a transaction should be recorded as a “sale” or a “financing.”

Interest income recognition

Interest income on the Company’s real estate securities portfolio is accrued based on the actual coupon rate and the outstanding principal balance of such securities. The Company has elected to record interest in accordance with ASC 835-30-35-2 using the effective interest method for all securities accounted for under the fair value option (ASC 825). As such, premiums and discounts are amortized or accreted into interest income over the lives of the securities in accordance with ASC 310-20 “Nonrefundable Fees and Other Costs”, ASC 320-10 “Investments—Debt and Equity Securities” or ASC 325-40, “Beneficial Interests in Securitized Financial Assets,” as applicable. Total interest income will flow though the interest income line item on the Consolidated Statement of Operations.

On at least a quarterly basis for securities accounted for under ASC 320-10 and ASC 310-20 (generally Agency RMBS), prepayments of the underlying collateral must be estimated, which directly affect the speed at which we amortize such securities. If actual and anticipated cash flows differ from previous estimates, we recognize a “catch-up” adjustment in the current period to the amortization of premiums for the impact of the cumulative change in the effective yield through the reporting date.

Similarly, we also reassess the cash flows on at least a quarterly basis for securities accounted for under ASC 325-40 (generally Non-Agency RMBS, ABS, CMBS and interest only securities). In estimating these cash flows, there are a number of assumptions that will be subject to uncertainties and contingencies. These include the rate and timing of principal and interest receipts, (including assumptions of prepayments, repurchases, defaults and liquidations), the pass-through or coupon rate and interest rate fluctuations. In addition, interest payment shortfalls due to delinquencies on the underlying mortgage loans have to be judgmentally estimated. Differences between previously estimated cash flows and current actual and anticipated cash flows are recognized prospectively through an adjustment of the yield over the remaining life of the security based on the current amortized cost of the investment as adjusted for credit impairment, if any.

Interest income on the Company's loan portfolio is accrued based on the actual coupon rate and the outstanding principal balance of such loans. The Company has elected to record interest in accordance with ASC 835-30-35-2 using the effective interest method for all loans accounted for under the fair value option (ASC 825). Any amortization will be reflected as an adjustment to interest income in the consolidated statements of operations.

For investments purchased with evidence of deterioration of credit quality for which it is probable, at acquisition, that the Company will be unable to collect all contractually required payments receivable, the Company will apply the provisions of ASC 310-30, "Loans and Debt Securities Acquired with Deteriorated Credit Quality." ASC 310-30 addresses accounting for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans or debt securities (loans) acquired in a transfer if those differences are attributable, at least in part, to credit quality. ASC 310-30 limits the yield that may be accreted (accretable yield) to the excess of the investor's estimate of undiscounted expected principal, interest and other cash flows (cash flows expected at acquisition to be collected) over the investor's initial investment in the loan. ASC 310-30 requires that the excess of contractual cash flows over cash flows expected to be collected (nonaccretable difference) not be recognized as an adjustment of yield, loss accrual or valuation allowance. Subsequent increases in cash flows expected to be collected generally should be recognized prospectively through adjustment of the loan's yield over its remaining life. Decreases in cash flows expected to be collected should be recognized as impairment.

The Company's accrual of interest, discount and premium for U.S. federal and other tax purposes differs from the financial accounting treatment of these items as described above.

Repurchase agreements

The Company finances the acquisition of certain assets within its portfolio through the use of repurchase agreements. Repurchase agreements are treated as collateralized financing transactions and are carried at primarily their contractual amounts, including accrued interest, as specified in the respective agreements. The carrying amount of the Company's repurchase agreements approximates fair value as the debt is short-term in nature.

The Company pledges certain securities as collateral under repurchase agreements with financial institutions, the terms and conditions of which are negotiated on a transaction-by-transaction basis. The amounts available to be borrowed are dependent upon the fair value of the securities pledged as collateral, which fluctuates with changes in interest rates, type of security and liquidity conditions within the banking, mortgage finance and real estate industries. In response to declines in fair value of pledged securities, lenders may require the Company to post additional collateral or pay down borrowings to re-establish agreed upon collateral requirements, referred to as margin calls. As of March 31, 2013 and December 31, 2012, the Company has met all margin call requirements.

In instances where the Company acquires assets through repurchase agreements with the same counterparty from whom the assets were purchased, the Company evaluates such transactions in accordance with ASC 860-10. This standard requires the initial transfer of a financial asset and repurchase financing that are entered into contemporaneously with, or in contemplation of, one another to be considered linked unless all of the criteria found in ASC 860-10 are met at the inception of the transaction. If the transaction meets all of the conditions, the initial transfer shall be accounted for separately from the repurchase financing, and the Company will record the assets and the related financing on a gross basis on its balance sheet with the corresponding interest income and interest expense in the statements of operations. If the transaction is determined to be linked, the Company will record the initial transfer and repurchase financing on a net basis and record a forward commitment to purchase assets as a derivative instrument with changes in market value being recorded on the consolidated statement of operations. Such forward commitments are recorded at fair value with subsequent changes in fair value recognized in income. The Company refers to these transactions as Linked Transactions. When or if a transaction is no longer considered to be linked, the real estate security and related repurchase financing will be reported on a gross basis. The unlinking of a transaction causes a realized event in which the fair value of the real estate security at the time the transaction will become the cost basis of the real estate security. The difference between the fair value on the unlinking date and the existing cost basis of the security will be the realized gain or loss. Recognition of effective yield for such security will be calculated prospectively using the new cost basis.

Accounting for derivative financial instruments

The Company may enter into derivative contracts, including interest rate swaps and interest rate caps, as a means of mitigating its interest rate risk. The Company uses interest rate derivative instruments primarily to mitigate interest rate risk rather than to enhance returns. The Company accounts for derivative financial instruments in accordance with ASC 815-10, "Derivatives and Hedging." ASC 815-10 requires an entity to recognize all derivatives as either assets or liabilities on the balance sheet and to measure those instruments at fair value. Additionally, the fair value adjustments will affect either other comprehensive income in stockholders' equity until the hedged item is recognized in earnings or net income depending on whether the derivative instrument is designated and qualifies as a hedge for accounting purposes and, if so, the nature of the hedging activity. As of March 31, 2013 and December 31, 2012, the Company did not have any interest rate derivatives designated as hedges. All derivatives have been recorded at fair value in accordance with ASC 820-10, with corresponding changes in value recognized in the consolidated statement of operations.

When derivative contracts are executed with the same counterparty, the value of the derivative contracts is reported on a net-by-counterparty basis on the balance sheet, where a legal right of off-set exists under an enforceable netting agreement. As a result, the net exposure to counterparties is reported as either an asset or liability on the consolidated balance sheet.

To-be-announced securities

A to-be-announced security ("TBA") is a futures contract for the purchase or sale of Agency RMBS at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date. The specific Agency RMBS delivered into the contract upon the settlement date, published each month by the Securities Industry and Financial Markets Association, are not known at the time of the transaction. TBAs are exempt from ASC 815 and are accounted for under ASC 320 if there is no other way to purchase or sell that security, if delivery of that security and settlement will occur within the shortest period possible for that type of security and if it is probable at inception and throughout the term of the individual contract that physical delivery of the security will occur (referred to as the "regular-way" exception). Unrealized gains and losses associated with TBA contracts not subject to the regular-way exception or not designated as hedging instruments are recognized in the consolidated statement of operations in the line item "unrealized loss on derivative instruments, net."

Manager compensation

The management agreement provides for payment to the Manager of a management fee. The management fee is accrued and expensed during the period for which it is calculated and earned. For a more detailed discussion on the fees payable under the management agreement, see Note 10.

Income taxes

The Company conducts its operations to qualify and be taxed as a REIT. Accordingly, the Company will generally not be subject to federal or state corporate income tax to the extent that the Company makes qualifying distributions to its stockholders, and provided that it satisfies on a continuing basis, through actual investment and operating results, the REIT requirements including certain asset, income, distribution and stock ownership tests. If the Company fails to qualify as a REIT, and does not qualify for certain statutory relief provisions, it will be subject to U.S. federal, state and local income taxes and may be precluded from qualifying as a REIT for the four taxable years following the year in which the Company fails to qualify as a REIT.

The dividends paid deduction of a REIT for qualifying dividends to its stockholders is computed using the Company's taxable income as opposed to net income reported under GAAP in the financial statements. Taxable income, generally, will differ from net income reported on the financial statements because the determination of taxable income is based on tax provisions and not financial accounting principles.

The Company has elected to treat AG MIT II, LLC, AG MITT RMAT 2013, LLC and AG MITT RMAT 2013 II, LLC as taxable REIT subsidiaries, ("TRS") and may elect to treat other subsidiaries at TRSs. In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly and generally may engage in any real estate or non-real estate-related business. While a TRS will generate net income, a TRS can declare dividends to the Company which will be included in the Company's taxable income and necessitate a distribution to stockholders. Conversely, if we retain earnings at the TRS level, no distribution is required and the Company can increase book equity of the consolidated entity. A TRS is subject to federal, state and local corporate income taxes.

The Company's financial results are generally not expected to reflect provisions for current or deferred income taxes, except for any activities conducted through one or more TRSs that are subject to corporate income taxation. The Company believes that it will operate in a manner that will allow it to qualify for taxation as a REIT. As a result of the Company's expected REIT qualification, it does not generally expect to pay federal or state corporate income tax. Many of the REIT requirements, however, are highly technical and complex. If the Company were to fail to meet the REIT requirements, it would be subject to federal income taxes and applicable state and local taxes. During the three months ended March 31, 2013 the Company recognized an income tax provision of $2.6 million related to the income and sale of investments held within AG MITT RMAT 2013, LLC and AG MITT RMAT 2013 II, LLC.

As a REIT, if the Company fails to distribute in any calendar year at least the sum of (i) 85% of its ordinary income for such year, (ii) 95% of its capital gain net income for such year, and (iii) any undistributed taxable income from the prior year, the Company would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (i) the amounts actually distributed and (ii) the amounts of income retained and on which the Company has paid corporate income tax.

The Company evaluates uncertain income tax positions, if any, in accordance with ASC Topic 740, "Income Taxes". The Company classifies interest and penalties, if any, related to unrecognized tax benefits as a component of provision for income taxes. See Note 9 for further details.

Stock-based compensation

The Company applies the provisions of ASC 718, "Compensation—Stock Compensation" with regard to its equity incentive plans. ASC 718 covers a wide range of share-based compensation arrangements including stock options, restricted stock plans, performance-based awards, stock appreciation rights and employee stock purchase plans. ASC 718 requires that compensation cost relating to stock-based payment transactions be recognized in financial statements. The cost is measured based on the fair value of the equity or liability instruments issued.

Compensation cost related to restricted common shares issued to the Company's directors is measured at its estimated fair value at the grant date, and is amortized and expensed over the vesting period on a straight-line basis. Compensation cost related to restricted common shares issued to the Manager is initially measured at estimated fair value at the grant date, and is remeasured on subsequent dates to the extent the awards are unvested. The Company has elected to use the straight-line method to amortize compensation expense for the restricted common shares granted to the Manager.

Recent accounting pronouncements

In December 2011, the FASB issued Accounting Standards Updated 2011-11, "Disclosures about Offsetting Assets and Liabilities" (ASU 2011-11). ASU 2011-11 amends Topic 210 to require additional disclosure information about offsetting and related arrangements. Entities will be required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of US GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards (IFRS). The guidance is effective for periods beginning on or after January 1, 2013, and interim periods within those annual periods.

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" (ASU 2013 -1). ASU 2013-1 addresses implementation issues about ASU 2011-11 and applies to derivatives accounted for in accordance with ASC 815-10, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC 210-20 "Balance Sheet – Offsetting" or ASC 815 or subject to an enforceable master netting arrangement or similar agreement. The guidance was effective January 1, 2013 and was applied retrospectively. This guidance does not amend the circumstances in which the Company offsets its derivative positions. As a result, the guidance does not have a material effect on the Company's financial statements.

3. Real Estate Securities

The following tables present the current principal balance, premium or discount, amortized cost, gross unrealized gain, gross unrealized loss, fair market value, and weighted average coupon rate and effective yield of the Company's real estate securities portfolio at March 31, 2013 and December 31, 2012. Real estate securities that are accounted for as a component of linked transactions are not reflected in the tables set forth in this note. See Note 7 for further details. The Company's Agency RMBS are mortgage pass-through certificates or collateralized mortgage obligations representing interests in or obligations backed by pools of residential mortgage loans issued or guaranteed by Fannie Mae or Freddie Mac. The Non-Agency RMBS, ABS and CMBS portfolios are primarily not issued or guaranteed by Fannie Mae, Freddie Mac or any agency of the U.S. Government and are therefore subject to credit risk. The principal and interest payments on Agency RMBS securities have an explicit guarantee by either an agency of the U.S. government or a U.S government-sponsored enterprise.

The following table details the real estate securities portfolio as of March 31, 2013:

				Gross Unrealized (1)			Weighted Average	
	Current Face	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (2)	Yield
Agency RMBS:								
15 Year Fixed Rate	$ 795,805,817	$ 30,264,770	$ 826,070,587	$ 16,465,692	$ (495,421)	$ 842,040,858	3.09%	2.26%
20 Year Fixed Rate	306,812,999	14,157,237	320,970,236	2,279,637	(469,726)	322,780,147	3.29%	2.57%
30 Year Fixed Rate	2,246,731,792	128,871,469	2,375,603,261	19,591,832	(13,427,193)	2,381,767,900	3.58%	2.77%
ARM	33,830,517	1,541,030	35,371,547	159,528	-	35,531,075	2.96%	2.33%
Interest Only	893,494,761	(718,680,810)	174,813,951	3,220,283	(3,640,568)	174,393,666	5.37%	7.31%
Credit Investments:								
Non-Agency RMBS	727,354,346	(103,618,755)	623,735,591	18,176,184	(2,449,843)	639,461,932	4.27%	5.52%
ABS	18,274,953	(25,732)	18,249,221	241,326	-	18,490,547	4.50%	4.58%
CMBS	123,478,315	(475,228)	123,003,087	3,721,901	(213,860)	126,511,128	5.60%	5.76%
Interest Only	459,759,150	(404,560,825)	55,198,325	2,441,346	(93,090)	57,546,581	2.22%	5.35%
Total	$ 5,605,542,650	$ (1,052,526,844)	$ 4,553,015,806	$ 66,297,729	$ (20,789,701)	$ 4,598,523,834	3.81%	3.34%

(1) We have chosen to make a fair value election pursuant to ASC 825 for our real estate securities portfolio. Unrealized gains and losses are recognized in current period earnings in the unrealized gain (loss) on real estate securities and loans, net line item. The gross unrealized stated above represents inception to date unrealized gains (losses).
(2) Equity residual investments with a zero coupon rate are excluded from this calculation.

The following table details the real estate securities portfolio as of December 31, 2012:

				Gross Unrealized (1)			Weighted Average	
	Current Face	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (2)	Yield
Agency RMBS:								
15 Year Fixed Rate	$ 1,177,320,487	$ 46,922,089	$ 1,224,242,576	$ 24,223,576	$ (255,956)	$ 1,248,210,196	2.97%	2.08%
20 Year Fixed Rate	137,858,353	6,696,803	144,555,156	3,569,538	-	148,124,694	3.68%	2.78%
30 Year Fixed Rate	1,998,807,425	116,173,790	2,114,981,215	32,180,328	(3,423,448)	2,143,738,095	3.63%	2.75%
ARM	36,228,319	1,584,714	37,813,033	362,721	-	38,175,754	2.96%	2.34%
Interest Only	972,543,812	(763,342,056)	209,201,756	5,162,683	(6,746,027)	207,618,412	6.00%	7.00%
Credit Investments:								
Non-Agency RMBS	634,277,808	(87,414,086)	546,863,722	6,704,413	(1,396,738)	552,171,397	4.65%	5.44%
ABS	33,620,881	(36,289)	33,584,592	352,505	-	33,937,097	5.34%	5.44%
CMBS	96,536,946	(2,094,604)	94,442,342	2,956,780	(82,588)	97,316,534	5.51%	6.36%
Interest Only	640,867,674	(572,685,926)	68,181,748	1,338,054	(1,783,201)	67,736,601	2.13%	5.50%
Total	$ 5,728,061,705	$ (1,254,195,565)	$ 4,473,866,140	$ 76,850,598	$ (13,687,958)	$ 4,537,028,780	3.92%	3.22%

(1) We have chosen to make a fair value election pursuant to ASC 825 for our real estate securities portfolio. Unrealized gains and losses are recognized in current period earnings in the unrealized gain (loss) on real estate securities and loans, net line item. The gross unrealized stated above represents inception to date unrealized gains (losses).
(2) Equity residual investments with a zero coupon rate are excluded from this calculation.

