

EJF INVESTMENTS LIMITED

INTERIM REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

EJF INVESTMENTS LIMITED

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ALTERNATIVE PERFORMANCE MEASURES ("APMs")

We assess our performance using a variety of measures that are not specifically defined under International Financial Reporting Standards as adopted by the European Union ("IFRS") and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies.

The APMs disclosed in the Interim Report and Unaudited Condensed Interim Financial Statements reflect those measures used by management to measure performance. These APMs provide readers with important additional information and will enable comparability of performance in future periods. The APMs used have not resulted in adjusted results being presented hence a reconciliation is not required.

The calculation methodology for each of the APMs has been disclosed in the footnotes to the Highlights disclosed on page 2.

EJF INVESTMENTS LIMITED

HIGHLIGHTS

£108.4m

Total Net Asset Value (“NAV”)¹

(31 December 2017: £86.3m)

179.0p

NAV per Ordinary Share¹

(31 December 2017: 158.2p)

16.3%

NAV Return^{2,3}

(31 December 2017: 23.47%)

182.0p

Ordinary Share Price⁴

(31 December 2017: 154.5p)

1.7%

**Share Price premium to NAV per
Ordinary Share¹**

(31 December 2017: 2.4%)

106.5p

**Zero Dividend Preference Share
Price⁴**

(31 December 2017: 102.5p)

5.6%

Annualised Dividend Yield⁵

(31 December 2017: 6.1%)

5.0p

Dividends Declared²

(31 December 2017: 9.7p)

9 March 2018

£5.8m Ordinary Share Placing

4 May 2018

£4.5m Ordinary Share Placing

¹As at 30 June 2018;

²For the period from 1 January 2018 to 30 June 2018;

³This is an APM and is the compounded monthly return per the monthly published performance reports which are inclusive of dividends;

⁴Closing price as at 30 June 2018 as published on the London Stock Exchange;

⁵This is an APM and is the dividends declared in respect of the relevant period divided by the share price mid quote as at the end of the relevant period.

EJF INVESTMENTS LIMITED

CORPORATE SUMMARY

The Company

EJF Investments Limited (the “Company” or “EJFI”) is a registered closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies (Jersey) Law 1991, with registered number 122353. The Company’s registered office and principal place of business is 47 Esplanade, St. Helier, Jersey JE1 0BD. The principal legislation under which the Company operates is the Companies (Jersey) Law 1991, as amended.

On 7 April 2017 (the “Listing Date”), the Company’s Ordinary Shares were admitted to the Specialist Fund Segment (“SFS”) of the Main Market of the London Stock Exchange (“Admission”).

Further issuances took place in July 2017, March 2018 and May 2018 under the Company’s established placing programme, as described in the Company’s prospectus (the “Placing Programme”). These issuances comprise the Company’s Ordinary Shares denominated in Sterling.

In December 2017, the Company also successfully raised gross proceeds of approximately £15 million through the issuance of 15 million Zero Dividend Preference Shares (“ZDP shares”). The ZDP shares carry a 5.75% gross redemption yield and are repayable on 1 December 2022.

The Company is externally managed by EJF Investments Manager LLC (the “Manager” or “Investment Manager”), an investment adviser based in the United States and registered as such with the US Securities and Exchange Commission (“SEC”) and the US Commodities and Futures Trading Commission. The Company invests in a diversified portfolio of investments through its subsidiary, EJF Investments Holdings Limited (the “Subsidiary”). The Company controls the Subsidiary through a holding of 100% of its shares.

References to the Company’s investments and investment portfolio throughout the Interim Report and Unaudited Condensed Interim Financial Statements are inclusive of the investments held via the Subsidiary.

Company Overview and Investment Objective

As disclosed in the Company’s prospectus dated 9 November 2017 and supplementary prospectus dated 1 May 2018 (together the “Prospectus”), the Company seeks to generate risk adjusted returns for its shareholders by investing, through its Subsidiary, in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities can include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe (the “Investment Objective”). The Company intends to continue to make quarterly dividend payments of income arising from the portfolio in addition to targeting NAV growth.

Investments consist primarily of securitisation and related investments and specialty finance investments (“Target Investments”). The Company targets an annual NAV total return of 8 to 10% per annum (the “Target Return”). The Company targets an annual dividend of 10 pence per share for the financial year to 31 December 2018 (the “Target Dividend”). The Company’s detailed investment policy (the “Investment Policy”) can be found on page 60 of the Prospectus.

Investment Manager

The Company has appointed the Manager as its investment manager and alternative investment fund manager (“AIFM”) for the purposes of the AIFM Directive. EJF Capital LLC (“EJF”) is the managing member, sole Class A unitholder, and majority Class B unitholder of the Manager. EJF holds 100% of the voting rights in the Manager.

Listing information

	ORDINARY SHARES	2022 ZDP SHARES
ISIN	JE00BFOD1M25	JE00BDG12N48
SEDOL	BFOD1M2	BDG12N4
TICKER	EJFI	EJFZ

EJF INVESTMENTS LIMITED

CORPORATE SUMMARY (CONTINUED)

Related Parties

Related party balances and transactions are disclosed in note 17 of these Unaudited Condensed Interim Financial Statements.

Going Concern

Under the 2016 UK Corporate Governance Code (the “UK Code”) (effective for periods beginning on or after 17 June 2016), voluntarily adopted by the Company, and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties in respect of the Company’s ability to continue as a going concern for at least 12 months from the date of approving the financial statements. The Directors believe that it is appropriate to adopt the going concern basis in preparing the Unaudited Condensed Interim Financial Statements in view of their assessment of working capital modelled on cash flow income from the investments portfolio and the level of cash and cash equivalents. The Directors have also given consideration to future plans for the Company and are of the opinion that the Company has adequate financial resources to meet its liabilities as they fall due.

EJF INVESTMENTS LIMITED

GENERAL INFORMATION

Board of Directors

Joanna Dentskevich (Chair)

Alan Dunphy

Nick Watkins

Neal J. Wilson

All c/o the Company's registered office

Jersey Administrator and Company Secretary

Crestbridge Fund Administrators Limited

47 Esplanade

St Helier

Jersey

JE1 OBD

Channel Islands

Registered Office

47 Esplanade

St Helier

Jersey

JE1 OBD

Channel Islands

Corporate Broker & Financial Adviser¹

Numis Securities Limited

The London Stock Exchange Building

10 Paternoster Square

London

EC4M 7LT

United Kingdom

Manager/Investment Manager

EJF Investments Manager LLC

The Corporation Trust Company

Corporation Trust Center

1209 Orange Street

Wilmington, DE 19801-1120

United States of America

Registrar²

Computershare Investor Services (Jersey) Limited

Hilgrove Street

St. Helier

Jersey

JE1 1ES

Channel Islands

Custodians

Citigroup Global Markets Inc.

390 Greenwich Street

New York City

NY 10013-2396

United States of America

Legal Adviser to the Group (as to English and US law)

Clifford Chance LLP

10 Upper Bank Street

London

E14 5JJ

United Kingdom

Citibank N.A.

399 Park Avenue

New York City

NY 10043

United States of America

Legal Adviser to the Group (as to Jersey law)

Carey Olsen

47 Esplanade

St. Helier

Jersey

JE1 OBD

Channel Islands

Auditor

KPMG LLP

15 Canada Square

London E14 5GL

United Kingdom

Legal Adviser to the Group (as to Delaware law)

Richards, Layton & Finger, P.A.

One Rodney Square

920 N. King Street

Wilmington, DE 19801

United States of America

Websites

Company: www.ejfi.com

Manager: www.ejfi.com/manager

¹ Numis Securities Limited was appointed as the Company's Broker and Financial Adviser on 25 June 2018. Liberum Capital Limited was the Company's Financial Adviser and Broker until 25 June 2018.

² Computershare Investor Services (Jersey) Limited was appointed as Registrar on 7 April 2018. Link Market Services (Jersey) Limited was the Registrar until 7 April 2018.

EJF INVESTMENTS LIMITED

CHAIR'S STATEMENT

Introduction

On behalf of the Board, I am pleased to present the Interim Report and Unaudited Condensed Interim Financial Statements for the period ended 30 June 2018. The Company continued to grow and perform strongly during the period, exceeding its stated Target Return.

Performance and Portfolio Activity

Since 1 January 2018, the NAV has increased by 16.3%¹ matched by a steady rise in its Ordinary Share price which finished the period at 182 pence representing a 1.7% premium to NAV.

This strong performance was predominantly driven by three factors. Firstly, in January and April sales in the secondary market were made of legacy REIT TruPS Collateralised Debt Obligations ("CDO") securities that had started to receive cash flows, generating realised gains of £9.7 million. Secondly, these gains were reinvested along with capital to increase the asset allocation towards EJF Investments LP (the "Partnership"), which, in May, completed its fourth risk retention investment in a TruPS securitisation sponsored by EJF. Allocation was also increased in respect of gains on the Company's investment in EJF CDO Manager LLC (the "CDO Manager") which generated £1.9 million through the resulting collateral management contract acquired on securitisation. Lastly, in June, a £1.05 million distribution was received from an impaired loan in the legacy Armadillo portfolio.