We evaluate securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. The determination of whether a security is other-than-temporarily impaired involves judgments and assumptions based on subjective and objective factors. When an investment security is impaired, an OTTI is considered to have occurred if (i) we intend to sell the investment security (i.e. a decision has been made as the reporting date) or (ii) it is more likely than not that we will be required to sell the investment security before recovery of its amortized cost basis. If we intend to sell the security or if it is more likely than not that we will be required to sell the investment security before recovery of its amortized cost basis, the entire amount of the impairment loss, if any, is recognized in earnings as a realized loss and the cost basis of the security is adjusted to its fair value.

The following table presents the gross unrealized losses, and estimated fair value of the Company's real estate securities by length of time that such securities have been in a continuous unrealized loss position at March 31, 2013 and December 31, 2012.

	Less than 12 months		Greater than 12 months	
As of	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2013	$2,053,385,313	$ (19,603,350)	$ 14,937,052	$ (1,186,351)
December 31, 2012	777,773,600	(11,267,980)	4,872,469	(2,419,978)

For the three months ended March 31, 2013, the Company recognized a $1.1 million OTTI charge on one security. No OTTI was recorded for the three months ended March 31, 2012. The decline in value of the remaining real estate securities is solely due to market conditions and not the quality of the assets. The remaining investments are not considered other than temporarily impaired because we currently have the ability and intent to hold the investments to maturity or for a period of time sufficient for a forecasted market price recovery up to or beyond the cost of the investments and we are not required to sell for regulatory or other reasons.

All of the principal and interest payments on the Agency RMBS have an explicit guarantee by either an agency of the U.S. government or a U.S. government-sponsored enterprise.

The following table details weighted average life by Agency RMBS, Agency Interest-Only ("IO") and Other Securities as of March 31, 2013:

	Agency RMBS			Agency IO			Other Securities (1)		
Weighted Average Life (2)	Fair Value	Amortized Cost	Weighted Average Coupon	Fair Value	Amortized Cost	Weighted Average Coupon	Fair Value	Amortized Cost	Weighted Average Coupon (3)
Less than or equal to 1 year	$ -	$ -	-	$ -	$ -	-	$ 9,056,243	$ 9,064,219	2.40%
Greater than one year and less than or equal to three years	-	-	-	3,292,873	3,184,820	5.85%	30,200,694	29,956,756	5.23%
Greater than three years and less than or equal to five years	474,614,223	461,379,477	3.19%	111,889,133	111,075,378	5.97%	324,288,634	314,549,984	3.10%
Greater than five years	3,107,505,757	3,096,636,154	3.47%	59,211,660	60,553,753	4.45%	478,464,617	466,615,265	4.50%
Total	$ 3,582,119,980	$ 3,558,015,631	3.43%	$ 174,393,666	$ 174,813,951	5.37%	$ 842,010,188	$ 820,186,224	3.71%

(1) For purposes of this table, Other Securities represents the following Credit Investments held as of March 31, 2013, Non-Agency RMBS, ABS, CMBS and Interest Only.
(2) Actual maturities of mortgage-backed securities are generally shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(3) Equity residual investments with a zero coupon rate are excluded from this calculation.

The following table details weighted average life by Agency RMBS, Agency IO and Other Securities as of December 31, 2012:

	Agency RMBS			Agency IO			Other Securities (1)		
Weighted Average Life (2)	Fair Value	Amortized Cost	Weighted Average Coupon	Fair Value	Amortized Cost	Weighted Average Coupon	Fair Value	Amortized Cost	Weighted Average Coupon (3)
Less than or equal to 1 year	$ -	$ -	-	$ -	$ -	-	$ 3,748,025	$ 3,759,750	0.75%
Greater than one year and less than or equal to three years	-	-	-	3,594,670	3,392,472	5.84%	41,621,591	41,216,699	5.69%
Greater than three years and less than or equal to five years	868,542,201	846,760,882	2.97%	162,811,754	162,576,217	6.03%	332,603,072	327,252,110	2.82%
Greater than five years	2,709,706,538	2,674,831,098	3.53%	41,211,988	43,233,067	5.91%	373,188,941	370,843,845	5.08%
Total	$ 3,578,248,739	$ 3,521,591,980	3.40%	$ 207,618,412	$ 209,201,756	6.00%	$ 751,161,629	$ 743,072,404	3.54%

(1) For purposes of this table, Other Securities represents the following Credit Investments held as of December 31, 2012, Non-Agency RMBS, ABS, CMBS and Interest Only.
(2) Actual maturities of mortgage-backed securities are generally shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(3) Equity residual investments with a zero coupon rate are excluded from this calculation.

During the three months ended March 31, 2013, the Company sold 20 securities for total proceeds of $537.1 million, with an additional $125.0 million of proceeds on one unsettled security sale as of quarter end, recording realized gains of $8.2 million and realized losses of $3.6 million inclusive of related tax provisions. During the three months ended March 31, 2012, the Company sold five securities for total proceeds of $144.4 million, with an additional $79.4 million of proceeds on one unsettled security sale as of quarter end, recording realized gains of $2.2 million and realized losses of $1.6 million.

See Notes 4 and 7 for amounts realized on sales of loans and the settlement of certain derivatives, respectively.

During the three months ended March 31, 2013, the Company invested in $7.4 million of credit sensitive commercial real estate assets through an affiliated entity, and applies the equity method of accounting for such investments. The investments have a weighted average yield of 12.26%. The Company has presented this investment separately on the consolidated balance sheet in the "Investment in affiliates" line item, and statement of operations as a component of "Equity in loss from affiliate."

4. Loans

The following tables present the current principal balance, premium or discount, amortized cost, gross unrealized gain, gross unrealized loss, fair market value, coupon rate and effective yield of the Company's loan portfolio at March 31, 2013 and December 31, 2012.

The following table details the loan portfolio as of March 31, 2013:

				Gross Unrealized (1)			Weighted Average		
	Current Face	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon	Yield	Life
Commerical Loans	$ 30,000,000	$ 17,825	$ 30,017,825	$ -	$ (17,825)	$ 30,000,000	9.00%	9.64%	3.24

(1) We have chosen to make a fair value election pursuant to ASC 825 for our loan portfolio. Unrealized gains and losses are recognized in current period earnings in the unrealized gain (loss) on real estate securities and loans, net line item. The gross unrealized stated above represents inception to date unrealized gains (losses).

The following table details the loan portfolio as of December 31, 2012:

				Gross Unrealized (1)			Weighted Average		
	Current Face	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon	Yield	Life
Commerical Loans	$ 2,500,000	$ -	$ 2,500,000	$ -	$ -	$ 2,500,000	9.63%	9.63%	3.51

(1) We have chosen to make a fair value election pursuant to ASC 825 for our loan portfolio. Unrealized gains and losses are recognized in current period earnings in the unrealized gain (loss) on real estate securities and loans, net line item. The gross unrealized stated above represents inception to date unrealized gains (losses).

During the three months ended March 31, 2013, the Company sold 1 loan for total proceeds of $2.6 million, recording realized gains of $0.1 million and no realized losses. This sale settled subsequent to period end. The Company did not have any loans during the three months ended March 31, 2012.

5. Fair Value Measurements

As described in Note 2, the fair value of financial instruments that are recorded at fair value will be determined by the Manager, subject to oversight of the Company's board of directors, and in accordance with ASC 820, "Fair Value Measurements and Disclosures." When possible, the Company determines fair value using independent data sources. ASC 820 establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy under ASC 820 are described below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's assumptions about the factors that market participants would use in pricing an asset or liability, and would be based on the best information available.

Values for the Company's securities, derivatives and loan portfolios are based upon prices obtained from third party pricing services, which are indicative of market activity. The evaluation methodology of the Company's third-party pricing services incorporates commonly used market pricing methods, including a spread measurement to various indices such as the one-year constant maturity treasury and LIBOR, which are observable inputs. The evaluation also considers the underlying characteristics of each investment, which are also observable inputs, including: coupon; maturity date; loan age; reset date; collateral type; periodic and life cap; geography; and prepayment speeds. The Company collects and considers current market intelligence on all major markets, including benchmark security evaluations and bid-lists from various sources, when available. As part of the Company's risk management process, the Company reviews and analyzes all prices obtained by comparing prices to recently completed transactions involving the same or similar investments on or near the reporting date. If, in the opinion of the Manager, one or more prices reported to the Company are not reliable or unavailable, the Manager reviews the fair value based on characteristics of the investment it receives from the issuer and available market information.

In valuing its derivatives, the Company considers the creditworthiness of both the Company and its counterparties, along with collateral provisions contained in each derivative agreement, from the perspective of both the Company and its counterparties. All of the Company's derivatives are subject to bilateral collateral arrangements. The Company also has netting arrangements in place with all derivative counterparties pursuant to standard documentation developed by the International Swap and Derivatives Association ("ISDA"). Consequently, no credit valuation adjustment was made in determining the fair value of derivatives.

The Manager may also engage specialized third party valuation service providers to assess and corroborate the valuation of a selection of investments in the Company's loan portfolio on a periodic basis. These specialized third party valuation service providers conduct independent valuation analyses based on a review of source documents, available market data, and comparable securities. The analyses provided by valuation service providers are reviewed and considered by the Manager.

The securities underlying the Company's linked transactions are valued using similar techniques to those used for the Company's securities portfolio. The value of the underlying security is then netted against the carrying amount (which approximates fair value) of the repurchase agreement at the valuation date. Additionally, TBA instruments are similar in form to the Company's Agency RMBS portfolio, and the Company therefore estimates fair value based on similar methods.

The following table presents the Company's financial instruments measured at fair value on a recurring basis as of March 31, 2013:

	Fair Value at March 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Agency RMBS:				
15 Year Fixed Rate	$ -	$ 842,040,858	$ -	$ 842,040,858
20 Year Fixed Rate	-	322,780,147	-	322,780,147
30 Year Fixed Rate	-	2,381,767,900	-	2,381,767,900
ARM	-	35,531,075	-	35,531,075
Interest Only	-	174,393,666	-	174,393,666
Credit Investments:		-	-	-
Non-Agency RMBS	-	447,072,765	192,389,167	639,461,932
ABS	-	-	18,490,547	18,490,547
CMBS	-	92,164,608	34,346,520	126,511,128
Interest Only	-	50,640,351	6,906,230	57,546,581
Commercial loans	-	-	30,000,000	30,000,000
Linked transactions	-	95,393,375	8,143,675	103,537,050
Derivative assets		739,804	-	739,804
Total Assets Carried at Fair Value	$ -	$ 4,442,524,549	$ 290,276,139	$ 4,732,800,688
Liabilities:				
Derivative liabilities	$ -	$ (31,160,053)	$ -	$ (31,160,053)
Total Liabilities Carried at Fair Value	$ -	$ (31,160,053)	$ -	$ (31,160,053)

The following table presents the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2012:

	Fair Value at December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Agency RMBS:				
15 Year Fixed Rate	$ -	$ 1,248,210,196	$ -	$ 1,248,210,196
20 Year Fixed Rate	-	148,124,694	-	148,124,694
30 Year Fixed Rate	-	2,143,738,095	-	2,143,738,095
ARM	-	38,175,754	-	38,175,754
Interest Only	-	207,618,412	-	207,618,412
Credit Investments:				
Non-Agency RMBS	-	297,127,840	255,043,557	552,171,397
ABS	-	-	33,937,097	33,937,097
CMBS	-	63,249,824	34,066,710	97,316,534
Interest Only	-	67,736,601	-	67,736,601
Commercial Mortgage Loans	-	2,500,000	-	2,500,000
Linked transactions	-	38,617,525	6,505,299	45,122,824
Total Assets Carried at Fair Value	$ -	$4,255,098,941	$329,552,663	$4,584,651,604
Liabilities:				
Derivative liabilities	$ -	$ (36,375,947)	$ -	$ (36,375,947)
Total Liabilities Carried at Fair Value	$ -	$ (36,375,947)	$ -	$ (36,375,947)

The Company did not have any transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy during the three months ended March 31, 2013 and March 31, 2012.

The following tables present additional information about the Company's investments which are measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs to determine fair value:

Three Months Ended
March 31, 2013

	Non-Agency RMBS	ABS	CMBS	Interest Only	Commercial Loans	Linked Transactions
Beginning balance	$ 255,043,557	$ 33,937,097	$ 34,066,710	$ -	$ -	$ 6,425,683
Transfers (1):						
Transfers into level 3	-	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Purchases	22,854,307	27,993,404	-	7,048,720	30,017,825	2,658,169
Reclassification of security type (2)	-	-	-	-	-	-
Proceeds from sales	(88,968,242)	(28,086,094)	-	-	-	-
Proceeds from settlement	(3,056,564)	(15,345,928)	(58,631)	-	-	(1,201,543)
Total net gains/ (losses) (3)						
Included in net income	6,516,109	(7,932)	338,441	(142,490)	(17,825)	261,366
Included in other comprehensive income (loss)	-	-	-	-	-	-
Ending Balance	$ 192,389,167	$ 18,490,547	$ 34,346,520	$ 6,906,230	$ 30,000,000	$ 8,143,675
Change in unrealized appreciation/depreciation for level 3 assets still held as of March 31, 2013 (4)	$ 2,733,774	$ 84,376	$ 338,441	$ (142,490)	$ (17,825)	$ 261,366

(1) Transfers are assumed to occur at the beginning of the period.
(2) Represents an accounting reclassification from a linked transaction to a real estate security due to event occuring which breaks the link.
(3) Gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Gain on linked transactions, net	$ 261,366
Unrealized loss on real estate securities and loans, net	2,265,711
Interest income	542,084
Net realized gain	3,878,508
Total	$ 6,947,669

(4) Gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Gain on linked transactions, net	$ 261,366
Unrealized loss on real estate securities and loans, net	2,454,192
Interest income	542,084
Total	$ 3,257,642

Three Months Ended
March 31, 2012

	Non-Agency RMBS	ABS	Linked Transactions
Beginning balance	$ 28,407,005	$ 4,526,620	$ 5,277,317
Transfers (1):			
Transfers into level 3	-	-	-
Transfers out of level 3	-	-	-
Purchases	11,605,000	23,504,164	17,999,478
Reclassification of security type (2)	-	-	-
Proceeds from sales	-	-	-
Proceeds from settlement	(5,957,238)	(516,739)	(14,212,730)
Total net gains/ (losses) (3)	-	-	-
Included in net income	110,652	246,007	442,736
Included in other comprehensive income (loss)	-	-	-
Ending Balance	$ 34,165,419	$ 27,760,052	$ 9,506,801
	-	-	-
Change in unrealized appreciation/depreciation for level 3 assets still held as of March 31, 2012 (3)	$ 110,652	$ 246,007	$ 442,736

(1) Transfers are assumed to occur at the beginning of the period.
(2) Represents an accounting reclassification from a linked transaction to a real estate security due to event occuring which breaks the link.
(3) Gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Gain on linked transactions, net	$ 442,736
Unrealized gain on real estate securities, net	370,325
Interest income	(13,666)
Total	$ 799,395

The Company did not have any transfers of assets or liabilities in or out of Level 3 of the fair value hierarchy during the three months ended March 31, 2013 and March 31, 2012.

The following tables present a summary of quantitative information about the significant unobservable inputs used in the fair value measurement of investments for which the Company has utilized Level 3 inputs to determine fair value:

Asset Class	Fair Value at March 31, 2013	Valuation Technique	Unobservable Input	Range (Weighted Average)
Non Agency RMBS	$ 192,389,167	Discounted Cash Flow	Yield	4.11% - 8.47% (5.15%)
			Projected Collateral Prepayments	0.00% - 8.00% (3.72%)
			Projected Collateral Losses	2.52% - 48.00% (15.68%)
			Projected Collateral Severities	45.00% - 70.00% (59.28%)
ABS	$ 18,490,547	Discounted Cash Flow	Yield	4.35% - 4.64% (4.58%)
			Projected Collateral Prepayments	4.00% - 4.00% (4.00%)
CMBS	$ 34,346,520	Discounted Cash Flow	Yield	3.67% - 14.03% (6.22%)
			Projected Collateral Prepayments	0.00% - 100.00% (0.30%)
			Projected Collateral Losses	0.00% - 0.00% (0.00%)
			Projected Collateral Severities	0.00% - 0.00% (0.00%)
Interest Only	$ 6,906,230	Discounted Cash Flow	Yield	6.15% - 6.21% (3.67%)
			Projected Collateral Prepayments	0.00% - 100.00% (100.00%)
			Projected Collateral Losses	0.00% - 0.00% (0.00%)
			Projected Collateral Severities	0.00% - 0.00% (0.00%)
Commercial Loans	$ 30,000,000	Discounted Cash Flow	Yield	9.76% - 9.76% (9.76%)
Linked Transactions*	$ 8,143,675	Discounted Cash Flow	Yield	4.97% - 11.86% (6.28%)
			Projected Collateral Prepayments	0.00% - 4.26% (1.20%)
			Projected Collateral Losses	0.00% - 27.00% (5.63%)
			Projected Collateral Severities	0.00% - 70.91% (22.72%)

*Linked Transactions are comprised of unobservable inputs from Non-Agency RMBS and CMBS investments.

Asset Class		Fair Value at December 31, 2012	Valuation Technique	Unobservable Input	Range (Weighted Average)
Non-Agency RMBS	$	255,043,557	Discounted Cash Flow	Yield	4.43% - 9.60% (5.90%)
				Projected Collateral Prepayments	1.00% - 9.00% (4.41%)
				Projected Collateral Losses	0.20% - 16.00% (2.03%)
				Projected Collateral Severities	40.00% - 75.00% (55.27%)
ABS	$	33,937,097	Discounted Cash Flow	Yield	4.66% - 7.05% (5.77%)
				Projected Collateral Prepayments	20.00% - 100.00% (59.72%)
				Projected Collateral Losses	0.00% - 0.00% (0.00%)
				Projected Collateral Severities	0.00% - 0.00% (0.00%)
CMBS	$	34,066,710	Discounted Cash Flow	Yield	2.23% - 5.76% (5.05%)
				Projected Collateral Prepayments	0.00% - 0.00% (0.00%)
				Projected Collateral Losses	0.00% - 0.00% (0.00%)
				Projected Collateral Severities	0.00% - 0.00% (0.00%)
Linked Transactions*	$	6,505,299	Discounted Cash Flow	Yield	4.14% - 10.93% (5.59%)
				Projected Collateral Prepayments	0.00% - 25.00% (0.94%)
				Projected Collateral Losses	0.00% - 35.00% (16.25%)
				Projected Collateral Severities	0.00% - 65.00% (34.32%)

*Linked Transactions are comprised of unobservable inputs from Non-Agency RMBS and CMBS investments.

As further described above, values for the Company’s securities portfolio are based upon prices obtained from third party pricing services. Broker quotations may also be used. The significant unobservable inputs used in the fair value measurement of the Company’s Non-Agency RMBS and CMBS securities classified as a component of Linked Transactions are prepayment rates, probability of default, and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Also as described above, valuation of the Company’s loan portfolio is determined by the Manager using third-party pricing services where available, and specialized third party valuation service providers. The evaluation considers the underlying characteristics of each loan, which are observable inputs, including: coupon; maturity date, loan age, reset date, collateral type, periodic and life cap, geography, and prepayment speeds. These valuations also require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders and other factors deemed necessary by management. Changes in the market environment and other events that may occur over the life of our investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently estimated. Analyses provided by valuation service providers are reviewed and considered by the Manager.

6. Repurchase Agreements

The Company pledges certain real estate securities as collateral under repurchase agreements with financial institutions, the terms and conditions of which are negotiated on a transaction-by-transaction basis. Repurchase agreements involve the sale and a simultaneous agreement to repurchase the transferred assets or similar assets at a future date. The amount borrowed generally is equal to the fair value of the assets pledged less an agreed-upon discount, referred to as a “haircut.” Repurchase agreements entered into by the Company are accounted for as financings and require the repurchase of the transferred securities at the end of each agreement’s term, typically 30 to 90 days. The carrying amount of the Company’s repurchase agreements approximates fair value as the debt is short-term in nature. The Company maintains the beneficial interest in the specific securities pledged during the term of the repurchase agreement and receives the related principal and interest payments. Interest rates on these borrowings are fixed based on prevailing rates corresponding to the terms of the borrowings, and interest is paid at the termination of the repurchase agreement at which time the Company may enter into a new repurchase agreement at prevailing market rates with the same counterparty or repay that counterparty and negotiate financing with a different counterparty. In response to declines in fair value of pledged securities due to changes in market conditions or the publishing of monthly security paydown factors, lenders typically require the Company to post additional securities as collateral, pay down borrowings or establish cash margin accounts with the counterparties in order to re-establish the agreed-upon collateral requirements, referred to as margin calls. Under the terms of the Company’s master repurchase agreements, the counterparties may, in certain cases, sell or re-hypothecate the pledged collateral.

The following table presents certain information regarding the Company's repurchase agreements as of March 31, 2013:

Repurchase Agreements Maturing Within:	Balance	Weighted Average Rate	Weighted Average Haircut
30 days or less	$ 2,476,254,976	0.75%	8.05%
31-60 days	888,295,000	0.45%	4.44%
61-90 days	327,267,000	0.69%	4.88%
Greater than 90 days	290,010,000	0.54%	3.92%
Total / Weighted Average	$3,981,826,976	0.66%	6.68%

The following table presents certain information regarding the Company's repurchase agreements as of December 31, 2012:

Repurchase Agreements Maturing Within:	Balance	Weighted Average Rate	Weighted Average Haircut
30 days or less	$2,242,856,547	0.71%	7.28%
31-60 days	783,969,000	0.52%	4.04%
61-90 days	547,416,000	0.57%	3.49%
Greater than 90 days	337,178,271	1.30%	11.95%
Total / Weighted Average	$ 3,911,419,818	0.70%	6.50%

Although repurchase agreements are committed borrowings until maturity, the lender retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets resulting from changes in market conditions or factor changes would require the Company to provide additional collateral or cash to fund margin calls. The following table presents information with respect to the Company's posting of collateral at March 31, 2013 and December 31, 2012:

	March 31, 2013	December 31, 2012
Repurchase agreements secured by Agency RMBS	$3,329,669,000	$ 3,346,676,000
Fair Value of Agency RMBS pledged as collateral under repurchase agreements	3,442,243,443	3,489,393,062
Repurchase agreements secured by Non-Agency RMBS, ABS and CMBS	652,157,976	564,743,818
Fair Value of Non-Agency RMBS, ABS and CMBS pledged as collateral under repurchase agreements	820,452,770	711,699,379
Cash pledged (i.e., restricted cash) under repurchase agreements	302,000	1,500,000

The following table presents both gross information and net information about repurchase agreements eligible for offset in the statement of financial position as of March 31, 2013:

				Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets (Liabilities) Presented in the Statement of Financial Position	Financial Instruments (Posted)	Cash Collateral (Posted)	Net Amount
Repurchase Agreements	$ (3,981,826,976)	$ -	$ (3,981,826,976)	$(3,981,826,976)	$ -	$ -

The following table presents both gross information and net information about repurchase agreements eligible for offset in the statement of financial position as of December 31, 2012:

				Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets (Liabilities) Presented in the Statement of Financial Position	Financial Instruments (Posted)	Cash Collateral (Posted)	Net Amount
Repurchase Agreements	$ (3,911,419,818)	$ -	$ (3,911,419,818)	$(3,911,419,818)	$ -	$ -

The Company seeks to transact with several different counterparties in order to reduce the exposure to any single counterparty. The Company entered into master repurchase agreements ("MRAs") with 30 counterparties, under which it had outstanding debt with 27 and 29 counterparties at March 31, 2013 and December 31, 2012, respectively. At March 31, 2013 and December 31, 2012, the Company did not have greater than 10% of stockholders' equity at risk with any individual counterparty.

On April 9, 2012, AG MIT, LLC ("AG MIT"), a direct, wholly-owned subsidiary of the Company, entered into a Master Repurchase and Securities Contract (the "Repurchase Agreement") with Wells Fargo Bank, National Association to finance the Company's acquisition of certain residential, Non-Agency RMBSs. Effective April 12, 2013, AG MIT entered into an Amended and Restated Master Repurchase and Securities Contract (the "Renewal Agreement") to the Repurchase Agreement dated as of April 9, 2012. The Renewal Agreement was entered into for multiple purposes, including the amendment of the Repurchase Agreement to finance AG MIT's acquisition of not only residential, non-Agency Securities, but also certain consumer asset-backed securities and commercial mortgage-backed securities. Each transaction under the Renewal Agreement will also have its own specific terms, such as identification of the assets subject to the transaction, sale price, repurchase price and rate. The Renewal Agreement increases the aggregate maximum borrowing capacity of the Repurchase Agreement from $75 million to $125 million and extends the maturity date from April 8, 2013 to April 11, 2014. The Renewal Agreement also includes the same provisions in the Repurchase Agreement permitting the maturity date to be extended for an additional 90 days.

The Renewal Agreement contains representations, warranties, covenants, events of default and indemnities that are substantially identical to those in the Repurchase Agreement and are customary for agreements of this type. The Renewal Agreement also contains amended financial covenants that require, as of the last business day of each quarter and on any funding date, the Company and AG MIT to maintain (i) their Total Indebtedness to their Adjusted Tangible Net Worth at a ratio less than the Leverage Ratio; (ii) an Adjusted Tangible Net Worth of not less than $430 million; and (iii) at all times, Liquidity of not less than $30 million and unrestricted cash of not less than $5 million.

As discussed in Note 2, for any transactions determined to be linked, the initial transfer and repurchase financing will be recorded as a forward commitment to purchase assets. At March 31, 2013 and December 31, 2012, the Company had repurchase agreements of $375.2 million and $282.3 million, respectively, that were accounted for as linked. These linked repurchase agreements are not included in the above tables. See Note 7 for details.

7. Derivatives

The Company's derivatives currently include interest rate swaps ("swaps"), to-be-announced forward contracts on specified Agency pools ("TBAs"), and linked transactions. Derivatives have not been designated as hedging instruments. The Company has also entered into non-derivative instruments to manage interest rate risk, including Agency IO securities.

The following table presents the fair value of the Company's derivative instruments and their balance sheet location at March 31, 2013 and December 31, 2012.

Derivative Instrument	Designation	Balance Sheet Location	March 31, 2013	December 31, 2012
Interest rate swaps, at fair value	Non-Hedge	Derivative liabilities, at fair value	$ (30,741,883)	$ (36,238,250)
Interest rate swaps, at fair value	Non-Hedge	Derivative assets, at fair value	327,101	-
TBAs	Non-Hedge	Derivative liabilities, at fair value	(418,170)	(137,697)
TBAs	Non-Hedge	Derivative assets, at fair value	412,703	-
Linked transactions, at fair value	Non-Hedge	Linked transactions, net, at fair value	103,537,050	45,122,824

The following table summarizes information related to derivatives:

	March 31, 2013	December 31, 2012
Non-hedge derivatives		
Notional amount of Interest Rate Swap Agreements (1)	$ 2,704,625,000	$ 2,166,025,000
Net notional amount of TBAs	40,000,000	40,000,000
Notional amount of Linked Transactions (2)	515,429,104	349,775,342

(1) Includes forward starting swaps with a notional of $100.0 million as of March 31, 2013 and December 31, 2012.
(2) This represents the current face of the securities comprising linked transactions.

The following table summarizes gains (losses) related to derivatives:

	Income Statement Location	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Non-hedge derivatives gain (loss):			
Interest rate swaps	Unrealized loss on derivative instruments, net	$ 5,091,011	$ (1,358,300)
Interest rate swaps	Net realized gain	(788,274)	153,721
TBAs	Unrealized loss on derivative instruments, net	132,230	(1,487,579)
TBAs	Net realized gain	(339,258)	1,706,719
Linked transactions	Gain on linked transactions, net	5,838,219	3,439,185
Linked transactions	Net realized gain	339,669	-

The following table presents both gross information and net information about derivative instruments eligible for offset in the statement of financial position as of March 31, 2013:

Description	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets (Liabilities) Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Financial Instruments (Posted)	Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral (Posted)	Net Amount
Derivative Assets (1)	$ 1,377,469	$ (166,627)	$ 1,210,842	$ -	$ -	$ 1,210,842
Derivative Liabilities (2)	(27,249,342)	689,250	(26,560,092)	(26,560,092)	-	-
Linked Transactions (3)	477,372,338	(375,195,253)	102,177,085	-	-	102,177,085

(1) Included in Derivative Assets on the consolidated balance sheet is accrued interest of $(883,740) and TBA assets of $412,702.

(2) Included in Derivative Liabilities on the consolidated balance sheet is accrued interest of $(4,181,791) and TBA liabilities of $(418,170).

(3) Included in Linked Transactions on the consolidated balance sheet is net accrued interest of $1,359,965.

The following table presents both gross information and net information about derivative instruments eligible for offset in the statement of financial position as of December 31, 2012:

Description	Gross Amounts of Recognized (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of (Liabilities) Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Financial Instruments (Posted)	Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral (Posted)	Net Amount
Derivative Liabilities (1)	$ (30,836,609)	$ 396,348	$ (30,440,261)	$ (30,440,261)	$ -	$ -
Linked Transactions (2)	326,589,623	(282,343,454)	44,246,169	-	-	-

(1) Included in Derivative Liabilities on the consolidated balance sheet is accrued interest of $(5,797,990) and TBA liabilities of $(137,696).

(2) Included in Linked Transactions on the consolidated balance sheet is net accrued interest of $876,655.

Interest Rate Swaps

To help mitigate exposure to higher short-term interest rates, the Company uses currently-paying and forward-starting, one- and three-month LIBOR-indexed, pay-fixed, receive-variable, interest rate swap agreements. This arrangement establishes a relatively stable fixed rate on related borrowings because the variable-rate payments received on the swap agreements largely offset interest accruing on the related borrowings, leaving the fixed-rate payments to be paid on the swap agreements as the Company's effective borrowing rate, subject to certain adjustments including changes in spreads between variable rates on the swap agreements and actual borrowing rates.

The following table presents information about the Company's interest rate swaps as of March 31, 2013:

Maturity		Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2014	$	104,500,000	0.99%	0.29%	1.30
2015		364,025,000	1.08%	0.29%	2.17
2016		367,500,000	1.08%	0.28%	3.11
2017		410,000,000	1.02%	0.29%	4.45
2018	*	733,600,000	1.14%	0.29%	5.07
2019	*	450,000,000	1.39%	0.29%	6.31
2020		225,000,000	1.47%	0.30%	6.81
2022		50,000,000	1.69%	0.28%	9.43
Total/Wtd Avg	$	2,704,625,000	1.18%	0.29%	4.61

* These figures include forward starting swaps with a total notional of $100.0 million and a weighted average start date of April 2, 2013. Weighted average rates shown are inclusive of rates corresponding to the terms of the swap as if the swap were effective as of March 31, 2013.

The following table presents information about the Company's interest rate swaps as of December 31, 2012:

Maturity		Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2014	$	204,500,000	1.00%	0.33%	1.54
2015		364,025,000	1.08%	0.30%	2.42
2016		367,500,000	1.08%	0.30%	3.36
2017		410,000,000	1.02%	0.31%	4.70
2018	*	320,000,000	1.31%	0.31%	5.56
2019	*	450,000,000	1.39%	0.31%	6.56
2022		50,000,000	1.69%	0.31%	9.68
Total/Wtd Avg	$	2,166,025,000	1.17%	0.31%	4.42

* These figures include forward starting swaps with a total notional of $100.0 million and a weighted average start date of April 2, 2013. Weighted average rates shown are inclusive of rates corresponding to the terms of the swap as if the swap were effective as of December 31, 2012.

TBAs

The Company has entered into TBA positions to facilitate the future purchase of specified Agency RMBS. Pursuant to these TBAs, the Company agrees to purchase, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered would not be identified until shortly, generally two days, before the TBA settlement date. The Company records TBA purchases on the trade date and it presents the purchase net of the corresponding payable until the settlement date of the transaction. Contracts for the purchase or sale of specified Agency RMBS are accounted for as derivatives if the delivery of the specified Agency security and settlement extends beyond the shortest period possible for that type of security.

The following table presents information about the Company's TBAs for the three months ended March 31, 2013 and March 31, 2012:

	For the Three Months Ended March 31, 2013							
	Beginning Notional Amount	Additions	Sale or Settlement	Ending Net Notional Amount	Net Fair Value as of Period End	Net Payable to Broker	Derivative Asset	Derivative Liability
TBAs	$ 40,000,000	$ 210,000,000	$ (210,000,000)	$ 40,000,000	$ 41,139,064	$ (41,144,531)	$ 412,703	$ (418,170)

	For the Three Months Ended March 31, 2012							
	Beginning Notional Amount	Additions	Sale or Settlement	Ending Net Notional Amount	Net Fair Value as of Period End	Net Payable to Broker	Derivative Asset	Derivative Liability
TBAs	$ 100,000,000	$ 220,000,000	$ (225,000,000)	$ 95,000,000	$ 97,258,205	$ (97,727,344)	$ 113,281	$ (582,420)

Linked Transactions

As discussed in Note 2, when the initial transfer of a financial asset and repurchase financing are entered into contemporaneously with, or in contemplation of, one another, the transaction will be considered linked unless all of the criteria found in ASC 860-10 are met at the inception of the transaction. If the transaction is determined to be linked, we will record the initial transfer and repurchase financing on a net basis and record a forward commitment to purchase assets as a derivative instrument with changes in market value being recorded on the consolidated statement of operations. When, or if a transaction is longer considered linked, the security and related repurchase agreement will be recorded on a gross basis. The fair value of linked transactions reflects the value of the underlying security's fair market value netted with the respective linked repurchase agreement borrowings and net accrued interest. Certain of our Linked Transactions became unlinked during the periods presented, For the three months ended March 31, 2013 a Non-Agency RMBS with a security fair value of $13.2 million and the related repurchase agreement borrowing of $11.6 million were unlinked. For the three months ended March 31, 2013, the Company had net realized gains of $0.3 million, respectively, from the unlinking of Linked Transactions. No transactions became unlinked for the three months ended March 31, 2012.