The Manager anticipates that TruPS Financials Note Securitization 2018-1 ("TFINS 2018-1"), will earn the Company a gross return in the low double digits over the estimated life of the investment. As I write, both the collateral management contracts and risk retention investments continue to perform as planned to support future dividend payments. The Manager also continues to actively seek specialty finance opportunities to further increase returns and diversify the portfolio.

Corporate Activity

During the period, the Company completed two further capital raises through its Placing Programme, raising approximately £10.3 million. The Directors and the Manager retain a strong desire to raise the Company's profile and in order to do so have engaged with Hanbury Strategy, a communications advisory firm, to help achieve this objective through public relations consulting. In addition, Numis Securities Limited ("Numis") have been appointed as corporate broker and financial adviser to assist with future placings and attract new investors into the Company.

Dividends

Cash dividends of 2.5 pence per Ordinary Share were announced in February and May equating to an annualised dividend yield of 5.6% of NAV at 30 June 2018. This is reflective of the Directors' confidence in the Company's performance, resources and prospects and ability to meet its Target Dividend.

Corporate Governance

The Company's Annual General Meeting was held on 21 June 2018. All resolutions were approved by the shareholders, including the re-election of all the Directors to the Board.

The Company continues to uphold the principles of good corporate governance through voluntary compliance with the UK Code and adherence to the AIC Code of Corporate Governance, Jersey Edition (the "AIC Code") which is endorsed by the Financial Reporting Council (the "FRC").

Principal Risks and Uncertainties

The Directors consider the Principal Risks of the Company to be those risks, or a combination thereof, that materially threaten the Company's ability to meet its investment objectives, solvency or liquidity.

At the Company's 2017 financial period end, the Directors carried out a robust assessment of those principal risks facing the Company along with the uncertainty of the macro economic impact of Brexit on the Company's Principal Risks. Having reconsidered the impact of these Principal Risks, the Directors are of the belief that they will remain unchanged for the next six months until the end of the 2018 financial year. A summary of the Principal Risks can be found on pages 20 – 21.

¹ Inclusive of declared dividends for the period

EJF INVESTMENTS LIMITED

CHAIR'S STATEMENT (CONTINUED)

Outlook

Given the recent changes in financial regulations and the market outlook as detailed in the Investment Manager's Report, along with the healthy pipeline of Target Investments, including specialty finance opportunities to further increase returns and diversify the portfolio, I believe the Company is well positioned and remain confident in the Company's continued ability to be able to grow the portfolio in a manner consistent with its Investment Policy.

The Board again expresses its thanks for the continued support from its shareholders and looks forward to developing the Company further, with the Manager and the Company's advisers, to expand the shareholder base. We believe that the Company continues to represent a very attractive risk-adjusted investment.

Joanna Dentskevich

Chair

24 August 2018

EJF INVESTMENTS LIMITED

INVESTMENT MANAGER'S REPORT

Company Update and Investment Outlook

We are pleased to present our review of the first half of 2018 and outlook for the remainder of the year.

For the first half of 2018, the Company delivered a total NAV return per share of 16.3%, calculated using compounded monthly performance returns published during the period, inclusive of dividends totalling 5.0 pence per share that were declared and paid during this period. This represents an annualised dividend yield of 5.6% on 30 June 2018 closing NAV.

In April 2018, we were pleased to extend our arrangement with the Company to reimburse the ongoing operating expenses incurred by the Company, aside from the management and incentive fee, until at least 1 January 2019. After this date it is anticipated that the arrangement will be phased out gradually. These financial contributions to the Company reflect our commitment to its Shareholders and to growing the Company.

Placing of new Ordinary Shares

On 12 February 2018, the Company announced a capital raise under its Placing Programme, as described in the Prospectus. The Company raised gross proceeds of approximately £5.8 million through a placing and subscription of approximately 3.4 million new Ordinary Shares at 171.5 pence per share.

On 4 May 2018, the Company announced another capital raise under its Placing Programme, as described in the Prospectus. The Company raised gross proceeds of approximately £4.5 million through a placing and subscription of approximately 2.6 million new Ordinary Shares at 171.0 pence per share.

The Manager continues to work with its advisers to grow the Company's capital base over time via the Placing Programme and we have appointed Numis as our placement agent in place of Liberum.

Investment Opportunity

The Company seeks to achieve its investment objective by pursuing a policy of investing in a diversified portfolio of investments that are derived from the changing financial services landscape, focusing on US and European banks, insurance companies and specialty finance companies.

Currently, the largest segment of the Company's investment portfolio consists of investments in the equity tranches of the EJF sponsored securitisations (the "Risk Retention and Related Investments"). To date, the Company has participated in four EJF sponsored securitisations. These securitisations are collateralised by debt issued by small and medium banks and insurance companies across the United States.

The Company, through the Risk Retention and Related Investments, provides shareholders exposure to small and medium sized US financial institutions which the Manager believes to be an attractive sector due to benefits from four strong tailwinds:

1. Regulatory optimisation for small and medium sized banks;
2. Strong US economic growth coupled with a corporate tax cut;
3. Rising interest rate environment; and
4. Consolidation within the banking sector.

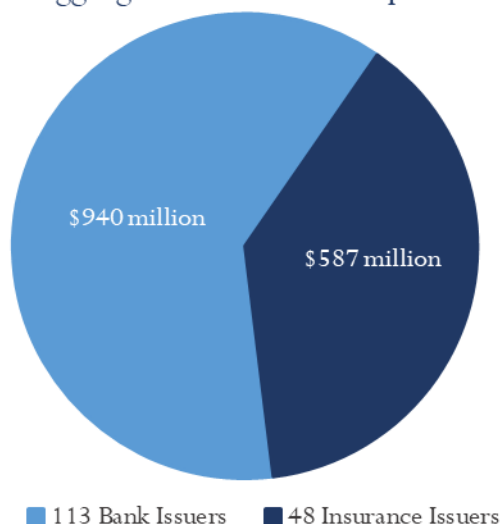
We believe the underlying collateral of the EJF sponsored securitisations represent strong credits and are well situated to benefit from the above tailwinds.

EJF INVESTMENTS LIMITED
INVESTMENT MANAGER'S REPORT (CONTINUED)

Investment Opportunity (Continued)

As of 30 June 2018, the Company's Risk Retention and Related Investments portfolio was valued at £54.5 million and had exposure to 113 banks and over 48 insurance companies located across the United States.

Risk Retention and Related Investments
 Aggregate Collateral Composition



The below illustrations summarises the underlying collateral held in the Company's Risk Retention and Related Investments as at 30 June 2018.

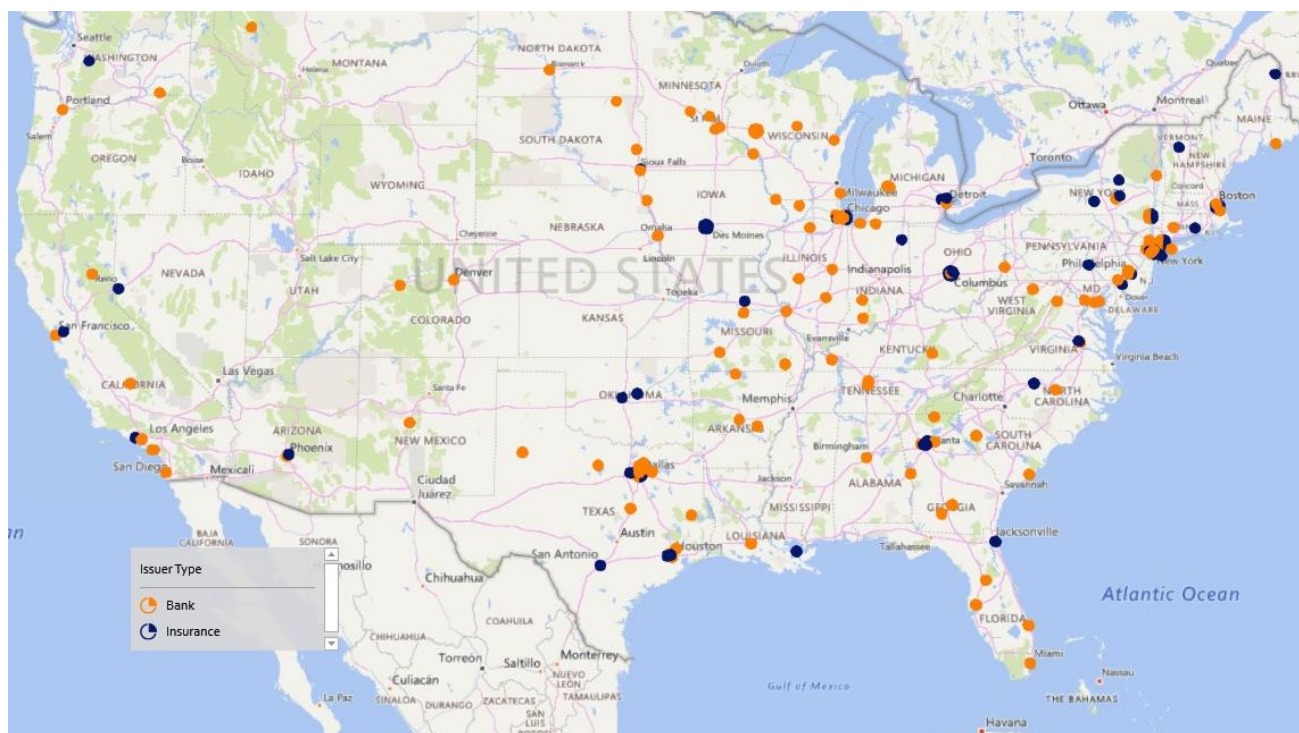
Underlying Collateral Summary	TFINS 2017-1	TFINS 2017-2	TPINS	TFINS 2018-1
# of Bank Issuers	48	29	-	62
# of Insurance Issuers	10	22	33	4
Total Issuers	58	51	33	66
TruPS and Subordinated Debt Collateral	98%	97%	93%	99%
Floating Rate Collateral	84%	90%	100%	93%
Weighted Average Asset Spread	L + 3.1%	L + 3.1%	L + 4.0%	L + 2.7%

EJF INVESTMENTS LIMITED

INVESTMENT MANAGER'S REPORT (CONTINUED)

Geographic Diversification of Underlying Risk Retention and Related Investments Collateral

The below map represents the geographical locations of underlying collateral for the Risk Retention and Related Investments Portfolio



1. Based on the headquarters of the underlying issuers of TFINS 2017-1, TFINS 2017-2, TFINS 2018-1, and TPINS.

Market Commentary

US Community Bank Market Update

On 24 May 2018, President Trump signed the Senate's Economic Growth, Regulatory Relief, and Consumer Protections Act (the "Act"). As previously communicated, we believe that the three primary regulatory changes contained within the Act will have positive impacts on the underlying assets of the Company's portfolio, especially TruPS and other debt instruments issued by small to medium banks and insurance companies in the US. Firstly, the threshold for a systemically important financial institution ("SIFI") under Dodd Frank was immediately raised from \$50 billion in assets to \$100 billion in assets, followed by an additional increase to \$250 billion within 18 months of the Act being signed into law. Secondly, the Act increases the Small Bank Holding Company Policy Statement threshold from \$1 billion in assets to \$3 billion in assets. By increasing the threshold from \$1 billion to \$3 billion, we believe hundreds of additional banks will be able to issue subordinated debt and redeem their less efficient legacy debt securities such as TruPS. Thirdly, the Act extends the Qualified Mortgage safe harbor rules which we believe could allow community banks to grow mortgage loan books faster and take market share from larger banks.

There has been greater US financials M&A activity this half year by deal count than during the last few years, albeit the average target bank size is modestly lower. The total 2018 LTM deal count is well above 2017 LTM levels, with the average deal size and P/TBV also higher year on year ("y/y"). Overall the pace of M&A activity has accelerated with a total of 274 deals announced in the past 52 weeks vs. 236 deals in the prior 52 week period, up 16% y/y. The average deal size rose meaningfully y/y to \$50.3 million, which is 24% higher than the 2017 LTM level at \$40.6 million. Pricing also saw a double-digit increase, as the average P/TBV reached 1.67x in the last 52 weeks versus 1.52x in the prior 52 weeks. Nonetheless, the average assets acquired is much lower y/y at \$536 million, 33% below the \$799 million during the prior period. We anticipate that, considering the impacts of regulatory relief and the SIFI threshold being lifted to \$250 billion from \$50 billion, not only a pick-up in overall bank M&A activity but also a step-up in the average assets acquired.

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INVESTMENT MANAGER'S REPORT (CONTINUED)

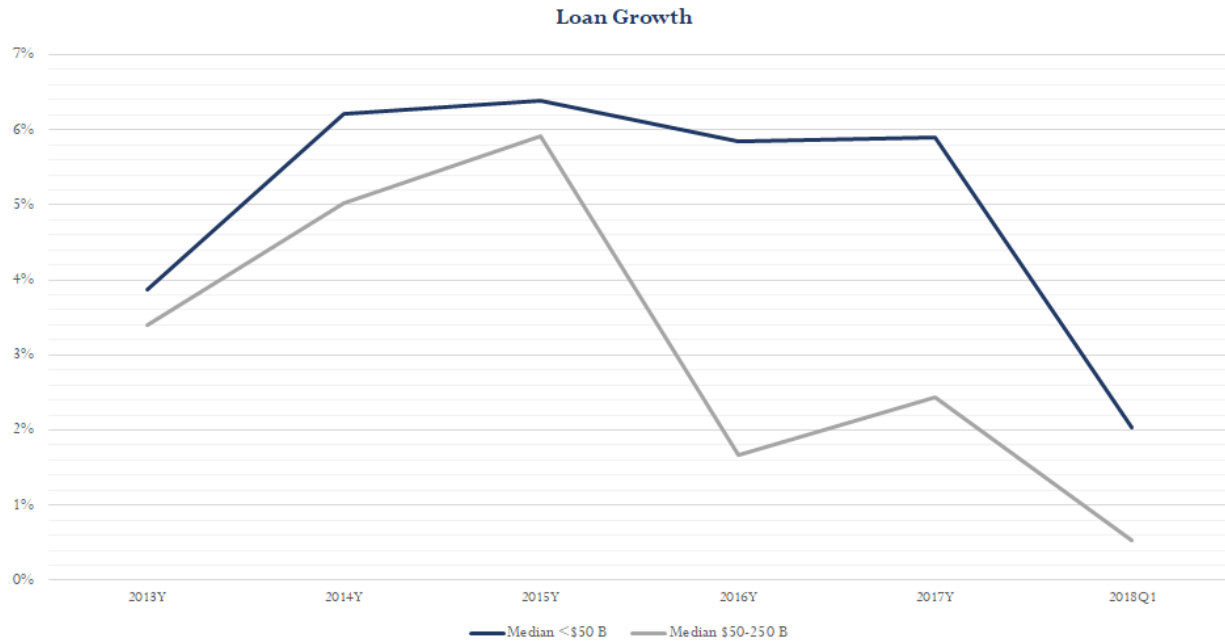
Market Commentary (Continued)

US Community Bank Market Update (Continued)

Elsewhere, due to regulatory and consolidation benefits, community banks continue to benefit from several other tailwinds: steady economic growth, a rising interest rate environment and corporate tax cuts. Below we discuss the recent developments on the key components of the community and regional banking sector.

Bank Loan Growth

Year to date, US Bank loan growth was a little weaker than usual. However, it is the Manager's opinion that as of the first half of 2018, whilst we do believe that many banks have strong pipelines, the net loan growth expected from tax reform hasn't yet materialised.



Source: S&P Global Market Intelligence

Bank Asset Yields, Deposit Costs & Net Interest Margins

Asset yields have increased as rates continue to rise in the US and the yield curve shifts. We believe that the banks that will benefit the most are asset sensitive community and regional banks. Certain smaller banks continue to have higher asset yields and are often more asset sensitive to rates than their larger competitors. Deposit costs and net interest margins are sensitive to rates and we believe the banks can take advantage of the recent rise in interest rates and loan yields.

Deposit rates remain low for community and regional banks which suggests the banks are not passing on the full benefit of higher rates to their depositors. The likely reason behind this is that deposits are often very sticky given customer inertia driven by their strong local and historical positions in their local communities.

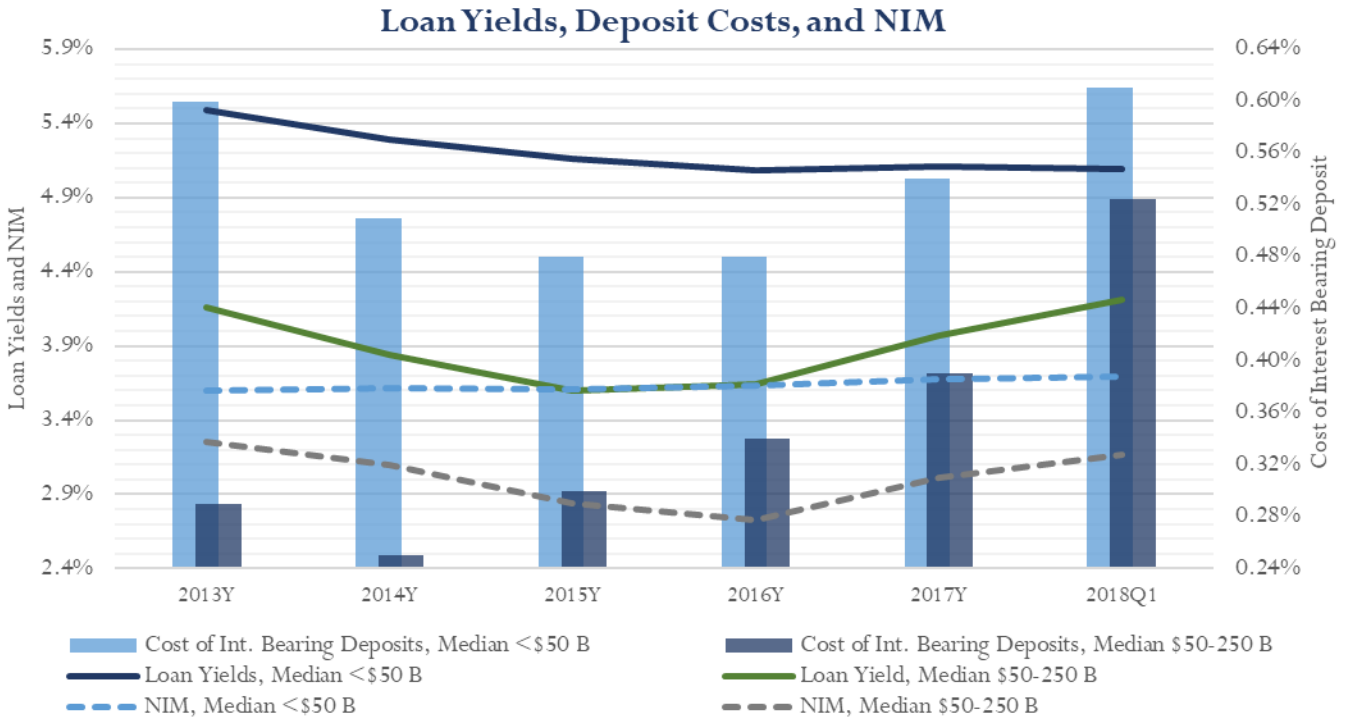
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INVESTMENT MANAGER'S REPORT (CONTINUED)