The following table presents certain information related to the securities accounted for as a part of linked transactions for the three months ended March 31, 2013:

					For the Three Months Ended March 31, 2013					
Instrument	Current Face	Amortized Cost	Fair Value	Net Accrued Interest	Net Interest Income	Unrealized Gain	Net Realized Gain	Amount Included in Statement of Operations	Weighted Average Coupon	Weighted Average Life
Non-Agency RMBS	$ 496,559,104	$ 448,887,608	$ 459,268,058	$ 1,322,686	$ 3,052,876	$ 2,169,017	$ 339,669	$ 5,561,562	4.93%	5.94
CMBS	18,870,000	17,716,566	18,104,280	37,279	157,766	458,560	-	616,326	2.87%	4.75
Total	$ 515,429,104	$ 466,604,174	$ 477,372,338	$ 1,359,965	$ 3,210,642	$ 2,627,577	$ 339,669	$ 6,177,888	4.85%	5.90

The following table presents certain information related to the securities accounted for as a part of linked transactions for the three months ended March 31, 2012:

					For the Three Months Ended March 31, 2012					
Instrument	Current Face	Amortized Cost	Fair Value	Net Accrued Interest	Net Interest Income	Unrealized Gain	Net Realized Gain	Amount Included in Statement of Operations	Weighted Average Coupon	Weighted Average Life
Non-Agency RMBS	$ 170,724,133	$ 149,341,246	$ 149,415,487	$ 451,704	$ 1,268,894	$ 1,700,335	$ -	$ 2,969,229	4.81%	5.98
ABS	16,500,000	16,494,354	16,734,687	9,213	158,050	301,596	-	459,646	4.72%	4.75
CMBS	18,000,000	17,999,479	17,999,479	10,310	10,310	-	-	10,310	6.79%	5.11
Total	$ 205,224,133	$ 183,835,079	$ 184,149,653	$ 471,227	$ 1,437,254	$ 2,001,931	$ -	$ 3,439,185	4.98%	5.80

The following table presents certain information related to the repurchase agreements accounted for as a part of linked transactions for the three months ended March 31, 2013:

Instrument	Repurchase Agreement	Weighted Average Interest Rate	Weighted Average Years to Maturity
Non-Agency RMBS	$ 360,317,253	2.00%	0.06
CMBS	14,878,000	1.29%	0.06
	$375,195,253	1.97%	0.06

The following table presents certain information related to the repurchase agreements accounted for as a part of linked transactions for the three months ended March 31, 2012:

Instrument	Repurchase Agreement	Weighted Average Interest Rate	Weighted Average Years to Maturity
Non-Agency RMBS	$122,316,142	1.87%	0.05
ABS	12,313,000	1.64%	0.01
CMBS	13,500,000	1.74%	0.08
	$148,129,142	1.84%	0.05

At March 31, 2013, the Company had real estate securities with a fair value of $50.0 million and restricted cash of $2.5 million pledged as collateral against its derivatives. The Company also pledged assets accounted for within linked transactions with a fair value of $436.5 million as collateral against the related linked repurchase agreements. At March 31, 2012, the Company had real estate securities with a fair value of $15.7 million and restricted cash of $0.8 million pledged as collateral against its derivatives. The Company also pledged assets accounted for within linked transactions with a fair value of $184.1 million as collateral against the related linked repurchase agreements. The Company reduces credit risk on the majority of its derivative instruments by entering into agreements that permit the closeout and netting of transactions with the same counterparty upon occurrence of certain events.

8. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing net income (loss) available to common stockholders for the period by the weighted- average shares of the Company's common stock outstanding for that period that participate in dividends. Diluted EPS takes into account the effect of dilutive instruments, such as stock options, warrants and unvested restricted stock, but uses the average share price for the period in determining the number of incremental shares that are to be added to the weighted-average number of shares outstanding.

As of March 31, 2013 and March 31, 2012, the Company's outstanding warrants and unvested shares of restricted common stock were as follows:

	March 31, 2013	March 31, 2012
Warrants	1,207,500	1,602,500
Restricted stock granted to the Manager	20,126	33,542
Restricted stock granted to the independent directors	4,000	6,000

Each warrant entitles the holder to purchase half a share of the company's common stock at a fixed price upon exercise of the warrant. During the three months ended March 31, 2013, the average market value per share of the Company's common stock was above the exercise price of the warrants, and therefore the warrants are included in the Company's diluted weighted average shares outstanding in accordance with ASC 260. During the three months ended March 31, 2012, the Company has assumed that no warrants would be exercised as the weighted average market value per share of the Company's common stock was below the strike price of the warrants, and are therefore not included in the Company's diluted weighted average shares outstanding. Shares of restricted stock held by the Manager and independent directors accrue dividends, but are not paid until vested and are therefore not considered to be participating shares. The dilutive effects of these shares are only included in diluted weighted average shares outstanding.

The following table presents a reconciliation of the earnings and shares used in calculating basic and diluted EPS for the three months ended March 31, 2013 as well as the three months ended March 31, 2012:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Numerator:		
Net income available to common stockholders for basic and diluted earnings per share	$ 13,403,455	$ 10,950,438
Denominator:		
Basic weighted average common shares outstanding	27,280,531	14,179,635
Dilutive effect of manager and director restricted stock and warrants	121,774	1,154
Dilutive weighted average common shares outstanding	27,402,305	14,180,789
Basic Earnings Per Share of Common Stock:	$ 0.49	$ 0.77
Diluted Earnings Per Share of Common Stock:	$ 0.49	$ 0.77

9. Income Taxes

As a REIT, the Company is not subject to Federal income tax to the extent that it makes qualifying distributions to its stockholders, and provided it satisfies on a continuing basis, through actual investment and operating results, the REIT requirements including certain asset, income, distribution and stock ownership tests. Most states recognize REIT status as well.

The Company files tax returns in several U.S jurisdictions. There are no ongoing U.S. federal, state and local tax examinations.

The Company has elected to treat AG MIT II, LLC, AG MITT RMAT 2013, LLC and AG MITT RMAT 2013 II, LLC as TRSs and may elect to treat other subsidiaries as TRSs. In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly, and generally may engage in any real estate or non-real estate-related business. A TRS is subject to federal, state and local corporate income taxes. During the three months ended March 31, 2013 the Company recognized an income tax provision of $2.6 million related to the income and sale of investments held within AG MITT RMAT 2013, LLC and AG MITT RMAT 2013 II, LLC.

Cash distributions declared by the Company that do not exceed its current or accumulated earnings and profits will be considered ordinary income to stockholders for income tax purposes unless all or a portion of a distribution is designated by the Company as a capital gain dividend. Distributions in excess of the Company's current and accumulated earnings and profits will be characterized as return of capital or capital gains.

Based on the Company's analysis of any potential uncertain income tax positions, the Company concluded it did not have any uncertain tax positions that meet the recognition or measurement criteria of ASC 740 as of March 31, 2013 and December 31, 2012. The Company's federal income tax return for the 2012 and 2011 tax years are open to examination by the Internal Revenue Service. In the event that the Company incurs income tax related interest and penalties, its policy is to classify them as a component of provision for income taxes.

10. Related Party Transactions

The Company has entered into a management agreement with the Manager, which provides for an initial term through June 30, 2014, and will be deemed renewed automatically each year for an additional one-year period, subject to certain termination rights. The Company is externally managed and advised by the Manager. Pursuant to the terms of the management agreement, which became effective July 6, 2011 (upon the consummation of the Company's IPO), the Manager provides the Company with its management team, including its officers, along with appropriate support personnel. Each of the Company's officers is an employee of Angelo, Gordon. The Company does not have any employees. The Manager, pursuant to a delegation agreement dated as of June 29, 2011, has delegated to Angelo, Gordon the overall responsibility its day-to-day duties and obligations arising under the Company's management agreement.

Management fee

The Manager is entitled to a management fee equal to 1.50% per annum, calculated and paid quarterly, of the Company's Stockholders' Equity. For purposes of calculating the management fee, "Stockholders' Equity" means the sum of the net proceeds from any issuances of equity securities (including preferred securities) since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance, and excluding any future equity issuance to the Manager), plus the Company's retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense or other non-cash items described below incurred in current or prior periods), less any amount that the Company pays for repurchases of its common stock, excluding any unrealized gains, losses or other non-cash items that have impacted stockholders' equity as reported in the Company's financial statements prepared in accordance with GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP, and certain other non-cash charges after discussions between the Manager and the Company's independent directors and after approval by a majority of the Company's independent directors. Stockholders' Equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on the Company's financial statements.

For the three months ended March 31, 2013 and March 31, 2012, the Company incurred management fees of approximately $2.9 million and $1.0 million, respectively.

Termination fee

The termination fee, payable for the Company's termination of the management agreement without cause or the Manager's termination of the management agreement upon a default in the performance of any material term of the management agreement, will be equal to three times the average annual management fee during the 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. As of March 31, 2013 and December 31, 2012, no event of termination of the management agreement had occurred.

Expense reimbursement

The Company is required to reimburse the Manager for operating expenses related to the Company that are incurred by the Manager, including expenses relating to legal, accounting, due diligence and other services. The Company's reimbursement obligation is not subject to any dollar limitation. The Company will not reimburse the Manager for the salaries and other compensation of its personnel except that the Company will be responsible for expenses incurred by the Manager in employing the Company's chief financial officer, general counsel and other employees as further described below.

The Company will reimburse the Manager or its affiliates for the allocable share of the compensation, including, without limitation, annual base salary, bonus, any related withholding taxes and employee benefits paid to (i) the Company's chief financial officer based on the percentage of his time spent on Company affairs, (ii) the Company's general counsel based on the percentage of his time spent on the Company's affairs, and (iii) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment personnel of the Manager and its affiliates who spend all or a portion of their time managing the Company's affairs based upon the percentage of time devoted by such personnel to the Company's affairs. In their capacities as officers or personnel of the Manager or its affiliates, they will devote such portion of their time to the Company's affairs as is necessary to enable the Company to operate its business. For the three ended March 31, 2013 and 2012 the Company has expensed into Other operating expenses $1.3 million and $0.0 million, respectively, of reimbursable expenses payable to the Manager. The Manager did not waive any expense reimbursements for the three months ended March 31, 2013. The Manager waived its right to receive expense reimbursement of $0.9 million of expense reimbursement for the three months ended March 31, 2012.

Restricted stock grants

On July 6, 2011 (the date of consummation of the IPO), the Company entered into (i) a restricted stock award agreement with the Manager under the Manager Equity Incentive Plan, pursuant to which the Manager received 40,250 shares of the Company's common stock, which vest ratably on a quarterly basis over a three-year period that began on October 1, 2011 and (ii) restricted stock award agreements with the Company's independent directors under the Equity Incentive Plan, pursuant to which each of the independent directors received 1,500 shares of the Company's common stock that vest in equal installments over three years on each annual anniversary of the grant date.

Pursuant to the Manager Equity Incentive Plan and the Equity Incentive Plan, 277,500 shares of common stock are available to be awarded. Awards under the equity incentive plans are forfeitable until they become vested. An award will become vested only if the vesting conditions set forth in the award agreement (as determined by the board of directors or the compensation committee, as applicable) are satisfied. The vesting conditions may include performance of services for a specified period, achievement of performance goal, or a combination of both. The board of directors or the compensation committee, as applicable, also has authority to provide for accelerated vesting upon the occurrence of certain events.

The Company also pays a $60,000 annual base director's fee to each independent director. Base director's fees are paid 50% in cash and 50% in restricted common stock. The number of shares of restricted common stock to be issued each quarter to each independent director is determined based on the fair market value of the Company's common stock equal to the closing price thereof on the New York Stock Exchange on the last business day of each fiscal quarter. To the extent that any fractional shares would otherwise be issuable and payable to each independent director, a cash payment is made to each independent director in lieu of any fractional shares. All directors' fees are paid pro rata (and restricted stock grants determined) on a quarterly basis in arrears, and shares issued are fully vested and non-forfeitable. These shares may not be sold or transferred during the time of service as an independent member of the Company's board.

11. Equity

On January 24, 2012, the Company completed a follow-on offering of 5,000,000 shares of its common stock and subsequently issued an additional 750,000 shares of common stock pursuant to the underwriters' over-allotment option at a price of $19.00 per share, for aggregate gross proceeds of approximately $109.3 million. Net proceeds to the Company from the offering were approximately $104.0 million, net of issuance costs of approximately $5.3 million.

On July 13, 2012, the Company filed a shelf registration statement on Form S-3 with the SEC, offering up to $1.0 billion of capital stock. The registration statement was declared effective on July 20, 2012. At March 31, 2013, approximately $567.1 million of our capital stock was available for issuance under the registration statement.

On August 3, 2012, the Company completed a public offering of 1,800,000 shares of 8.25% Series A Cumulative Redeemable Preferred Stock and subsequently issued an additional 270,000 shares pursuant to the underwriters' over-allotment option with a liquidation preference of $25.00 per share. The Company received total gross proceeds of approximately $51.8 million. Net proceeds to the Company from the offering were approximately $49.9 million, net of underwriting discounts, commissions and expenses. The Series A Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Under certain circumstances upon a change of control, the Series A Preferred Stock is convertible to shares of the common stock. Holders of Series A Preferred Stock have no voting rights, except under limited conditions, and holders are entitled to receive cumulative cash dividends at a rate of 8.25% per annum of the $25.00 per share liquidation preference before holders of the common stock are entitled to receive any dividends. Shares of the Series A Preferred Stock are redeemable at $25.00 per share plus accumulated and unpaid dividends (whether or not declared) exclusively at the Company's option commencing on August 3, 2017, or earlier under certain circumstances intended to preserve the Company's qualification as a REIT for Federal income tax purposes. Dividends are payable quarterly in arrears on the 17th day of each March, June, September and December. As of March 31, 2013, the Company had declared all required quarterly dividends on the Series A Preferred Stock.

On August 15, 2012, the Company completed a public offering of 6,000,000 shares of its common stock and simultaneously issued an additional 900,000 shares pursuant to the underwriters' over-allotment option at a price of $23.29 per share. The Company received total gross proceeds of approximately $160.7 million. Net proceeds to the Company from the offering were approximately $152.7 million, net of underwriting discounts, commissions and expenses.

On September 6, 2012, the Company entered into an equity distribution agreement with each of Mitsubishi UFJ Securities (USA), Inc., JMP Securities LLC and Brinson Patrick Securities Corporation, or ("Sales Agents"), which the Company refers to as the Equity Distribution Agreements, pursuant to which the Company may sell up to 3,000,000 shares of common stock from time to time through the Sales Agents, as defined in Rule 415 under the Securities Act of 1933. As of March 31, 2013, the Company sold 559,841 shares of common stock through the Sales Agents for net proceeds of approximately $14.0 million.

On September 27, 2012, the Company completed a public offering of 4,000,000 shares of 8.00% Series B Cumulative Redeemable Preferred Stock and issued an additional 600,000 shares pursuant to the underwriters' over-allotment option with a liquidation preference of $25.00 per share. The Company received total gross proceeds of approximately $115.0 million. Net proceeds to the Company from the offering were approximately $111.3 million, net of underwriting discounts, commissions and expenses. The Series B Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Under certain circumstances upon a change of control, the Series B Preferred Stock is convertible to shares of the common stock. Holders of Series B Preferred Stock have no voting rights, except under limited conditions, and holders are entitled to receive cumulative cash dividends at a rate of 8.00% per annum of the $25.00 per share liquidation preference before holders of the common stock are entitled to receive any dividends. Shares of the Series B Preferred Stock are redeemable at $25.00 per share plus accumulated and unpaid dividends (whether or not declared) exclusively at the Company's option commencing on September 27, 2017, or earlier under certain circumstances intended to preserve the Company's qualification as a REIT for Federal income tax purposes. Dividends are payable quarterly in arrears on the 17th day of each March, June, September and December. As of March 31, 2013, the Company had declared all required quarterly dividends on the Series B Preferred Stock.

On December 26, 2012, the Company completed a public offering of 3,750,000 shares of its common stock at a price of $24.33 per share. The Company received total gross proceeds of approximately $91.2 million. Net proceeds to the Company from the offering were approximately $87.5 million, net of underwriting discounts, commissions and expenses.

For the three months ended March 31, 2013, warrants were exercised by the cashless exercise option, which resulted in the issuance of 11,371 shares of common stock. No proceeds were received in connection with the exercise of the cashless option. For the three months ended March 31, 2013, warrants were exercised by the cash exercise option, which resulted in the issuance of 146,250 shares of common stock for proceeds to the Company of $3.0 million. No warrants were exercised during the three months ended March 31, 2012.

During the quarter ended March 31, 2013, the Company declared a quarterly dividend to common stockholders totaling $22.0 million, or $0.80 per share, which was paid on April 26, 2013. During the quarter ended March 31, 2012, the Company declared a quarterly dividend to common shareholders totaling $11.0 million or $0.70 per share, which was paid on April 27, 2012.

During the quarter ended March 31, 2013, the board of directors declared a distribution to the holders of the Series A Preferred Stock and Series B Preferred Stock of $0.51563 per share and $0.50 per share, respectively, for the quarterly period ending on March 16, 2013. The distributions were paid on March 18, 2013 to stockholders of record as of February 28, 2013.

12. Commitments and Contingencies

From time to time, the Company may become involved in various claims and legal actions arising in the ordinary course of business. Management is not aware of any significant contingencies at March 31, 2013.

13. Subsequent Events

For the period from April 1, 2013 to April 30, 2013, warrants were exercised by the cashless exercise option, which resulted in the issuance of 8,730 shares of common stock. No proceeds were received in connection with the exercise of the cashless option. For the same period, warrants were exercised by the cash exercise option, which resulted in the issuance of 12,500 shares of common stock for proceeds to the Company of $0.3 million.

For the period from April 1, 2013 to April 30, 2013, the Company issued 292,500 shares of common stock through the Sales Agents. Net proceeds to the Company were $7.3 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

In this quarterly report on Form 10-Q, or this "report," we refer to AG Mortgage Investment Trust, Inc. as "we," "us," the "Company," or "our," unless we specifically state otherwise or the context indicates otherwise. We refer to our external manager, AG REIT Management, LLC, as our "Manager," and we refer to the indirect parent company of our Manager, Angelo, Gordon & Co., L.P., as "Angelo, Gordon."

The following discussion should be read in conjunction with our consolidated financial statements and the accompanying notes to our consolidated financial statements, which are included in Item 1 of this report, as well as the information contained in our Annual Report on Form 10-K for the year ended December 31, 2012.

Forward-Looking Statements

We make forward-looking statements in this report that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements.

These forward-looking statements are based upon information presently available to our management and are inherently subjective, uncertain and subject to change. There can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks identified under the captions "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K (Commission File No. 001-35151), which is available on the Securities and Exchange Commission's website at www.sec.gov. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All written or oral forward-looking statements that we make, or that are attributable to us, are expressly qualified by this cautionary notice. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate, except as may otherwise be required by law.

Overview

We are a Maryland real estate investment trust focused on investing in, acquiring and managing a diversified portfolio of residential mortgage assets, other real estate-related securities and financial assets, which we refer to our target assets. We are externally managed by our Manager, a wholly-owned subsidiary of Angelo, Gordon. Our Manager, pursuant to the delegation agreement dated as of June 29, 2011, has delegated to Angelo, Gordon the overall responsibility for its Manager's day-to-day duties and obligations arising under our management agreement.

We are currently invested substantially in residential mortgage-backed securities, or RMBS, for which a U.S. government agency such as the Government National Mortgage Association, or Ginnie Mae, or a federally-chartered corporation such as the Federal National Mortgage Association, or Fannie Mae, or the Federal Home Loan Mortgage Corporation, or Freddie Mac, guarantees payments of principal and interest on the securities. We refer to these securities as Agency RMBS. Our Agency RMBS investments include mortgage pass-through securities and may include collateral mortgage obligations ("CMOs"). We expect our portfolio, over time, will include a more significant portion of RMBS that are not issued or guaranteed by a U.S. government agency or a U.S. government-sponsored entity, or Non-Agency RMBS. Our Non-Agency RMBS investments may include fixed- and floating- rate securities, including investment grade and non-investment grade. We have invested in other target assets, including commercial mortgage-backed securities, or CMBS, and asset backed securities, or ABS, which, together with Agency RMBS and Non-Agency RMBS, we collectively refer to as real estate securities. We have also invested in commercial mortgage loans. We have the discretion to invest in other target assets such as residential mortgage loans, other real estate structured finance products, other real estate-related loans and securities and direct or indirect interests in real estate. Non-Agency RMBS, ABS, CMBS and residential and commercial loans are referred to as our credit portfolio, and residential and commercial mortgage loans are collectively referred to as loans.

We conduct our operations to qualify and be taxed as a REIT for U.S. federal income tax purposes. Accordingly, we generally will not be subject to federal income tax on our taxable income that we distribute currently to our stockholders as long as we maintain our intended qualification as a REIT. We operate our business in a manner that permits us to maintain our exemption from registration under the Investment Company Act.

Market and interest rate trends

In September 2012, the Federal Reserve announced a program known as QE3 to purchase additional Agency RMBS at a pace of $40 billion per month. The Federal Reserve also announced it would maintain its policy of reinvesting principal payments from its existing holdings of Agency RMBS into new such purchases until the labor market improves. The Federal Reserve's target range for the Federal Funds Rate will also be maintained between zero and 0.25% through at least mid-2015, which is six months longer than previously announced. The Federal Reserve also introduced more formal unemployment rate and inflation targets. With the global macro-environment still challenging, sub-optimal growth in the United States and unemployment still north of the 6.5% stated target, we believe the Federal Reserve will continue its current pace of purchases over the near-term.

This open ended program was meant to put downward pressure on long term interest rates. Immediately following the announcement of QE3, prices on Agency RMBS reached record highs and although performance has been mixed since that time, yields and spreads on such assets have narrowed. This short term effect has reduced the correlation between mortgage rates and rates on U.S. Treasuries and interest rate swaps. During the three months ended March 31, 2013, the 10 Year U.S. Treasury rate decreased 24 basis points to 1.64%. This compares with a decrease of 104 basis points in the yield on par-priced Fannie Mae Agency RMBS backed by 30 year fixed rate mortgage loans to 1.84% at March 31, 2013. This demand has come primarily from the Federal Reserve. Since its September 13, 2012 announcement of QE3, the Fed has purchased over $544.0 billion of Agency mortgage-backed securities.

We believe that 2012 marked a bottoming in the U.S. commercial and residential real estate markets. We continue to be optimistic about the prospects for home price appreciation over the course of 2013. The United States housing market is benefiting from favorable supply/demand dynamics, low mortgage rates, an increase in household formation and an influx of capital into the REO rental strategy. However, we would expect that without an increase in median income the pace of home price appreciation is likely to moderate towards the end of the year. Furthermore, we believe the deep dislocations that occurred in these markets have resulted or will result in an "over-correction" in pricing, thus creating a potential opportunity for us to capitalize on these market dislocations. The recent actions taken by the U.S. government, the Federal Reserve and other governmental and regulatory bodies to address the financial crisis, specifically QE3, has exacerbated the shortage of high quality assets in the market place, leading to stronger interest in credit assets. As we look ahead to 2013 and 2014 we believe further opportunities will arise from the evolution of the housing finance market. We expect that market conditions will continue to impact our operating results and will cause us to adjust our investment and financing strategies over time as new opportunities emerge and risk profiles of our business change.

Factors impacting our operating results

Our operating results can be affected by a number of factors and primarily depend on, among other things, the level of our net interest income, the market value of our assets and the supply of, and demand for, our target assets in the marketplace. Our net interest income, which reflects the amortization of purchase premiums and accretion of purchase discounts, varies primarily as a result of changes in market interest rates and prepayment speeds, as measured by the Constant Prepayment Rate, ("CPR"), on our RMBS. Interest rates vary according to the type of investment, conditions in the financial markets, competition and other factors, none of which can be predicted with any certainty. Our operating results can be impacted by unanticipated credit events experienced by borrowers whose mortgage loans are included in our RMBS.

See the caption "Risk Factors" in our Annual Report on Form 10-K (Commission File No. 001-35151), as amended, which is available on the Securities and Exchange Commission's website at www.sec.gov.

Investment activities

We are currently invested in Agency RMBS, Non-Agency RMBS, CMBS, mortgage loans and other real estate-related assets. For the period from our IPO to December 31, 2011, the risk-reward profile of investment opportunities supported the deployment of a majority of our capital in Agency RMBS. Labor, housing and economic fundamentals, together with U.S. monetary policy designed to keep interest rates low, supported our Agency RMBS investments in this period. Overweighting of these investments was also favored by the relative ease of funding and superior liquidity. We also acquired a limited amount of Non-Agency RMBS, ABS and CMBS assets for our investment portfolio.

Over the course of 2012 we accomplished our goal of increasing our exposure to credit securities and leveraging the broader Angelo, Gordon platform. In particular, subsequent to the announcement by the Federal Reserve of a third round of Quantitative Easing in September, 2012 we elected to minimize additional investments into Agency RMBS. Despite current capacity constraints in the mortgage origination channel we believe that prepayments are likely to increase into 2013 and we therefore elected to increase our hedges. Subject to available yields and market conditions, we expect to continue our gradual and opportunistic allocation of capital to Non-Agency RMBS, ABS, CMBS, and mortgage loan assets.

We finance our investments in real estate securities primarily through short-term borrowings structured as repurchase agreements. Subject to maintaining our qualification as a REIT and our Investment Company Act exemption, to the extent leverage is deployed, we utilize derivative financial instruments (or hedging instruments), including interest rate swap agreements and interest rate cap agreements, in an effort to hedge the interest rate risk associated with the financing of our portfolio. Specifically, we may seek to hedge our exposure to potential interest rate mismatches between the interest we earn on our investments and our borrowing costs caused by fluctuations in short-term interest rates. In utilizing leverage and interest rate hedges, our objectives are to improve risk-adjusted returns and, where possible, to lock in, on a long-term basis, a spread between the yield on our assets and the cost of our financing.

As discussed in Note 2 to our financial statements, if we purchase a security and finance it with a repurchase agreement, and the transaction is considered linked under ASC 860-10, we will record the initial transfer and repurchase financing on a net basis and record a forward commitment to purchase assets as a derivative instrument with changes in market value being recorded on the statement of operations. Throughout Item 2 where we disclose our unlinked investment portfolio and the related repurchase agreements that finance it, we have un-linked the transactions and used the gross presentation as used for all other securities, and we have presented a reconciliation to GAAP. The presentation inclusive of linked transactions is consistent with how the Company's management evaluates the business, and believes provides the most accurate depiction of the Company's investment portfolio and financial condition.

The following table presents a reconciliation of certain information related to securities inclusive of unlinked securities to securities on a GAAP basis as of March 31, 2013:

Instrument	Current Face	Amortized Cost	Unrealized MTM	Fair Value	Weighted Average Coupon (1)	Weighted Average Life
Agency RMBS:						
15 Year Fixed Rate	$ 795,805,817	$ 826,070,587	$ 15,970,271	$ 842,040,858	3.09%	5.06
20 Year Fixed Rate	306,812,999	320,970,236	1,809,911	322,780,147	3.29%	7.57
30 Year Fixed Rate	2,246,731,792	2,375,603,261	6,164,639	2,381,767,900	3.58%	9.07
ARM	33,830,517	35,371,547	159,528	35,531,075	2.96%	5.71
Interest Only	893,494,761	174,813,951	(420,285)	174,393,666	5.37%	4.54
Credit Investments:						
Non-Agency RMBS	1,223,913,450	1,072,623,199	26,106,791	1,098,729,990	4.54%	6.30
ABS	18,274,953	18,249,221	241,326	18,490,547	4.50%	1.37
CMBS	142,348,315	140,719,653	3,895,755	144,615,408	5.24%	4.63
Interest Only	459,759,150	55,198,325	2,348,256	57,546,581	2.22%	4.03
Total: Non-GAAP Basis - Including Linked Transactions	$ 6,120,971,754	$5,019,619,980	$ 56,276,192	$5,075,896,172	3.90%	6.73
Linked Transactions	$ 515,429,104	$ 466,604,174	$ 10,768,164	$ 477,372,338	4.85%	5.90
Total: GAAP Basis - Excluding Linked Transactions	$5,605,542,650	$ 4,553,015,806	$ 45,508,028	$ 4,598,523,834	3.81%	6.81

(1) Equity residual investments with a zero coupon rate are excluded from this calculation.

The following table presents a reconciliation of certain information related to securities inclusive of unlinked securities to securities on a GAAP basis as of December 31, 2012:

Instrument	Current Face	Amortized Cost	Unrealized MTM	Fair Value	Weighted Average Coupon (1)	Weighted Average Life
Agency RMBS:						
15 Year Fixed Rate	$ 1,177,320,487	$ 1,224,242,576	$ 23,967,620	$ 1,248,210,196	2.97%	4.90
20 Year Fixed Rate	137,858,353	144,555,156	3,569,538	148,124,694	3.68%	6.29
30 Year Fixed Rate	1,998,807,425	2,114,981,215	28,756,880	2,143,738,095	3.63%	8.38
ARM	36,228,319	37,813,033	362,721	38,175,754	2.96%	5.84
Interest Only	972,543,812	209,201,756	(1,583,344)	207,618,412	6.00%	4.30
Credit Investments:						
Non-Agency RMBS	970,183,150	852,498,516	13,519,124	866,017,640	4.72%	7.04
ABS	33,620,881	33,584,592	352,505	33,937,097	5.34%	1.37
CMBS	110,406,946	107,256,568	2,803,346	110,059,914	5.27%	5.14
Interest Only	640,867,674	68,181,748	(445,147)	67,736,601	2.13%	4.06
Total: Non-GAAP Basis - Including Linked Transactions	$ 6,077,837,047	$ 4,792,315,160	$ 71,303,243	$4,863,618,403	3.97%	6.22
Linked Transactions	$ 349,775,342	$ 318,449,020	$ 8,140,603	$ 326,589,623	4.79%	6.54
Total: GAAP Basis - Excluding Linked Transactions	$ 5,728,061,705	$ 4,473,866,140	$ 63,162,640	$4,537,028,780	3.92%	6.20

(1) Equity residual investments with a zero coupon rate are excluded from this calculation.

As mentioned above, our investments have been focused in Agency RMBS given the relative ease of funding and superior liquidity. We evaluate investments in Agency RMBS using factors including expected future prepayment trends, supply and demand, costs of financing, costs of hedging, expected future interest rate volatility and the overall shape of the U.S. Treasury and interest rate swap yield curves. Our Non-Agency RMBS, ABS, CMBS, mortgage loans and interest only securities are subject to risk of loss with regard to principal and interest payments. We evaluate each investment based on the characteristics of the underlying collateral and securitization structure, rather than relying on the ratings assigned by rating agencies.

The Company has used leverage to complete the purchase of securities in its investment portfolio. Through March 31, 2013, leverage has been in the form of repurchase agreements. Repurchase agreements involve the sale and a simultaneous agreement to repurchase the transferred assets or similar assets at a future date. The amount borrowed generally is equal to the fair value of the assets pledged less an agreed-upon discount, referred to as a "haircut." Repurchase agreements entered into by the Company are accounted for as financings and require the repurchase of the transferred securities at the end of each agreement's term, typically 30 to 90 days. The Company maintains the beneficial interest in the specific securities pledged during the term of the repurchase agreement and receives the related principal and interest payments. Interest rates on these borrowings are fixed based on prevailing rates corresponding to the terms of the borrowings, and interest is paid at the termination of the repurchase agreement at which time the Company may enter into a new repurchase agreement at prevailing market rates with the same counterparty or repay that counterparty and negotiate financing with a different counterparty. In response to declines in fair value of pledged securities due to changes in market conditions or the publishing of monthly security paydown factors, lenders typically require the Company to post additional securities as collateral, pay down borrowings or establish cash margin accounts with the counterparties in order to re-establish the agreed-upon collateral requirements, referred to as margin calls. The Company finances certain of its Agency RMBS, Non-Agency RMBS, ABS and CMBS through the use of repurchase agreements.