Market Commentary (Continued)

Bank Asset Yields, Deposit Costs & Net Interest Margins (Continued)

The result of higher asset yields funded by less sensitive deposits is that the Net Interest Margin (NIM) for certain smaller banks continues to expand. This, in our opinion, can drive more profitable and stable banks.



Source: S&P Global Market Intelligence

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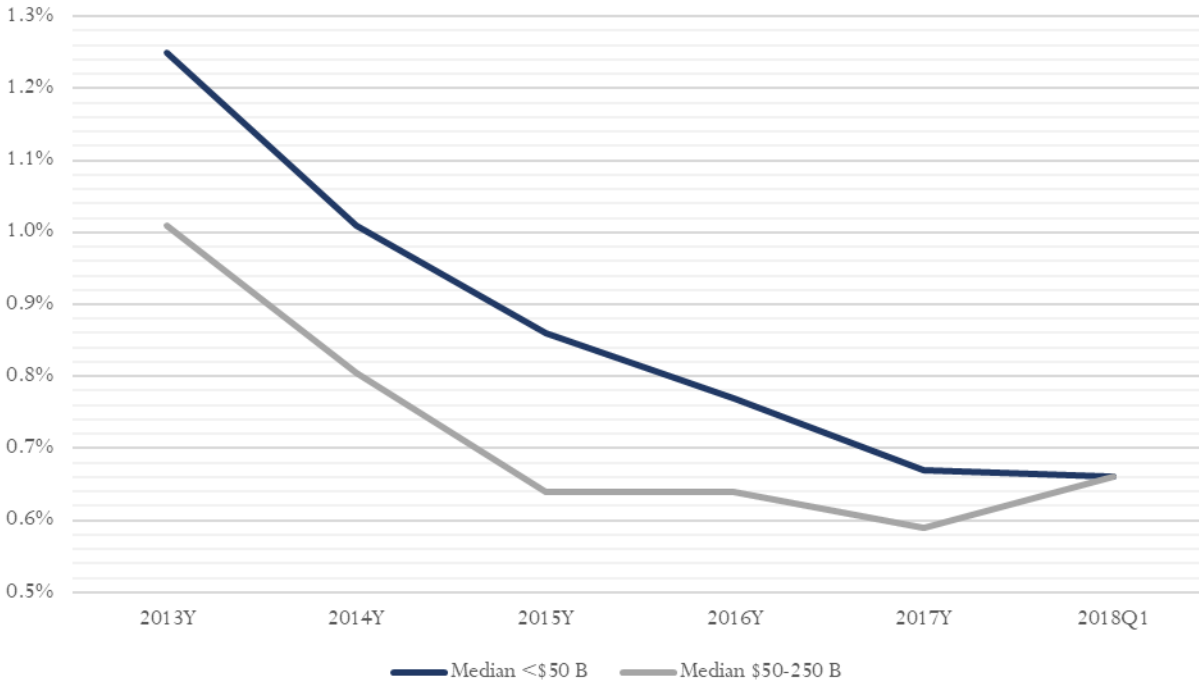
INVESTMENT MANAGER'S REPORT (CONTINUED)

Market Commentary (Continued)

Bank Asset Quality

Credit ratings continued to improve throughout the first half of 2018 whilst high yield bond spreads have widened. On average, non-performing assets for the banks with less than \$50 billion in assets continued to decline, while there was a modest increase in non-performing assets with banks with \$50-\$250 billion in assets.

NPA / Assets



Source: S&P Global Market Intelligence

Bank Capital and Leverage

Capital levels remain strong and return on assets have rebounded from Q4 2017 as banks were required to take an accounting loss on their deferred tax assets due to tax reform. Community and regional banks continue to be well capitalised with the median Tier 1 risked based ratio for banks below \$50 billion at 15.0% for Q1 2018 and a leverage ratio (tangible core equity/tangible assets) of 10.3%. This compares to 12.7% and 10.3% respectively for banks with assets greater than \$50 billion. We believe these capital ratios evidence robust balance sheets, especially compared to pre-crisis levels where the average Tier 1 ratio was 5.0-7.0%. The recent Dodd-Frank Act Stress Tests (“DFAST”) tests on 21 June 2018 showed all firms exceeding the minimal capital required under stress for the fourth year in a row which exemplifies the strength of the US banking system. This year’s test had a higher stress impact than previous years resulting in lower post-stress minimum capital levels, however we still expect distributions to be made by the banks in the near future, we also expect banks to manage their liabilities with potential to redeem their legacy TruPS.

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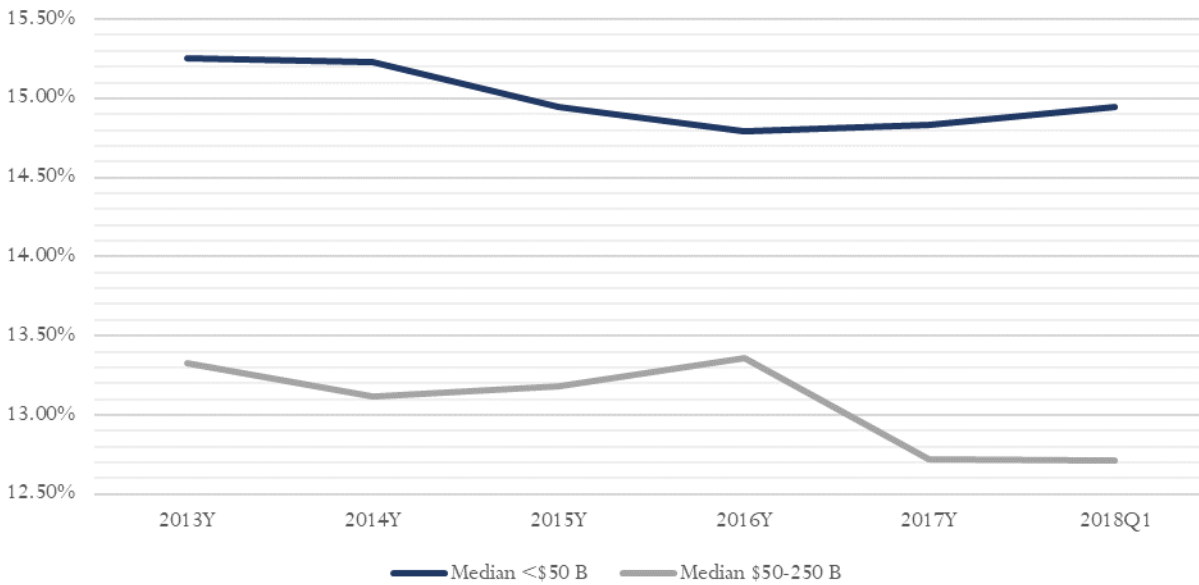
INVESTMENT MANAGER'S REPORT (CONTINUED)

Market Commentary (Continued)

Bank Capital and Leverage (Continued)

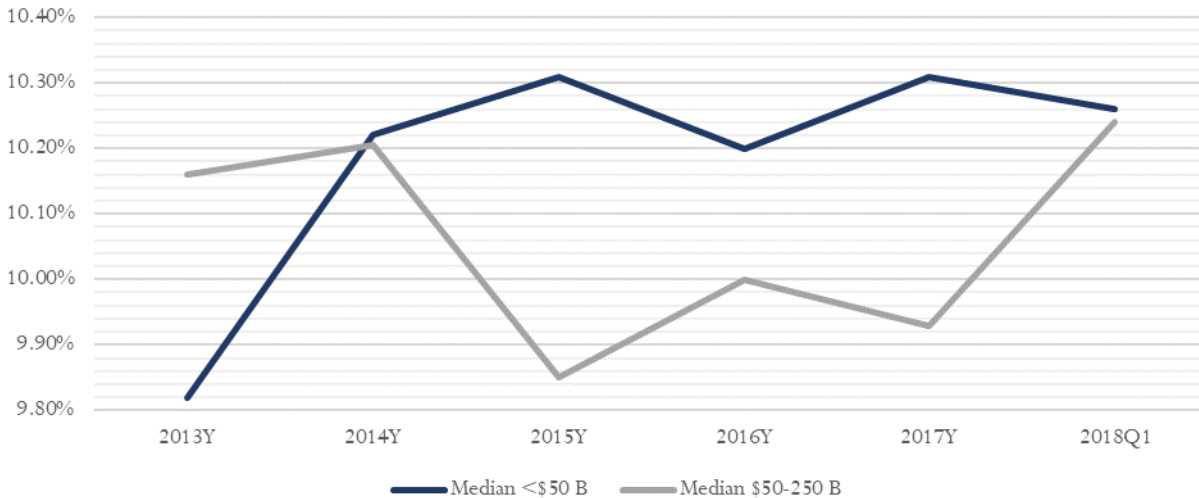
The Comprehensive Capital Analysis and Review ("CCAR") on 28 June 2018 did indicate remediation work is required, but we believe the stringent testing represents part of a continued improvement to the US banking system.

Tier 1 Risk-Based Ratio



Source: S&P Global Market Intelligence

TCE/TA



Source: S&P Global Market Intelligence

EJF INVESTMENTS LIMITED

INVESTMENT MANAGER'S REPORT (CONTINUED)

Market Commentary (Continued)

Insurance Market Overview

We believe that long-term industry consolidation among insurers will likely be driven by a large number of subscale insurers, limited organic growth opportunities, and constrained returns. Indeed, a Towers Watson's survey of insurer CEOs and CFOs in 2017 indicated that approximately 82% of insurers surveyed expect M&A activity to increase over following three years and we believe M&A activity could also benefit from reduced economic uncertainty. There have been some major insurance M&A transactions announced over the past six months and we estimate these transactions total over \$25 billion for the industry. We believe such an environment is positive for creditors of insurance companies.

An insurance company typically generates income in two different ways:

1. Investment performance (~75% of income); and
2. Underwriting performance (~25% of income).

We estimate that a typical US insurance company's investment portfolio is comprised of approximately 75% fixed-income securities, with a duration of two to four years, and is rated AA on average, which is a very robust credit rating. Because of the strength and nature of such a portfolio, investment performance (which makes up the majority of earnings) has experienced downward pressure due to the low interest rate environment. While it is important to note that it takes time for the portfolio to roll-over and thus there is a lag from the impact of rising rates, we do expect to start to see improvements which will filter through to the bottom-line.

Overall, we view the insurance industry as being a well capitalised sector where management teams will have increasing options to improve profitability, and thus remains an attractive area.

TruPS Securitisation Market Update

The TruPS market continued to perform strongly during the first half of 2018 with the sector continuing to benefit from a rising interest rate environment. 3-month USD LIBOR ended the period at 2.34% and the Federal Reserve has indicated future interest rate hikes. As mentioned previously, increased interest rates are beneficial for TruPS as most are floating rate and this increases the cash flows to the equity tranches of our risk-retention investments. Rising rates also incentivise banks to redeem their TruPS to extinguish the associated interest expense.

During the second quarter, approximately \$125 million of bank TruPS and \$47 million of insurance TruPS were redeemed, bringing total bank and insurance TruPS redemptions to approximately \$275 million year to date in 2018.

The recent TruPS redemption announcements are consistent with the Manager's belief that banks and insurance companies will continue to redeem their outstanding TruPS by either using excess capital or by issuing lower cost debt. As the TruPS sector continues to improve in terms of credit spreads and liquidity, EJF should be able to take advantage of such movement by pricing future EJF-sponsored securitisations at tighter spreads. This would have a supportive impact on the return profile of the equity tranches of the securitisations, all else equal.

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INVESTMENT MANAGER'S REPORT (CONTINUED)

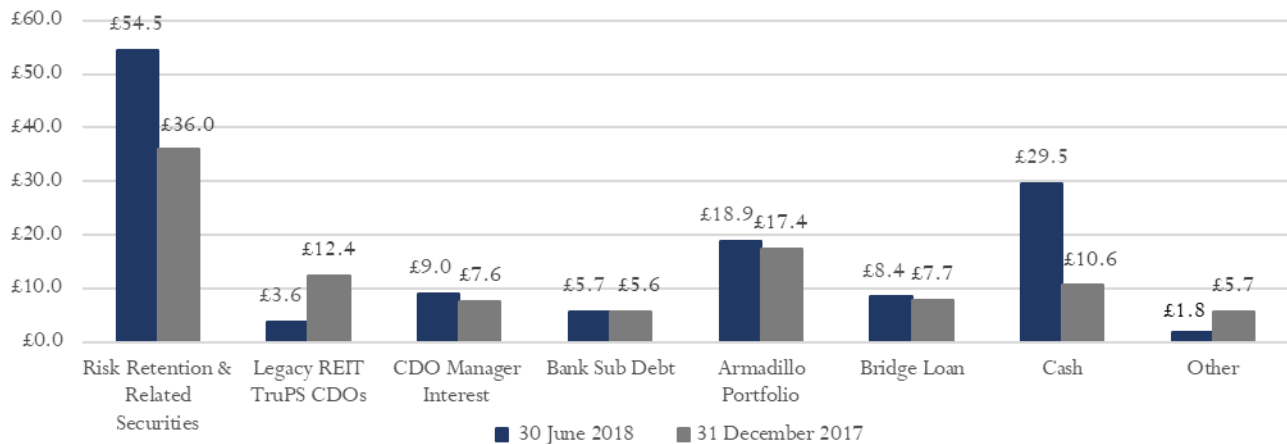
Portfolio Update

During the period the Company continued rebalancing its portfolio away from certain legacy investments that generate payment-in-kind income in favour of current, cash-flowing investments. Performance has been strong due to the sales of Legacy REIT TruPS CDOs and repayments on Armadillo Financial Fund LP ("Armadillo I") and Armadillo Financial Fund II LP ("Armadillo II"), collectively referred to as the "Armadillo Portfolio". We note the weakening of the Pound Sterling during the period has increased the exposure of the Company's and Subsidiary's US Dollar denominated investments, such as Armadillo Portfolio, before the mitigating effect of our forward contract hedges are considered.

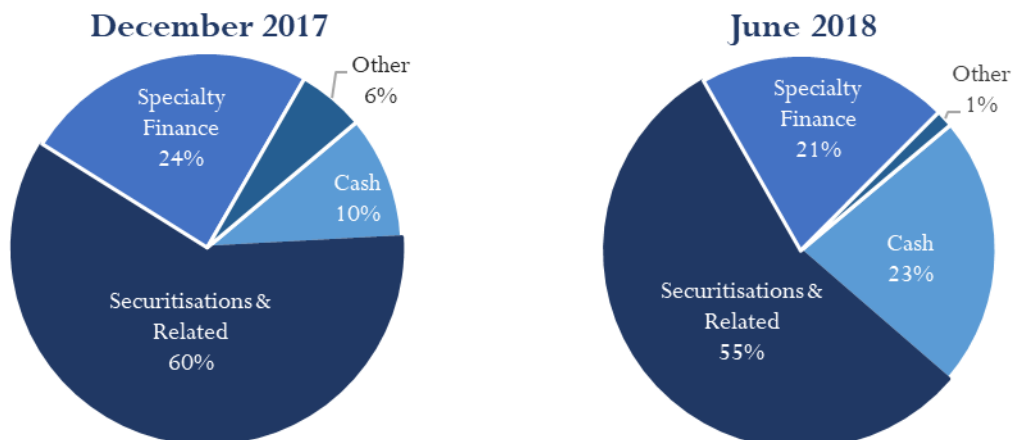
The Subsidiary reinvested the majority of its strong NAV accretion, cash gains and the newly raised capital proceeds into current cash flowing Target Investments, including Risk Retention and Related Investments and other quarterly interest paying CDO securities. These investments have more stable, predictable cash flows to support the Company's quarterly dividend payments. Post period end, the Company made a £7.4 million investment in the Class A notes of a new issue securitisation at a discount to par value.