On April 9, 2012, AG MIT, a direct, wholly-owned subsidiary of the Company, entered into a Master Repurchase and Securities Contract (the "Repurchase Agreement") with Wells Fargo Bank, National Association to finance the Company's acquisition of certain residential, Non-Agency RMBSs. Effective April 12, 2013, AG MIT entered into an Amended and Restated Master Repurchase and Securities Contract (the "Renewal Agreement") to the Repurchase Agreement dated as of April 9, 2012. The Renewal Agreement was entered into for multiple purposes, including the amendment of the Repurchase Agreement to finance AG MIT's acquisition of not only residential, non-Agency Securities, but also certain consumer asset-backed securities and commercial mortgage-backed securities. Each transaction under the Renewal Agreement will also have its own specific terms, such as identification of the assets subject to the transaction, sale price, repurchase price and rate. The Renewal Agreement increases the aggregate maximum borrowing capacity of the Repurchase Agreement from $75 million to $125 million and extends the maturity date from April 8, 2013 to April 11, 2014. The Renewal Agreement also includes the same provisions in the Repurchase Agreement permitting the maturity date to be extended for an additional 90 days.

The Renewal Agreement contains representations, warranties, covenants, events of default and indemnities that are substantially identical to those in the Repurchase Agreement and are customary for agreements of this type. The Renewal Agreement also contains amended financial covenants that require, as of the last business day of each quarter and on any funding date, the Company and AG MIT to maintain (i) their Total Indebtedness to their Adjusted Tangible Net Worth at a ratio less than the Leverage Ratio; (ii) an Adjusted Tangible Net Worth of not less than $430 million; and (iii) at all times, Liquidity of not less than $30 million and unrestricted cash of not less than $5 million.

The following table presents a reconciliation of certain information related to repurchase agreements inclusive of unlinked repurchase agreements on a GAAP basis as of March 31, 2013:

Repurchase Agreements Maturing Within:	Balance	Weighted Average Rate	Weighted Average Days to Maturity	Weighted Average Haircut
30 days or less	$ 2,825,475,229	0.90%	16.0	8.7%
31-60 days	895,313,000	0.47%	42.0	4.5%
61-90 days	346,224,000	0.75%	72.0	5.4%
Greater than 90 days	290,010,000	0.54%	216.2	3.9%
Total: Non-GAAP Basis - Including Linked Transactions	$ 4,357,022,229	0.77%	39.1	7.3%
Linked Transactions	$ 375,195,253	1.97%	21.6	13.3%
Total: GAAP Basis - Excluding Linked Transactions	$ 3,981,826,976	0.66%	40.8	6.7%

The following table presents a reconciliation of certain information related to repurchase agreements inclusive of unlinked repurchase agreements on a GAAP basis as of December 31, 2012:

Repurchase Agreements Maturing Within:	Balance	Weighted Average Rate	Weighted Average Days to Maturity	Weighted Average Haircut
30 days or less	$ 2,525,200,001	0.83%	15.3	7.9%
31-60 days	783,969,000	0.52%	44.5	4.0%
61-90 days	547,416,000	0.57%	70.7	3.5%
Greater than 90 days	337,178,271	1.30%	125.7	11.9%
Total: Non-GAAP Basis - Including Linked Transactions	$ 4,193,763,272	0.78%	36.9	6.9%
Linked Transactions	$ 282,343,454	1.85%	14.8	12.7%
Total: GAAP Basis - Excluding Linked Transactions	$ 3,911,419,818	0.70%	38.5	6.5%

The following tables present a reconciliation of our leverage ratio at March 31, 2013 and December 31, 2012 inclusive of linked transactions to our leverage on a GAAP basis. Leverage numbers presented are inclusive of net payables/receivables on unsettled trades on our GAAP balance sheet, and the calculations divide leverage by our GAAP stockholders' equity.

March 31, 2013:	Leverage (1)	Equity	Leverage Ratio
Non-GAAP Leverage	$ 4,311,836,472	$ 800,971,113	5.38x
Non-GAAP Adjustments	375,195,253	-	
GAAP Leverage	3,936,641,219	800,971,113	4.91x

December 31, 2012:	Leverage (1)	Equity	Leverage Ratio
Non-GAAP Leverage	$ 4,182,110,308	$ 794,621,781	5.26x
Non-GAAP Adjustments	282,343,454	-	
GAAP Leverage	3,899,766,854	794,621,781	4.91x

(1) Includes repurchase agreements and net payable/receivable on unsettled trades.

The Company seeks to transact with several different counterparties in order to reduce the exposure to any single counterparty. The Company entered into master repurchase agreements with 30 counterparties, under which we have outstanding debt with 27 and 29 counterparties at March 31, 2013 and December 31, 2012, respectively. At March 31, 2013 and December 31, 2012, the Company did not have greater than 10% of stockholders' equity at risk with any individual counterparty.

To help mitigate exposure to higher short-term interest rates, the Company uses currently-paying and forward-starting, one-and three-month LIBOR-indexed, pay-fixed, receive-variable, interest rate swap agreements. This arrangement establishes a relatively stable fixed rate on related borrowings because the variable-rate payments received on the swap agreements largely offset interest accruing on the related borrowings, leaving the fixed-rate payments to be paid on the swap agreements as the Company's effective borrowing rate, subject to certain adjustments including changes in spreads between variable rates on the swap agreements and actual borrowing rates.

The following table presents information about the Company's interest rate swaps as of March 31, 2013:

Maturity		Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2014	$	104,500,000	0.99%	0.29%	1.30
2015		364,025,000	1.08%	0.29%	2.17
2016		367,500,000	1.08%	0.28%	3.11
2017		410,000,000	1.02%	0.29%	4.45
2018	*	733,600,000	1.14%	0.29%	5.07
2019	*	450,000,000	1.39%	0.29%	6.31
2020		225,000,000	1.47%	0.30%	6.81
2022		50,000,000	1.69%	0.28%	9.43
Total/Wtd Avg	$	2,704,625,000	1.18%	0.29%	4.61

* These figures include forward starting swaps with a total notional of $100.0 million and a weighted average start date of April 2, 2013. Weighted average rates shown are inclusive of rates corresponding to the terms of the swap as if the swap were effective as of March 31, 2013.

The following table presents information about the Company's interest rate swaps as of December 31, 2012:

Maturity		Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2014	$	204,500,000	1.00%	0.33%	1.54
2015		364,025,000	1.08%	0.30%	2.42
2016		367,500,000	1.08%	0.30%	3.36
2017		410,000,000	1.02%	0.31%	4.70
2018	*	320,000,000	1.31%	0.31%	5.56
2019	*	450,000,000	1.39%	0.31%	6.56
2022		50,000,000	1.69%	0.31%	9.68
Total/Wtd Avg	$	2,166,025,000	1.17%	0.31%	4.42

* These figures include forward starting swaps with a total notional of $100.0 million and a weighted average start date of April 2, 2013. Weighted average rates shown are inclusive of rates corresponding to the terms of the swap as if the swap were effective as of December 31, 2012.

The Company has entered into to-be-announced, or TBA, security positions to facilitate the future purchase of specified Agency RMBS. Pursuant to these TBAs, the Company agrees to purchase, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered would not be identified until shortly, generally two days, before the TBA settlement date. The Company records TBA purchases on trade date and it presents the purchase net of the corresponding payable until the settlement date of the transaction. Contracts for the purchase or sale of specified Agency RMBS are accounted for as derivatives if the delivery of the specified Agency security and settlement extends beyond the shortest period possible for that type of security.

The following tables present information about the Company's TBAs for the three months ended March 31, 2013 and March 31, 2012:

For the Three Months Ended March 31, 2013

	Beginning Notional Amount	Additions	Sale or Settlement	Ending Net Notional Amount	Net Fair Value as of Period End	Net Payable to Broker	Derivative Asset	Derivative Liability
TBAs	$ 40,000,000	$ 210,000,000	$(210,000,000)	$ 40,000,000	$ 41,139,064	$ (41,144,531)	$ 412,703	$ (418,170)

For the Three Months Ended March 31, 2012

	Beginning Notional Amount	Additions	Sale or Settlement	Ending Net Notional Amount	Net Fair Value as of Period End	Net Payable to Broker	Derivative Asset	Derivative Liability
TBAs	$ 100,000,000	$ 220,000,000	$(225,000,000)	$ 95,000,000	$ 97,258,205	$ (97,727,344)	$ 113,281	$ (582,420)

Critical accounting policies

Our consolidated financial statements are prepared in accordance with GAAP, which requires the use of estimates that involve the exercise of judgment and use of assumptions as to future uncertainties. Our most critical accounting policies involve decisions and assessments that could affect our reported assets and liabilities, as well as our reported revenues and expenses. We believe that all of the decisions and assessments upon which our consolidated financial statements are based are reasonable at the time made and based upon information available to us at that time. We rely upon independent pricing of our assets at each quarter end to arrive at what we believe to be reasonable estimates of fair market value, whenever available.

Investments in real estate securities

Our real estate securities portfolio consists primarily of Agency RMBS, Non-Agency RMBS, CMBS, and other real estate-related assets on which we have chosen to make a fair value election pursuant to ASC 825. Real estate securities are recorded at fair market value on our balance sheet and the period change in fair market value is recorded in current period earnings on our consolidated statement of operations as a component of "Unrealized gain on real estate securities and loans, net". Electing the fair value option allows us to record changes in fair value in the Statement of Operations, which, in management's view, more appropriately reflects the results of our operations for a particular reporting period as all securities activities will be recorded in a similar manner.

Valuation of our real estate securities portfolio is determined by our Manager using third-party pricing services. The evaluation methodology of third-party pricing services used incorporates commonly used market pricing methods, including a spread measurement to various indices such as the one-year constant maturity treasury and LIBOR, which are observable inputs. The evaluation also considers the underlying characteristics of each security, which are also observable inputs, including: coupon; maturity date, loan age, reset date, collateral type, periodic and life cap, geography, and prepayment speeds. We collect and consider current market intelligence on all major markets, including benchmark security evaluations and bid-lists from various sources, when available. Changes in the market environment and other events that may occur over the life of our investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently estimated.

Investments in mortgage loans

Our mortgage loan portfolio consists of one commercial mortgage loan as of March 31, 2013, on which we have chosen to make a fair value election pursuant to ASC 825. Loans are recorded at fair market value on the balance sheet and any periodic change in fair market value will be recorded in current period earnings on the consolidated statement of operations. Electing the fair value option allows us to record changes in fair value in the Statement of Operations, which, in management's view, more appropriately reflects the results of our operations for a particular reporting period as all loans activities will be recorded in a similar manner.

Valuation of our mortgage loan portfolio is determined by our Manager using third-party pricing services where available, and specialized third party valuation service providers. The evaluation considers the underlying characteristics of each loan, which are observable inputs, including: coupon; maturity date, loan age, reset date, collateral type, periodic and life cap, geography, and prepayment speeds. These valuations also require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders and other factors deemed necessary by management. Changes in the market environment and other events that may occur over the life of our investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently estimated. Analyses provided by valuation service providers are reviewed and considered by the Manager.

Investment in affiliates

The Company's unconsolidated ownership interests in affiliates are generally accounted for using the equity method. As of March 31, 2013, the underlying entities have chosen to make a fair value election pursuant to ASC 825; as such the Company will treat its investment in affiliates consistently with this election. The investment in affiliates is recorded at fair market value on the consolidated balance sheet and periodic changes in fair market value will be recorded in current period earnings on the consolidated statement of operation as a component of "Loss from equity earnings in affiliate." Capital contributions, distributions and profits and losses of such entities are allocated in accordance with the terms of the applicable agreements.

Interest income

Interest income on our real estate securities and loan portfolio is accrued based on the actual coupon rate and the outstanding principal balance of such securities and loans. We have elected to record interest in accordance with ASC 835-30-35-2 using the effective interest method for all securities accounted for under the fair value option (ASC 825). As such, premiums and discounts are amortized or accreted into interest income over the lives of the respective investments. We estimate future expected cash flows, at the time of purchase and determine the effective interest rate based on these estimated cash flows and our purchase price. At least quarterly, these estimated cash flows are assessed and a revised yield is computed based on the current amortized cost of the investment, as needed. As further explained below, there are uncertainties and contingencies involved in estimating cash flows, which are difficult to predict and are subject to future events that may impact our estimates and, as a result, our interest income.

On at least a quarterly basis for securities accounted for under ASC 320-10 and ASC 310-20 (generally Agency RMBS), prepayments of the underlying collateral must be estimated, which directly affect the speed at which we amortize such securities. If actual and anticipated cash flows differ from previous estimates, we recognize a “catch-up” adjustment in the current period to the amortization of premiums for the impact of the cumulative change in the effective yield through the reporting date.

Similarly, we also reassess the cash flows on at least a quarterly basis for securities accounted for under ASC 325-40 (generally Non-Agency RMBS, ABS, CMBS and interest only securities). In estimating these cash flows, there are a number of assumptions that are subject to uncertainties and contingencies. These include the rate and timing of principal and interest receipts, (including assumptions of prepayments, repurchases, defaults and liquidations), the pass-through or coupon rate and interest rate fluctuations. In addition, interest payment shortfalls due to delinquencies on the underlying mortgage loans have to be judgmentally estimated. Differences between previously estimated cash flows and current actual and anticipated cash flows are recognized prospectively through an adjustment of the yield over the remaining life of the security based on the current amortized cost of the investment as adjusted for credit impairment, if any.

Linked transactions

In instances where we acquire assets through repurchase agreements with the same counterparty from whom the assets were purchased, we will evaluate such transactions in accordance with ASC 860-10. This standard requires the initial transfer of a financial asset and repurchase financing that are entered into contemporaneously with, or in contemplation of, one another to be considered linked unless all of the criteria found in ASC 860-10 are met at the inception of the transaction. If the transaction meets all of the conditions, the initial transfer shall be accounted for separately from the repurchase financing, and we will record the assets and the related financing on a gross basis on our balance sheet with the corresponding interest income and interest expense in our statements of operations. If the transaction is determined to be linked, we will record the initial transfer and repurchase financing on a net basis and record a forward commitment to purchase assets as a derivative instrument with changes in market value being recorded on the statement of operations. Such forward commitments are recorded at fair value with subsequent changes in fair value recognized in income. The analysis of transactions under these rules requires assumptions based on management’s judgment and experience.

Derivatives

We enter into various types of derivative instruments to hedge our exposure to market risks. We may use derivative instruments such as interest rate swaps, TBA security positions and credit derivatives as instruments to reduce such exposure, and non-derivative instruments including Agency interest-only securities to manage interest rate risk. As discussed above, our derivative instruments also include linked transactions, which reflect a forward commitment to purchase assets. We recognize all derivatives as either assets or liabilities on the balance sheet, measured at fair value. As we have not designated any derivatives as hedging instruments, all changes in fair value are reported in earnings during the period in which they occur.

Recent accounting pronouncements

In December 2011, the FASB issued Accounting Standards Updated 2011-11, “Disclosures about Offsetting Assets and Liabilities” (ASU 2011-11). ASU 2011-11 amends Topic 210 to require additional disclosure information about offsetting and related arrangements. Entities will be required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of US GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards (IFRS). The guidance is effective for periods beginning on or after January 1, 2013, and interim periods within those annual periods.

In January 2013, the FASB issued ASU 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities” (ASU 2013 -1). ASU 2013-1 addresses implementation issues about ASU 2011-11 and applies to derivatives accounted for in accordance with ASC 815-10, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC 210-20 “Balance Sheet – Offsetting” or ASC 815 or subject to an enforceable master netting arrangement or similar agreement. The guidance was effective January 1, 2013 and was applied retrospectively. This guidance does not amend the circumstances in which the Company offsets its derivative positions. As a result, the guidance does not have a material effect on the Company's financial statements.

Results of operations

The table below presents certain information from our Consolidated Statement of Operations for the three months ended March 31, 2013 vs. the three months ended March 31, 2012:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Statement of Operations Data:		
Net Interest Income		
Interest income	$ 38,617,716	$ 13,996,628
Interest expense	6,875,962	1,827,414
	31,741,754	12,169,214
Other Income		
Net realized gain	5,335,417	2,429,020
Gain on linked transactions, net	5,838,219	3,439,185
Realized loss on periodic interest settlements of interest rate swaps, net	(5,272,343)	(1,457,950)
Unrealized gain/loss on derivative instruments, net	5,223,241	(2,845,879)
Unrealized loss on real estate securities and loans, net	(17,711,381)	(755,552)
	(6,586,847)	808,824
Expenses		
Management fee to affiliate	2,859,340	1,049,294
Other operating expenses	2,274,370	813,324
Equity based compensation to affiliate	114,528	87,329
Excise tax	500,000	77,653
	5,748,238	2,027,600
Income before provision for income taxes and equity in loss from affiliate	19,406,669	10,950,438
Provision for income taxes	(2,632,269)	-
Equity in loss from affiliate	(3,591)	-
Net Income	16,770,809	10,950,438
	-	
Dividends on preferred stock	3,367,354	-
Net Income Available to Common Stockholders	$ 13,403,455	$ 10,950,438
Share Data:		
Earnings Per Share of Common Stock		
Basic	$ 0.49	$ 0.77
Diluted	$ 0.49	$ 0.77
Dividends Declared per Share of Common Stock	$ 0.80	$ 0.70

From March 31, 2012 to March 31, 2013, we raised $425.6 million of net equity through common and preferred stock offerings. We opportunistically allocated these proceeds into our target assets and increased our investment portfolio by $2.6 billion, inclusive of unlinked transactions and investments held within an affiliated entity. Changes in the results of operations are primarily caused by these increases in our portfolio.