Portfolio Composition Comparison (Based on Gross Asset Values)

Portfolio Comparison in £ millions



Portfolio Composition Comparison (Percent of Total Gross Assets)



EJF INVESTMENTS LIMITED

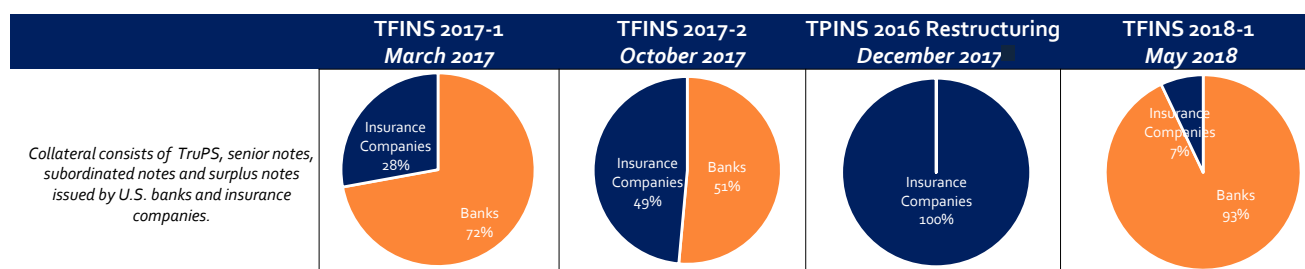
INVESTMENT MANAGER'S REPORT (CONTINUED)

Portfolio Update (Continued)

Risk Retention and Related Securities

The Company approved a new Risk Retention and Related Investment ("TFINS 2018-1"), totalling approximately £16.8 million on 8 May 2018. TFINS 2018-1 is a securitisation sponsored by EJF and primarily consists of trust preferred securities issued by 62 US community banks and 4 US insurance companies with an aggregate par value of approximately \$538 million. Approximately 93% of the underlying collateral is floating-rate with a weighted average spread of the floating assets of approximately 2.7% p.a. over US Dollar 3-month LIBOR. The remaining collateral is fixed-rate with a weighted average coupon of approximately 6.2% p.a. The weighted average maturity of the collateral is approximately 16 years from the closing date and TFINS 2018-1 has a final maturity date in 2039. The securitisation is callable after March 2020 at the option of the majority preferred shareholders, with mandatory auction calls commencing after March 2026. The Company will also participate in the collateral management fee income via its 49% ownership interest in the CDO Manager, which serves as the collateral manager for TFINS 2018-1, and will earn a 20 basis points p.a. fee in addition to an incentive management fee equal to 20% of profits over a 10% hurdle.

A summary of the Company's Risk Retention and Related Investments portfolio is below:



Collateral Summary				
Original Collateral Principal Balance	\$360.0	\$353.0	\$327.2	\$537.8
Original WA Collateral Yield	L + 3.1%	L + 3.1%	L + 4.0%	L + 2.7%
Original Implied Rating	Baa3/Baa1	Baa1	Baa2	Baa3
EJFI Investment Exposure ^a				
EJFI - CDO Equity Amount	\$20.1	\$14.5	\$13.4	\$22.7
Securitisation Structure				
Original WA Cost of Debt	L + 2.4%	L + 2.3%	L + 2.0%	L + 2.1%
Original Leverage Ratio	4.0x	4.3x	1.6x	6.7x
Other Key Terms				
Non Call Date / Auction Call Date	April 2019 / April 2025	Sept 2019 / Sept 2025	April 2019 / April 2024	March 2020 / March 2026
Management Fee	10bps	10bps	20 bps	20 bps

The portfolio of Risk Retention and Related Investments and each securitisation's underlying collateral continues to perform well. The four securitisations experienced strong prepayment activity, especially during the second quarter. As the underlying collateral prepays, proceeds are used to redeem the senior note tranche. This is beneficial to the Company's equity position since it de-levers the securitisation and also increases the likelihood that the securitisation will be called prior to maturity, resulting in a higher IRR.

The continued rotation from legacy assets into EJF sponsored securitisations means the portfolio is more focused on risk-retention, which is consistent with the Company's Investment Policy and which further simplifies the portfolio by further increasing the allocation to an asset class which we feel very strongly about.

EJF INVESTMENTS LIMITED

INVESTMENT MANAGER'S REPORT (CONTINUED)

Portfolio Update (Continued)

Specialty Finance

The Subsidiary's existing investment in the Armadillo Portfolio continues to pay down. As the underlying Armadillo Portfolio loans are repaid, the Armadillo Portfolio periodically distributes income and principal to its investors.

During the period the Company received a £1.05 million distribution from the Armadillo Portfolio, relating to an impaired loan that was previously written to zero. The counterparty had pledged the same collateral to another lender and it was deemed to be unlikely that any amounts would be recovered. Rather than pursuing litigation, a sale of the loan to the other lender resulted in the principal being partially recovered. In exchange for the payment, Armadillo terminated the loan.

The remainder of the Armadillo portfolio continues to perform as expected with ad-hoc settlements of outstanding balances. It is anticipated that the allocation to Armadillo will continue to fall as distributions are made on repayment of outstanding loans.

The Company's Subsidiary also has an investment in a bridge loan to an affiliate of a publicly listed insurance company specialising in property and casualty insurance. The borrower continues to pay some cash interest on the 14% coupon with the remainder unpaid being accrued as Payment in Kind ("PIK") into the principal balance. This has the effect of increasing the underlying principal on which the 14% coupon of interest is charged. The bridge loan is due to mature in January 2020 but early repayment is a possibility.

CDO Bond Securities

The Company took advantage of improvements in the underlying CDO bond securities alongside an active secondary market for such products during the period and sold two REIT TruPS CDO securities in January at a profit of £7.3 million which generated total sale proceeds of £15.8 million. The Company also sold another REIT TruPS CDO security in April at total sale proceeds of £4.2 million which generated a profit of £2.4 million. These transactions were a key driver in the strong January and April returns.

In June, the Company took advantage of the expanding secondary markets and sold one of its cash generating REIT TruPS CDO security at a profit. The proceeds were reinvested to acquire a floating rate legacy REIT TruPS CDO security at a discount.

Post period end a £7.4 million investment of Class A 10,000,000 nominal holding in a new issue securitisation took place on 31 July 2018. The security is collateralised by a static portfolio of 29 bank TruPS, two bank subordinated notes and one insurance Senior Unsecured Note and is rated AA- by Kroll Bond Rating Agency, Inc. The coupon is a LIBOR linked floater with a weighted average life of 7.08 years.

EJF INVESTMENTS LIMITED

INVESTMENT MANAGER'S REPORT (CONTINUED)

Outlook

The Company remains focused on investment opportunities driven by changing financial regulations in the US. We believe regulatory changes will enable these well-positioned institutions to continue to grow and gain greater leverage to an improving economy. As a direct consequence of these positive tailwinds, we believe TruPS and other debt securities of community, regional banks and insurance companies remain and will continue to provide very attractive risk-reward opportunities for the Company.

We expect EJF will continue to sponsor additional securitisations and that we continue to retain the associated CDO collateral management contracts which can provide multi-year cash that streams from management fees. We are also investigating European-focused specialty finance opportunities in direct lending sectors that are benefiting from bank disintermediation.

We believe our further commitment to the growth of the Company through financial support and the positive returns to date exemplify our belief that the Company offers Shareholders a compelling risk-adjusted performance opportunity. We believe the Company's investment portfolio is well positioned to meet the Target Return and Target Dividend and are working with our advisers to grow the Company's capital base over time via the Placing Programme.

EJF Investments Manager LLC
Investment Manager
24 August 2018

EJF INVESTMENTS LIMITED

STATEMENT OF PRINCIPAL RISKS

Principal Risks and Uncertainties

The Principal Risks assessed by the Directors relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the period ended 31 December 2017.

The Principal Risks disclosed include Strategic Risks, Financial Risks, Investment Risks and Operational Risks. A detailed explanation of these can be found in the Annual Report and Audited Financial Statements. The Directors and Investment Manager do not consider these risks to have changed and are expected to remain relevant for the remaining six months of the financial year.

Principal Risk
Strategic Risks
Macro, economic and political Adverse global, market and economic conditions impact the availability of investment opportunities, the investor base as well as the liquidity and values of the Company's existing investments.
Inability to raise sufficient capital to meet attractive investment opportunities The limited history of the Company and specifically the Manager in Europe, and the complex nature of the underlying assets, may hinder the Company in raising sufficient capital in order to take full advantage of its investment pipeline.
Changes in law, taxes and regulation invalidate the investment opportunities The Company's investments are subject to regulations enacted by national and local governments, changes to which may invalidate the current investment opportunities and make it difficult for the Company to pursue its Investment Policy.
Changes in law, taxes and regulation invalidate the EJFI group's structure The EJFI group is subject to taxes, laws and regulations enacted by national and local governments. Changes in such taxes, laws and regulations may invalidate the current substance of the structure.
Manager key man dependency The Company is dependent on the ability of the Manager for successfully pursuing its Investment Objective and on its ability to retain and recruit staff.
Valuation The nature and concentration of the Company's investments can make them more difficult to value compared to more liquid investments. Furthermore, a general market collapse and/or a seizing-up of credit markets may render it impossible to price certain investments with any degree of accuracy, or at all. Inaccurate pricing could cause realised profits to be materially different from those previously reported potentially resulting in investors trading in and out of the Company's shares based on previously unverifiable information.

EJF INVESTMENTS LIMITED
STATEMENT OF PRINCIPAL RISKS (CONTINUED)

Principal Risk

Investment Risks

Credit Risk

The performance of the Company's underlying assets and in turn its NAV and share price may be impacted by adverse credit losses in the portfolio. Medium or long-term unfavorable credit markets may prevent the Company from making new investments.

Interest Rate Risk

A large percentage of the Company's assets are linked to floating interest rates. The translated cashflows and valuation of the assets are correlated to interest rates. A decline in interest rates may have a negative impact on expected future cashflows and the underlying valuation of the Company's assets.

Investment Opportunity

Risk retention investments are dependent upon a healthy primary securitisation market. If market conditions negatively impact the securitisation market, the Company may be restricted in its ability to make new investments.