Investment income, financing and hedging costs

Our primary source of income is the net interest earned on our investment portfolio. Our current portfolio is primarily comprised of fixed rate Agency RMBS. The portfolio has been financed with repurchase agreements. The difference between the interest earned on our assets and the interest accrued on our repurchase agreements is our net interest margin. During the three months ended March 31, 2013, the weighted average cost of securities and repurchase agreements was $5.0 billion and $4.3 billion, respectively. On an annualized basis, the average yield earned on the assets was 3.45%, and the average rate paid on repurchase agreements was 0.77 %. The annualized cost associated with swaps as a percentage of the average repurchase agreement balance outstanding during the three months ended March 31, 2013 was 0.49 %. During the three months ended March 31, 2012, we had a weighted average cost of securities and repurchase agreements of $2.0 billion and $1.7 billion, respectively. On an annualized basis, the average yield earned on the assets was 3.22 %, and the average rate paid on repurchase agreements was 0.49%. The annualized cost associated with swaps as a percentage of the average repurchase agreement balance outstanding during the three months ended March 31, 2012 was 0.33 %.

Realized and unrealized gains (losses) on investments and derivatives

During the three months ended March 31, 2013, we sold certain real estate securities realizing net gains of $4.6 million, inclusive of related tax positions, sold certain loans realizing net gains of $0.1 million, settled certain derivatives realizing a net loss of $1.1 million and recorded net realized gains of $0.3 million from the unlinking of securities previously accounted for as derivatives through linked transactions. Additionally, we recognized $1.1 million of realized loss due to an OTTI charge on one security. During the three months ended March 31, 2012, we sold certain real estate securities realizing a net gain of $0.6 million and settled certain derivatives realizing a net gain of $1.8 million. We may opportunistically reposition the portfolio from time to time for numerous reasons including rotating into investments with better relative value. The timing and amount of future realized gains and losses will be impacted by these portfolio management decisions.

We have not designated any of our derivative instruments as hedges for GAAP; therefore the change in market value on such derivatives is included as a component of our net income. Our derivative instruments include interest rate derivatives, and certain TBA securities.

We have elected the fair value option on our real estate securities and loan portfolios. As a result, the change in market value of our securities is included as a component of net income.

The change in unrealized gains (losses) was attributable to the changes in market pricing on the underlying instruments during the periods presented.

Management fees and other expenses

For the three months ended March 31, 2013 and March 31, 2012, our management fees were $2.9 million and $1.0 million, respectively. Management fees are based upon a percentage of our stockholders' equity after certain adjustments, including the exclusion of unrealized gains or losses.

For the three months ended March 31, 2013 and March 31, 2012, other operating costs were $2.3 million and $0.8 million, respectively. The amounts were primarily comprised of professional fees, insurance and director's fees. For three months ended March 31, 2013, certain expenses reimbursable to the Manager were also included in Other operating expense.

The Company has expensed into Other operating expenses $1.3 million during the current quarter which will be paid to Manager. The Manager waived its right to receive expense reimbursement $0.9 million of expense reimbursement for the three months ended March 31, 2012. The Manager did not waive any expense reimbursements for the three months ended March 31, 2013.

Book value per share

As of March 31, 2013 and March 31, 2012, our book value per common share was $23.16 and 19.63, respectively.

Liquidity and capital resources

Liquidity is a measurement of our ability to meet potential cash requirements, including commitments to make distributions to our stockholders, finance our investments and expenses and satisfy other general business needs. Our principal sources of cash consist of borrowings under repurchase agreements, payments of principal and interest we receive on our real estate securities and loan portfolios, cash generated from our operating results, and proceeds from capital market transactions. We typically use cash to repay principal and interest on our repurchase agreements, to purchase real estate securities loans and other real estate related assets, to make dividend payments on our capital stock, and to fund our operations.

At March 31, 2013, we had $40.7 million of cash available to support our liquidity needs. Additionally, we had $228.2 million of Agency RMBS that had not been pledged as collateral under any of our financing agreements. We use leverage on certain of our assets to increase potential returns to our stockholders. The amount of leverage we may deploy for particular assets depends upon our Manager's assessment of the credit and other risks of those assets, and also depends on any limitations placed upon us through covenants contained in our master repurchase agreements as discussed below. We generate income principally from the yields earned on our investments and, to the extent that leverage is deployed, on the difference between the yields earned on our investments and our cost of borrowing and any hedging activities. Subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our Investment Company Act exemption, to the extent leverage is deployed, we may use a number of sources to finance our investments.

We have entered into MRAs with 30 counterparties, allowing the Company to utilize leverage in its operations. As of March 31, 2013, we had debt outstanding of $4.4 billion with 27 counterparties, including repurchase agreements accounted for as a component of linked transactions. The current borrowings under repurchase agreements have maturities between April 1, 2013 and January 16, 2014. These agreements generally include customary representations, warranties, and covenants, but may also contain more restrictive supplemental terms and conditions. Although specific to each MRA, typical supplemental terms include requirements of minimum equity, leverage ratios, performance triggers or other financial ratios. If we fail to meet or satisfy any covenants, supplemental terms or representations and warranties, we would be in default under these agreements and our lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable, enforce their respective interests against collateral pledged under such agreements and restrict our ability to make additional borrowings. Certain financing agreements may contain cross-default provisions, so that if a default occurs under any one agreement, the lenders under our other agreements could also declare a default.

Further, under our repurchase agreements, we may be required to pledge additional assets to our lenders in the event the estimated fair value of the existing pledged collateral under such agreements declines and such lenders demand additional collateral, which may take the form of additional securities or cash.

The following table presents contractual maturity information about the Company's repurchase agreements, including those accounted for within linked transactions, at March 31, 2013 and December 31, 2012:

	March 31, 2013	December 31, 2012
Overnight	$ -	$ -
Within 30 days	2,825,475,229	2,525,200,001
30 to 59 days	895,313,000	783,969,000
60 to 89 days	346,224,000	547,416,000
90 to 119 days	73,483,000	200,687,271
Greater than or equal to 120 days	216,527,000	136,491,000
Total: Non-GAAP Basis - Including Linked Transactions	$ 4,357,022,229	$ 4,193,763,272
Linked Transactions	$ 375,195,253	$ 282,343,454
Total: GAAP Basis - Excluding Linked Transactions	$ 3,981,826,976	$ 3,911,419,818

We enter into a linked transaction when the initial transfer of a financial asset and repurchase financing are entered into contemporaneously with, or in contemplation of, one another, and all of the criteria found in ASC 860-10 are met at the inception of the transaction. In this situation, we then record the initial transfer and repurchase financing on a net basis. The fair value of linked transactions reflects the value of the underlying real estate securities, the related repurchase agreement borrowings and net accrued interest, resulting in an embedded repurchase agreement. As of March 31, 2013 and December 31, 2012, the Company had twenty-three and sixteen linked transactions resulting in $375.2 million and $282.3 million of embedded repurchase agreements with a weighted average rate of 1.97% and 1.85%, respectively. The weighted average contractual maturity of the repurchase agreements is April 22, 2013 as of March 31, 2013.

Subject to maintaining our qualification as a REIT and our Investment Company Act exemption, to the extent leverage is deployed, we may utilize derivative financial instruments (or hedging instruments), including interest rate swap agreements and interest rate cap agreements, in an effort to hedge the interest rate risk associated with the financing of our portfolio. Specifically, we may seek to hedge our exposure to potential interest rate mismatches between the interest we earn on our investments and our borrowing costs caused by fluctuations in short-term interest rates. In utilizing leverage and interest rate hedges, our objectives are to improve risk-adjusted returns and, where possible, to lock in, on a long-term basis, a spread between the yield on our assets and the cost of our financing. As of March 31, 2013, we have entered into $2.7 billion notional of pay-fixed receive-LIBOR swaps that have variable maturities between July 14, 2014 and September 6, 2022.

Effects of margin requirements, leverage and credit spreads

Our securities have values that fluctuate according to market conditions and, as discussed above, the market value of our securities will decrease as prevailing interest rates or credit spreads increase. When the value of the securities pledged to secure a repurchase agreement decreases to the point where the positive difference between the collateral value and the repurchase agreement amount is less than the haircut, our lenders may issue a "margin call," which means that the lender will require us to pay the margin call in cash or pledge additional collateral to meet that margin call. Under our repurchase facilities, our lenders have full discretion to determine the value of the securities we pledge to them. Most of our lenders will value securities based on recent trades in the market. Lenders also issue margin calls as the published current principal balance factors change on the pool of mortgages underlying the securities pledged as collateral when scheduled and unscheduled paydowns are announced monthly. We experience margin calls in the ordinary course of our business. In seeking to manage effectively the margin requirements established by our lenders, we maintain a position of cash and unpledged securities. We refer to this position as our "liquidity." The level of liquidity we have available to meet margin calls is directly affected by our leverage levels, our haircuts and the price changes on our securities. If interest rates increase as a result of a yield curve shift or any other reason or if credit spreads widen, then the prices of our collateral (and our unpledged assets that constitute our liquidity) will decline, we will experience margin calls, and we will use our liquidity to meet the margin calls. There can be no assurance that we will maintain sufficient levels of liquidity to meet any margin calls. If our haircuts increase, our liquidity will proportionately decrease. In addition, if we increase our borrowings, our liquidity will decrease by the amount of additional haircut on the increased level of indebtedness. We intend to maintain a level of liquidity in relation to our assets that enables us to meet reasonably anticipated margin calls but that also allows us to be substantially invested in securities. We may misjudge the appropriate amount of our liquidity by maintaining excessive liquidity, which would lower our investment returns, or by maintaining insufficient liquidity, which would force us to liquidate assets into potentially unfavorable market conditions and harm our results of operations and financial condition.

Forward-looking statements regarding liquidity

Based upon our current portfolio, leverage rate and available borrowing arrangements, we believe that the net proceeds of our common equity offerings, preferred equity offerings, and private placements, combined with cash flow from operations and available borrowing capacity, will be sufficient to enable us to meet anticipated liquidity requirements such as to fund our investment activities, pay fees under our management agreement, fund our distributions to stockholders and pay general corporate expenses.

Contractual obligations

As of March 31, 2013, we had the following contractual obligations. On June 29, 2011, we entered into an agreement with our Manager pursuant to which our Manager is entitled to receive a management fee and the reimbursement of certain expenses. The management fee is calculated and payable quarterly in arrears in an amount equal to 1.50% of our stockholder's equity, per annum. Our Manager uses the proceeds from its management fee in part to pay compensation to its officers and personnel, who, notwithstanding that certain of them also are our officers, receive no cash compensation directly from us. We are required to reimburse our Manager for operating expenses related to us incurred by our Manager, including certain salary expenses and other expenses relating to legal, accounting, due diligence and other services. For the three months ended March 31, 2013 and March 31, 2012 the Manager had incurred approximately $1.3 million and $0.9 million of reimbursable expenses, respectively. The Company has expensed into Other operating expenses $1.3 million during the current quarter which will be paid to Manger. The Manager waived its right to receive the expense reimbursement of $0.9 million for the quarter ended March 31, 2012. The Manager did not waive any expense reimbursements for the three months ended March 31, 2013.

On July 6, 2011, we entered into (i) warrant agreements with the purchasers of units in the private placement, (ii) a restricted stock award agreement with our Manager under the Manager Equity Incentive Plan, pursuant to which the Manager received 40,250 shares of our common stock, and (iii) restricted stock award agreements with our independent directors under the Equity Incentive Plan, pursuant to which each of the independent directors received 1,500 shares of our common stock.

We have presented a table that details the contractual maturity of our repurchase agreements at March 31, 2013. Refer to the "Liquidity and Capital Resources" section for the table. All repurchase agreements entered into by the Company mature in less than one year. As of March 31, 2013 and December 31, 2012, we are obligated to pay accrued interest our repurchase agreements in the amount of $3.1 million and 3.5 million, respectively.

Off-balance sheet arrangements

Our linked transactions are comprised of real estate securities, associated repurchase agreements and interest receivable/payable on such accounts. The extent to which these transactions become unlinked in the future, the underlying real estate securities and the borrowings under repurchase agreements and associated interest income and expense will be presented on a gross basis on our consolidated balance sheet and statement of operations, prospectively. As of March 31, 2013, our maximum exposure to loss on linked transactions is $477.4 million. See the Investment Activities section of Item 2 for further details.

We may also utilize credit derivatives, such as credit default swaps, to provide credit event protection based on a financial index or specific security in exchange for receiving a fixed-rate fee or premium over the term of the contract. These instruments enable us to synthetically assume the credit risk of a reference security, portfolio of securities or index of securities. The counterparty pays a premium to us, and we agree to make a payment to compensate the counterparty for losses upon the occurrence of a specified credit event. As of March 31, 2013, we did not employ any credit derivatives.

We have entered into TBA positions to facilitate the future purchase of specified Agency RMBS. Pursuant to these TBAs, we agree to purchase, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered would not be identified until shortly, generally two days, before the TBA settlement date. We record TBA purchases on the trade date and present the purchase net of the corresponding payable until the settlement date of the transaction. Our maximum exposure to loss represents the payable amount until the settlement date. As of March 31, 2013, our maximum exposure to loss on TBAs is $41.1 million. See the Investment Activities section of this Item 2 for further details.

Certain related person transactions

Our board of directors has adopted a policy regarding the approval of any "related person transaction," which is any transaction or series of transactions in which we or any of our subsidiaries is or are to be a participant, the amount involved exceeds $120,000, and a "related person" (as defined under SEC rules) has a direct or indirect material interest. Under the policy, a related person would need to promptly disclose to our Secretary or Assistant Secretary and related person transaction and all material facts about the transaction. Our Secretary or Assistant Secretary would then assess and promptly communicate that information to the audit committee of our board of directors. Based on its consideration of all of the relevant facts and circumstances, this committee will decide whether or not to approve such transaction and will generally approve only those transactions that do not create a conflict of interest. If we become aware of an existing related person transaction that has not been pre-approved under this policy, the transaction will be referred to this committee which will evaluate all options available, including ratification, revision or termination of such transaction. Our policy requires any director who may be interested in a related person transaction to recuse himself or herself from any consideration of such related person transaction. We are not aware of any related person transactions as of March 31, 2013.

Management agreement

On June 29, 2011 we entered into a management agreement with our Manager, which governs the relationship between us and our Manager and describes the services to be provided by our Manager and its compensation for those services. The terms of our management agreement, including the fees payable by us to Angelo, Gordon, were not negotiated at arm's length, and its terms may not be as favorable to us as if they had been negotiated with an unaffiliated party. Our Manager, pursuant to the delegation agreement dated as of June 29, 2011, has delegated to Angelo, Gordon the overall responsibility with respect to our Manager's day-to-day duties and obligations arising under our management agreement.

Grants of restricted common stock

As of March 31, 2013, we have granted an aggregate of 14,524 shares of restricted common stock to our independent directors and 40,250 shares of restricted common stock to our Manager under our equity incentive plans. As of March 31, 2013, 30,648 shares of restricted common stock granted to our Manager and independent directors have vested.

See Note 10 to our financial statements included in this report for further detail on restricted stock grants.

Dividends

We intend to continue to make regular quarterly distributions to holders of our common stock if and to the extent authorized by our board of directors. Federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT ordinary taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our repurchase agreements and other debt payable. If our cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. In addition, prior to the time we have fully deployed the net proceeds of our follow-on offerings to acquire assets in our target asset classes we may fund our quarterly distributions out of such net proceeds.

During the quarter ended March 31, 2013, the Company declared a quarterly dividend to common stockholders totaling $22.0 million, or $0.80 per share, which was paid on April 26, 2013. During the quarter ended March 31, 2012, the Company declared a quarterly dividend to common shareholders totaling $11.0 million or $0.70 per share, which was paid on April 27, 2012.

During the quarter ended March 31, 2013, the board of directors declared a distribution to the holders of the Series A Preferred Stock and Series B Preferred Stock of $0.51563 per share and $0.50 per share, respectively, for the quarterly period ending on March 16, 2013. The distributions were paid on March 18, 2013 to stockholders of record as of February 28, 2013.

Inflation

Virtually all of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors influence our performance far more than inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates.

Other matters

We intend to conduct our business so as to maintain our exempt status under, and not to become regulated as an investment company for purposes of the Investment Company Act. If we failed to maintain our exempt status under the Investment Company Act and became regulated as an investment company, our ability to, among other things, use leverage would be substantially reduced and, as a result, we would be unable to conduct our business as described in the "Business" section of this report. Accordingly, we monitor our compliance with both the 55% Test and the 80% Test of the Investment Company Act in order to maintain our exempt status. As of December 31, 2012, we determined that we maintained compliance with both the 55% Test and the 80% Test requirements.