Operational Risks

Dependency on the Manager, Administrator & other service providers

The Company is dependent on the ability of its service providers for the successful management and administration of the Company's affairs, including ensuring that all legal, regulatory and reporting requirements are met, and on their respective ability to retain and recruit sufficient appropriately qualified and experienced staff.

In addition, the Company is reliant on these service providers for having appropriate policies and procedures in place in order to meet all the Company's requirements.

Cybercrime

The Company is reliant on the controls of its service providers to ensure day to day operations are adequately protected against cyber threats. Inadequacies or failures in these systems due to external factors could result in financial or reputational damage to the Company or its affiliates.

EJF INVESTMENTS LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Interim Report and Unaudited Condensed Interim Financial Statements in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the UK Listing Authority's Disclosure and Transparency Rule ("DTR") 4.2.4R.
- The Interim Report, together with the Unaudited Condensed Interim Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:
 - DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the period from 1 January 2018 to 30 June 2018 and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the Principal Risks and uncertainties for the remaining six months of the year; and
 - DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the period from 1 January 2018 to 30 June 2018 and have materially affected the financial position or performance of the Company during that period.

By Order of the Board
Joanna Dentskevich
Chair
24 August 2018

EJF INVESTMENTS LIMITED

INDEPENDENT REVIEW REPORT TO EJF INVESTMENTS LIMITED

Conclusion

We have been engaged by EJF Investments Limited (“the Company”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS) including the requirements of IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Company are prepared in accordance with IFRS as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IFRS including the requirements of IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Ravi Lamba

For and on behalf of KPMG LLP

Chartered Accountants and Recognised Auditor

15 Canada Square

London, E14 5GL

24 August 2018

EJF INVESTMENTS LIMITED
UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

		1 January 2018 to 30 June 2018 (Unaudited) £	20 October 2016 to 30 June 2017 (Unaudited) £
	Note		
Investment income	6	510	945,159
Other income		-	26,722
Net foreign exchange loss		(8,330)	(76,675)
Net gain on derivative financial assets at fair value through profit or loss	8	-	2,024,853
Net gain on non-derivative financial assets at fair value through profit or loss	7	16,915,512	5,334,352
Net loss on financial liabilities at fair value through profit or loss		-	(762,929)
Total revenue		16,907,692	7,491,482
Incentive fee	17	1,237,422	265,215
Management fee	17	430,499	-
Legal and professional fees		299,096	471,299
Administration fees		124,790	314,766
Audit fees		89,500	40,000
Other operating expenses		74,657	152,646
Directors' fees	17	67,500	58,441
Amortisation of ZDP issue costs	10	52,500	-
Insurance		39,936	34,200
Total operating expenses		2,415,900	1,336,567
Expenses reimbursed by the Manager	17	(695,689)	(417,999)
Net operating expenses		1,720,211	918,568
Operating profit		15,187,481	6,572,914
Finance costs	10	(432,067)	(153,732)
Total comprehensive income for the period		14,755,414	6,419,182
Weighted average number of Ordinary Shares in issue during the period	18	56,678,742	48,395,217
Basic and diluted earnings per Ordinary Share		26.0p	13.3p

All items in the above statement are derived from continuing operations.

The accompanying notes on pages 28 to 47 form an integral part of these Unaudited Condensed Interim Financial Statements

Company Number: 122353

EJF INVESTMENTS LIMITED
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2018 (Unaudited) £	As at 31 December 2017 (Audited) £
Non-current assets			
Non-derivative financial assets at fair value through profit or loss	9	123,993,069	100,177,557
Current assets			
Cash and cash equivalents		568,734	3,194,538
Other receivables	17	1,085,164	648,255
Balance due from brokers		-	126,088
Prepaid expenses and other assets		35,957	45,894
Total current assets		1,689,855	4,014,775
Total assets		125,682,924	104,192,332
Non-current liabilities			
Zero Dividend Preference (2022) shares	10	15,041,100	14,556,533
Current liabilities			
Accounts payable and accrued expenses	11	2,277,331	3,333,854
Total liabilities		17,318,431	17,890,387
Net assets		108,364,493	86,301,945
Equity			
Stated capital		83,769,449	73,650,682
Retained earnings		24,595,044	12,651,263
Total Equity		108,364,493	86,301,945
Number of Ordinary Shares in issue at period end		60,557,192	54,543,142
Net Asset Value per Ordinary Share		178.95p	158.23p

The Unaudited Condensed Interim Financial Statements were approved by the Board of Directors on 22 August 2018 and signed on their behalf by:

Alan Dunphy
Director
24 August 2018

The accompanying notes on pages 28 to 47 form an integral part of these Unaudited Condensed Interim Financial Statements

EJF INVESTMENTS LIMITED
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Note	Number of shares (Unaudited)	Stated capital (Unaudited) £	Retained earnings (Unaudited) £	Net assets attributable to shareholders (Unaudited) £
Balance at 1 January 2018		54,543,142	73,650,682	12,651,263	86,301,945
Total comprehensive income for the period	12	-	-	14,755,414	14,755,414
Ordinary Shares issued via placing	12	6,014,050	10,300,920	-	10,300,920
Share issue costs	12	-	(182,153)	-	(182,153)
Dividends paid	13	-	-	(2,811,633)	(2,811,633)
Balance at 30 June 2018		60,557,192	83,769,449	24,595,044	108,364,493

FOR THE PERIOD FROM INCORPORATION ON 20 OCTOBER 2016 TO 30 JUNE 2017

	Note	Number of shares (Unaudited)	Stated capital (Unaudited) £	Retained earnings (Unaudited) £	Net assets attributable to shareholders (Unaudited) £
Balance at 20 October 2016		-	-	-	-
Total comprehensive income for the period		-	-	6,419,182	6,419,182
Ordinary Shares issued via offer		48,395,217	65,774,963	-	65,774,963
Dividends paid	13	-	-	(2,322,970)	(2,322,970)
Balance at 30 June 2017		48,395,217	65,774,963	4,096,212	69,871,175

The accompanying notes on pages 28 to 47 form an integral part of these Unaudited Condensed Interim Financial Statements

EJF INVESTMENTS LIMITED
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	1 January 2018 to 30 June 2018 (Unaudited)	20 October 2016 to 30 June 2017 (Unaudited)
Note	£	£
Cash flows from operating activities		
Profit for the period	14,755,414	6,419,182
Adjustments for:		
Investment income	(510)	(945,159)
Amortisation of Zero Dividend Preference Shares, including finance costs	10 484,567	-
Net unrealised gain on derivative financial assets at fair value through profit or loss	-	(2,024,853)
Net gain on non-derivative financial assets at fair value through profit or loss	7 (16,915,512)	(5,334,352)
Net foreign exchange loss	8,330	76,675
Net unrealised loss on financial liabilities at fair value through profit or loss	-	762,929
Interest received	-	852,970
	(1,667,711)	(192,608)
Changes in net assets and liabilities:		
Increase in other receivables	(436,909)	(223,118)
Decrease/(Increase) in balance due from brokers	126,088	(2,842,360)
Decrease/(Increase) in prepaid expenses and other assets	9,937	(86,492)
(Decrease)/Increase in accounts payable and accrued expenses	(1,056,523)	1,608,773
	(3,025,118)	(1,735,805)
Distributions received	-	3,575,210
Purchase of non-derivative financial assets at fair value through profit or loss	(6,900,000)	(2,206,599)
Receipts from investments at fair value through profit or loss	-	2,680,939
Receipts from the Partnership	-	4,153,190
Realised gains on transfer of assets	-	558,240
Net cash (outflow)/inflow from operating activities	(6,900,000)	8,760,980
Cash flow from financing activities		
Proceeds from issue of Ordinary Shares	10,144,879	-
Ordinary Share issue costs	(33,958)	-
Dividends paid	13 (2,811,633)	(1,161,485)
Net cash inflow/(outflow) from financing activities	7,299,288	(1,161,485)
Net (decrease)/increase in cash and cash equivalents	(2,625,830)	5,863,690
Cash and cash equivalents at the start of the period	3,194,538	-
Effect of movements in exchange rates on cash held	26	28,141
Cash and cash equivalents at the end of the period	568,734	5,891,831

The accompanying notes on pages 28 to 47 form an integral part of these Unaudited Condensed Interim Financial Statements

EJF INVESTMENTS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

1. General information

EJF Investments Limited (the “Company” or “EJFI”) is a registered investment company incorporated on 20 October 2016 with limited liability in the Bailiwick of Jersey. The address of the Company’s registered office is 47 Esplanade, St. Helier, Jersey, JE1 0BD. The Company’s shares trade on the London Stock Exchange’s Specialist Fund Segment.

The investment activities of the Company are managed by the Manager and the administration of the Company is delegated to Crestbridge Fund Administrators Limited (the “Administrator”). EJF Investments Manager LLC (the “Manager” or “Investment Manager”) is operationally integrated into, and is a relying adviser of, EJF Capital LLC (“EJF”), which is a registered investment adviser under the Investment Advisers Act of 1940 as amended, with the US Securities and Exchange Commission and is a registered Commodity Pool Operator and Commodities Trading Advisor under the Commodity Exchange Act. The managing member and sole Class A shareholder of the Manager is EJF.