We calculate that at least 75% of our assets were real estate assets, cash and cash items and government securities for the year ended December 31, 2012. We also calculate that our revenue qualifies for the 75% gross income test and for the 95% gross income test rules for the year ended December 31, 2012. Overall, we believe that we met the REIT income and asset tests. We also met all other REIT requirements, including the ownership of our common stock and the distribution of our net income. Therefore, for the year ended December 31, 2012, we believe that we qualified as a REIT under the Code.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The primary components of our market risk relate to interest rates, liquidity, prepayment rates and credit risk. While we do not seek to avoid risk completely, we seek to assume risk that can be quantified from historical experience and to actively manage that risk, to earn sufficient returns to justify taking those risks and to maintain capital levels consistent with the risks we undertake.

Interest rate risk

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. We are subject to interest rate risk in connection with both our investments and the financing under our repurchase agreements. We seek to reduce interest rate risks on any outstanding debt and minimize exposure to interest rate fluctuations thereon through the use of interest rate swaps, interest rate caps or other financial instruments, or through a combination of these strategies.

Interest rate effect on net interest income

Our operating results depend in large part upon differences between the yields earned on our investments and our cost of borrowing and upon the effectiveness of our interest rate hedging activities. The majority of our repurchase agreements are short term in nature with an initial term of between 30 and 90 days. The financing rate on these agreements will generally be fixed at the outset of each repurchase transaction by reference to prevailing short-term repurchase rates plus a spread. As a result, our borrowing costs will tend to increase during periods of rising short-term interest rates as we renew, or "roll", maturing transactions at the higher prevailing rates. When combined with the fact that the income we earn on our fixed interest rate investments will remain substantially unchanged, this will result in a narrowing of the net interest spread between the related assets and borrowings and may even result in losses. We are actively looking to obtain term financing for our credit portfolio. The financing on term facilities generally are fixed at the outset of each transaction by reference to a pre-determined interest rate plus a spread.

In an attempt to offset the increase in funding costs related to rising short term interest rates, our Manager enters into hedging transactions structured to provide us with positive cash flow in the event short term interest rates rise. Our Manager accomplishes this through the use of interest rate swaps, interest rate caps and other derivatives. Some hedging strategies involving the use of derivatives are highly complex, may produce volatile returns and may expose us to increased risks relating to counterparty defaults.

Interest rate effects on fair value

Another component of interest rate risk is the effect that changes in interest rates will have on the market value of the assets that we acquire.

Generally, in a rising interest rate environment, the fair value of our real estate securities and loan portfolios would be expected to decrease, all other factors being held constant. In particular, the portion of our real estate securities portfolio with fixed-rate coupons would be expected to decrease more severely than that portion with a floating-rate coupon. This is because fixed-rate coupon real estate securities tend to have significantly more duration or price sensitivity to changes in interest rates, than floating-rate coupon real estate securities. We anticipate that fixed-rate coupon real estate securities will comprise a substantial majority of our portfolio for the foreseeable future.

The following table quantifies the estimated changes in net interest income and GAAP equity should interest rates go up or down by 50 and 100 basis points, assuming (i) the yield curves of the rate shocks will be parallel to each other and the current yield curve and (ii) all other market risk factors remain constant. These estimates were compiled using a combination of third-party services and models, market data and internal models. All changes in income and equity are measured as percentage changes from the projected net interest income and GAAP equity from our base interest rate scenario. The base interest rate scenario assumes interest rates as of March 31, 2013.

Actual results could differ materially from estimates. The accuracy of the projected Agency RMBS prices relies on assumptions that define specific Agency RMBS spreads and varying prepayment activity at projected interest rate levels. To the extent that these estimates or other assumptions do not hold true, actual results will likely differ materially from projections and could be larger or smaller than the estimates in the table below. Moreover, if different models were employed in the analysis, materially different projections could result. In addition, while the tables below reflect the estimated impact of interest rate increases and decreases on a static portfolio as of March 31, 2013, our Manager may from time to time sell any of our investments as a part of the overall management of our investment portfolio.

Change in Interest Rates (basis points)	Percentage Change in GAAP Equity (1)(2)(4)	Percentage Change in Projected Net Interest Income (3)
+100	-11.00%	-10.00%
+50	-4.80%	-5.00%
-50	4.10%	0.80%
-100	5.70%	0.80%

(1) Includes linked real estate securities that are reported as a component of linked transactions on our consolidated balance sheet. Such real estate securities may not be linked in future periods.
(2) Does not include cash investments, which typically have overnight maturities and are not expected to change in value as interest rates change.
(3) Interest income includes trades settled as of March 31, 2013.
(4) The duration on the real estate investments other than Agency securities was assumed at 0.0 years.

Liquidity risk

Our primary liquidity risk arises from financing long-maturity assets with shorter-term borrowing primarily in the form of repurchase agreements.

We pledge real estate securities and cash as collateral to secure our repurchase transactions. Should the fair value of our real estate securities pledged as collateral decrease (as a result of rising interest rates, changes in prepayment speeds, widening of credit spreads or otherwise), we will likely be subject to margin calls for additional collateral from our financing counterparties. Should the fair value of our real estate securities decrease materially and suddenly, margin calls will likely increase causing an adverse change to our liquidity position which could result in substantial losses. In addition, we cannot be assured that we will always be able to roll our repurchase transactions at their scheduled maturities which could cause material additional harm to our liquidity position and result in substantial losses. Further, should general market liquidity tighten as it did in 2007, 2008 and 2009, our repurchase agreement counterparties may increase our margin requirements on new financings, including repurchase transactions that we roll at maturity with the same counterparty, which would require us to post additional collateral and would reduce our ability to use leverage and could potentially cause us to incur substantial losses.

Our Manager seeks to mitigate our liquidity risks by maintaining a prudent level of leverage, monitoring our liquidity position on a daily basis and maintaining a substantial cushion of cash and unpledged real estate securities and loans in our portfolio in order to meet future margin calls. In addition, our Manager seeks to further mitigate our liquidity risk by (i) diversifying our exposure across a broad number of financing counterparties, (ii) limiting our exposure to any single financing counterparty and (iii) monitoring the ongoing financial stability of our financing counterparties.

Prepayment risk

Premiums arise when we acquire real estate securities at a price in excess of the principal balance of the mortgages securing such real estate securities (i.e., par value). Conversely, discounts arise when we acquire real estate securities at a price below the principal balance of the mortgages securing such real estate securities. Premiums paid on our real estate securities are amortized against interest income and accretable purchase discounts on our real estate securities are accreted to interest income. Purchase premiums on our real estate securities, which are primarily carried on our Agency RMBS, are amortized against interest income over the life of each respective security using the effective yield method, adjusted for actual prepayment activity. An increase in the prepayment rate, as measured by the CPR, will typically accelerate the amortization of purchase premiums, thereby reducing the yield/interest income earned on such assets. Generally, if prepayments on our Non-Agency RMBS are less than anticipated, we expect that the income recognized on such assets would be reduced due to the slower accretion of purchase discounts, and impairments could result.

As further discussed in the "Critical Accounting Policies" section above, differences between previously estimated cash flows and current actual and anticipated cash flows caused by changes to prepayment or other assumptions are adjusted retrospectively through a "catch up" adjustment for the impact of the cumulative change in the effective yield through the reporting date, or adjusted prospectively through an adjustment of the yield over the remaining life of the security for securities accounted for under ASC 320-10 (generally Agency RMBS) and ASC 325-40 (generally Non-Agency RMBS, ABS, CMBS and interest only securities) respectively.

In addition, our interest rate hedges are structured in part based upon assumed levels of future prepayments within our real estate securities portfolio. If prepayments are slower or faster than assumed, the life of the real estate securities will be longer or shorter than assumed, which could reduce the effectiveness of our Manager's hedging strategies and may cause losses on such transactions.

Our Manager seeks to mitigate our prepayment risk by investing in real estate securities with a variety of prepayment characteristics as well as by attempting to maintain in our portfolio a mix of assets purchased at a premium with assets purchased at a discount.

Real estate value risk

Residential and commercial property values are subject to volatility and may be affected adversely by a number of factors outside of our control, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as an oversupply of housing or commercial real estate); construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. Decreases in property values reduce the value of the collateral underlying our RMBS and CMBS portfolios as well as the potential sale proceeds available to repay our loans in the event of a default. In addition, substantial decreases in property values can increase the rate of strategic defaults by residential mortgage borrowers which can impact and create significant uncertainty in the recovery of principal and interest on our investments.

Credit risk

Although we expect to encounter only de minimis credit risk in our Agency RMBS portfolio, we are exposed to the risk of potential credit losses from an unanticipated increase in borrower defaults as well as general credit spread widening on any Non-Agency assets in our portfolio, including residential and commercial mortgage whole loans as well as Non-Agency RMBS and CMBS. We seek to manage this risk through our Manager's pre-acquisition due diligence process and, if available, through the use of non-recourse financing, which limits our exposure to credit losses to the specific pool of mortgages that are the subject of the non-recourse financing. Our Manager's pre-acquisition due diligence process includes the evaluation of, among other things, relative valuation, supply and demand trends, the shape of various yield curves, prepayment rates, delinquency and default rates, recovery of various sectors and vintage of collateral.

Risk management

To the extent consistent with maintaining our REIT qualification, we seek to manage risk exposure to protect our investment portfolio against the effects of major interest rate changes. We generally seek to manage this risk by:

- monitoring and adjusting, if necessary, the reset index and interest rate related to our target assets and our financings;
- structuring our financing agreements to have a range of maturity terms, amortizations and interest rate adjustment periods;
- using hedging instruments to adjust the interest rate sensitivity of our target assets and our borrowings; and

ITEM 4. CONTROLS AND PROCEDURES.

Our management is responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information the Company is required to disclose in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that the Company's management, including its principal executive officer and principal financial officer, as appropriate, allow timely decisions regarding required disclosure.

We have evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures as of March 31, 2013. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

No change occurred in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of March 31, 2013, we were not involved in any such legal proceedings.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the quarter ended March 31, 2013, the Company issued 157,621 shares of common stock upon the exercise of 434,500 outstanding warrants to purchase such common stock in private offerings exempt from the registration requirements pursuant to Section 4(2) of the Securities Act. Common stock issued upon the cash exercise of warrants were exercised at a strike price of $20.50. The warrants had been received by the holders in connection with the Company's initial public offering that closed on July 6, 2011.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit No.	Description
* 3.1	Articles of Amendment and Restatement of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.1 of Amendment No. 2 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on April 18, 2011 ("Pre-Effective Amendment No. 2").
*3.2	Amended and Restated Bylaws of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.1 of Pre-Effective Amendment No. 2.
*3.3	Articles Supplementary of 8.25% Series A Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 of Form 8-K, filed with the Securities and Exchange Commission on August 2, 2012.
*3.4	Articles Supplementary of 8.00% Series B Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 of Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
*4.1	Specimen Stock Certificate of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 4.1 of Pre-Effective Amendment No. 2.
*4.2	Specimen 8.25% Series A Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 4.1 of Form 8-K, filed with the Securities and Exchange Commission on August 2, 2012.
*4.3	Specimen 8.00% Series B Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 4.1 of Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
*10.1	Form of Warranty Agreement- Form of Registration Rights Agreement by and between the Company and the purchasers of units and shares in the private placement, dated June 29, 2011, incorporated by reference to Exhibit 10.1 of Amendment No. 7 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on June 29, 2011 ("Pre-Effective Amendment No. 7").

*10.2	Form of Management Agreement, dated June 29, 2011 by and between the Company and AG REIT Management, LLC, incorporated by reference to Exhibit 10.3 of Amendment No. 3 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on April 25, 2011.
*10.3	Equity Incentive Plan, dated July 6, 2011, incorporated by reference to Exhibit 10.4 of Pre-Effective Amendment No. 2.
*10.4	Manager Equity Incentive Plan, dated July 6, 2011, incorporated by reference to Exhibit 10.5 of Pre-Effective Amendment No. 2.
*10.5	Form of Manager Equity Incentive Plan Restricted Stock Award Agreement, dated July 6, 2011, incorporated by reference to Exhibit 10.6 of Pre-Effective Amendment No. 2.
*10.6	Form of Equity Incentive Plan Restricted Stock Award Agreement, dated July 6, 2011, incorporated by reference to Exhibit 10.7 of Pre-Effective Amendment No. 2.
*10.7	Form of Indemnification Agreement, dated July 6, 2011, by and between the Company and the Company's directors and officers, incorporated by reference to Exhibit 10.10 of Pre-Effective Amendment No. 7.
*10.8	Amended and Restated Master Repurchase and Securities Contract dated as of April 12, 2013 between AG MIT, LLC, AG Mortgage Investment Trust, Inc. and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.1 of Form 8-K, filed with the Securities and Exchange Commission on April 15, 2013.
*10.9	Guarantee Agreement dated as of April 9, 2012 by AG Mortgage Invest Trust, Inc. in favor of Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.2 of Form 8-K, filed with the Securities and Exchange Commission on April 10, 2012.
31.1	Certification of David N. Roberts pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Frank Stadelmaier pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of David N. Roberts pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Frank Stadelmaier pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Fully or partly previously filed.

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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 thereunto duly authorized.

AG MORTGAGE INVESTMENT TRUST, INC.

May 7, 2013

By: /s/ David N. Roberts
David N. Roberts
Chief Executive Officer

May 7, 2013

By: /s/ Frank Stadelmaier
Frank Stadelmaier
Chief Financial Officer and Principal Accounting Officer

AG MORTGAGE INVESTMENT TRUST, INC.

FORM 10-Q
March 31, 2013

INDEX OF EXHIBITS

Exhibit No.	Description
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*3.2	Amended and Restated Bylaws of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.1 of Pre-Effective Amendment No. 2.
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*4.3	Specimen 8.00% Series B Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 4.1 of Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
*10.1	Form of Warranty Agreement - Form of Registration Rights Agreement by and between the Company and the purchasers of units and shares in the private placement, dated June 29, 2011, incorporated by reference to Exhibit 10.1 of Amendment No. 7 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on June 29, 2011 (“Pre-Effective Amendment No. 7”).
*10.2	Form of Management Agreement, dated June 29, 2011 by and between the Company and AG REIT Management, LLC, incorporated by reference to Exhibit 10.3 of Amendment No. 3 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on April 25, 2011.
*10.3	Equity Incentive Plan, dated July 6, 2011, incorporated by reference to Exhibit 10.4 of Pre-Effective Amendment No. 2.
*10.4	Manager Equity Incentive Plan, dated July 6, 2011, incorporated by reference to Exhibit 10.5 of Pre-Effective Amendment No. 2.
*10.5	Form of Manager Equity Incentive Plan Restricted Stock Award Agreement, dated July 6, 2011, incorporated by reference to Exhibit 10.6 of Pre-Effective Amendment No. 2.
*10.6	Form of Equity Incentive Plan Restricted Stock Award Agreement, dated July 6, 2011, incorporated by reference to Exhibit 10.7 of Pre-Effective Amendment No. 2.
*10.7	Form of Indemnification Agreement, dated July 6, 2011, by and between the Company and the Company’s directors and officers, incorporated by reference to Exhibit 10.10 of Pre-Effective Amendment No. 7.
*10.8	Amended and Restated Master Repurchase and Securities Contract dated as of April 12, 2013 between AG MIT, LLC, AG Mortgage Investment Trust, Inc. and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.1 of Form 8-K, filed with the Securities and Exchange Commission on April 15, 2013.
*10.9	Guarantee Agreement dated as of April 9, 2012 by AG Mortgage Invest Trust, Inc. in favor of Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.2 of Form 8-K, filed with the Securities and Exchange Commission on April 10, 2012.

31.1	Certification of David N. Roberts pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Frank Stadelmaier pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of David N. Roberts pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Frank Stadelmaier pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Fully or partly previously filed.

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Exhibit 31.1

I, David N. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AG Mortgage Investment Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2013
/s/ David N. Roberts
David N. Roberts
Chief Executive Officer

Exhibit 31.2

I, Frank Stadelmaier, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AG Mortgage Investment Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2013
/s/ Frank Stadelmaier

Frank Stadelmaier
Chief Financial Officer and
Principal Accounting Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of AG Mortgage Investment Trust, Inc. (the "Company") for the quarterly period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David N. Roberts, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ David N. Roberts
David N. Roberts
Chief Executive Officer
May 7, 2013

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of AG Mortgage Investment Trust, Inc. (the "Company") for the quarterly period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank Stadelmaier, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ Frank Stadelmaier

Frank Stadelmaier
Chief Financial Officer and
Principal Accounting Officer
May 7, 2013