Since 9 June 2017, the Company has held its investments through EJF Investments Holdings Limited (the “Subsidiary”). The Company controls the Subsidiary through a holding of 100% of its shares. The Subsidiary is domiciled in Jersey and has no wholly-owned underlying subsidiaries. The Subsidiary holds 85% (31 December 2017: 85%) of EJF Investments LP’s (the “Partnership”) interests.

Through its Subsidiary, the Company primarily invests in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats which may be issued by entities domiciled in the US, UK and other European countries.

2. Compliance with International Financial Reporting Standards

The Unaudited Condensed Interim Financial statements of the Company for the period from 1 January 2018 to 30 June 2018 have been prepared on a going concern basis in accordance with IAS 34, “Interim Financial Reporting”, as adopted in the European Union (“EU”), together with applicable legal and regulatory requirements of the Jersey company law and the Listing Rules of the London Stock Exchange’s Specialist Fund Segment.

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the Company’s Annual Report and Audited Financial Statements for the period ended 31 December 2017, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”).

New Accounting Standards effective during the period

The Company is required to adopt IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” from 1 January 2018. The impact of the adoption of these standards on the Company’s Unaudited Condensed Interim Financial Statements for the period ended 30 June 2018 is as follows:

IFRS 9 “Financial Instruments”

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and is effective for the periods beginning on or after 1 January 2018. IFRS 9 requires financial assets to be classified into one of two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. Based on the Company’s assessment, the Company does not believe the new classifications have any material impact on the Company’s investment in the Subsidiary which is measured at fair value through profit or loss. Consequently, all fair value gains and losses will be reported in the Unaudited Condensed Statement of Comprehensive Income. The application of IFRS 9 has not changed the measurement and presentation of the current financial instruments and there has been no change to the basis of accounts or comparative policies. Cash and cash equivalents and other receivables are held at amortised cost and the directors do not believe that the measurement of these assets has been materially impacted by the adoption of IFRS 9.

EJF INVESTMENTS LIMITED
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

2. Compliance with International Financial Reporting Standards (continued)

IFRS 15 “Revenue from contract customers”

IFRS 15 specifies how and when an entity will recognise revenue and is effective for the periods beginning on or after 1 January 2018. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. This new standard has no impact on the Company’s Unaudited Condensed Interim Financial Statements. The Company’s main sources of revenue are interest and dividends from its Subsidiary. The Company does not have any contracts with customers and shareholders.

New, revised or amended standards and interpretations that are not yet effective have not been early adopted and the Directors do not expect that the adoption of the standards will have an impact as identified and disclosed in the Annual Report and Audited Financial Statements for the period ended 31 December 2017.

3. Significant accounting policies

In the current financial period, there have been no changes to the accounting policies from those applied in the Company’s Annual Report and Audited Financial Statements for the period ended 31 December 2017.

4. Use of judgements and estimates

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimations of uncertainty at the Statement of Financial Position date that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as set out in the Annual Report and Audited Financial Statements for the period ended 31 December 2017.

In the current financial period, there have been no changes to the significant critical accounting judgements, estimates and assumptions from those applied in the most recent Annual Report and Audited Financial Statements.

EJF INVESTMENTS LIMITED
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

5. Segmental reporting

The Directors have considered the requirements of IFRS 8 “Operating Segments”, and is of the view that the Company is engaged in a single segment of business via its Subsidiary mainly in one geographical area, Jersey, and therefore the Company has only a single operating segment.

6. Investment income

	1 January 2018 to 30 June 2018 (Unaudited) £	20 October 2016 to 30 June 2017 (Unaudited) £
Investment income from non-derivative financial assets at fair value through profit or loss:		
CDO bond securities	-	562,447
Bridge loan	-	379,119
Total income from non-derivative financial assets at fair value through profit or loss	-	941,566
Investment income from financial assets carried at amortised cost:		
Cash and cash equivalents	510	3,593
Total investment income	510	945,159

Investment income from non-derivative financial assets at fair value through profit or loss relates to income accrued by the Company before the transfer of assets to the Subsidiary (see note 9).

EJF INVESTMENTS LIMITED
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

7. Net gain on non-derivative financial assets at fair value through profit or loss	1 January 2018 to 30 June 2018 (Unaudited) £	20 October 2016 to 30 June 2017 (Unaudited) £
Investments in private investment companies:		
Armadillo I	-	447,424
Armadillo II	-	16,117
EJF Investments LP	-	(734,931)
	-	(271,390)
Investment in private operating company:		
CDO Manager	-	959,755
Investments in trading securities:		
CDO bond securities	-	2,869,533
Bridge loan	-	544,129
	-	3,413,662
Investment in Subsidiary:		
EJF Investments Holdings Limited	16,915,512	(298,760)
Total unrealised gain on non-derivative financial assets at fair value through profit or loss	16,915,512	3,803,267
	£	£
Investments in private investment companies:		
Armadillo I	-	456,430
Investments in trading securities:		
CDO bond securities	-	1,074,655
Total realised gain on non-derivative financial assets at fair value through profit or loss	-	1,531,085
	£	£
Net unrealised gain on non-derivative financial assets at fair value through profit or loss	16,915,512	3,803,267
Net realised gain on non-derivative financial assets at fair value through profit or loss	-	1,531,085
Net gain on non-derivative financial assets at fair value through profit or loss	16,915,512	5,334,352

The net gain on non-derivative financial assets above (with the exception of Investment in Subsidiary) relates to gains accrued by the Company before the transfer of assets to the Subsidiary (see note 9).

The unrealised gain or loss from non-derivative financial assets at fair value through profit or loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

The realised gain or loss from non-derivative financial assets at fair value through profit or loss represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

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8. Derivative financial assets at fair value through profit or loss

Maturity date	Counterparty	Contract amount	Buy	Sell	30 June 2018	30 June 2017
					(Unaudited)	
					Unrealised gain	Unrealised gain
					£	£
27 March 2018	Citibank N.A.	GBP 55,000,000	GBP	USD	-	1,957,673
18 May 2018	Citibank N.A.	GBP 10,000,000	GBP	USD	-	67,180
Derivative financial assets at fair value through profit or loss					-	2,024,853

During the period ended 30 June 2018, no derivative financial assets were held by the Company.

The following forward foreign exchange contracts were held by the Subsidiary:

Maturity date	Counterparty	Contract amount	Buy	Sell	30 June 2018	31 December 2017
					(Unaudited)	
					£	£
27 March 2018	Citibank N.A.	GBP 55,000,000	GBP	USD	-	3,617,073
18 May 2018	Citibank N.A.	GBP 10,000,000	GBP	USD	-	381,192
5 November 2018	Citibank N.A.	GBP 7,000,000	GBP	USD	(90,101)	111,228
19 December 2018	Citibank N.A.	GBP 16,500,000	GBP	USD	(271,148)	200,470
25 January 2019	Citibank N.A.	GBP 10,000,000	GBP	USD	(653,935)	-
28 March 2019	Citibank N.A.	GBP 51,000,000	GBP	USD	(4,159,031)	-
20 May 2019	Citibank N.A.	GBP 8,647,550	GBP	USD	(220,890)	-
Derivative financial (liabilities)/assets held by the Subsidiary					(5,395,105)	4,309,963

9. Non-derivative financial assets at fair value through profit or loss

Investment in Subsidiary

On 30 May 2018, the Company made a further investment in the Subsidiary of £6,900,000 in exchange for 6,900,000 Ordinary Shares of no par value.

Below is a summary of the movement in the investment in the Subsidiary, held by the Company:

	Note	30 June	31 December
		2018	2017
		(Unaudited)	(Audited)
		£	£
Opening balance		100,177,557	-
Additions during the reporting period		6,900,000	155,127,927
Disposals during the reporting period		-	(69,375,952)
Realised gains during the reporting period		-	1,573,893
Closing balance		107,077,557	87,325,868
Unrealised gains on investment in Subsidiary	7	16,915,512	14,895,038
Effect of foreign currency fluctuations		-	(2,043,349)
Investment in Subsidiary at fair value through profit or loss at the end of the period		123,993,069	100,177,557

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9. Non-derivative financial assets at fair value through profit or loss (continued)

Investment in Subsidiary (Continued)

On a look-through basis, the following table discloses the financial assets at fair value through profit or loss of the Subsidiary that ties to the Company's financial assets at fair value through profit or loss:

	Note	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
Subsidiary's investment at fair value through profit or loss:			
Armadillo Portfolio (i)		18,859,855	17,388,194
Investment in the Partnership (i)		49,428,297	31,114,057
Investment in the CDO Manager (ii)		8,950,451	7,565,445
CDO bond securities (iii)		9,317,356	17,943,025
Bridge Loan (iii)		8,398,297	7,742,458
Preference Shares (iii)		5,020,866	4,917,953
Derivative financial (liabilities)/assets	8	(5,395,105)	4,309,963
Total Subsidiary's investment at fair value through profit or loss		<u>94,580,017</u>	<u>90,981,095</u>
Subsidiary's other assets and liabilities:			
Cash and cash equivalents		18,510,442	7,229,972
Other receivables		10,902,610	1,966,490
Subsidiary's net asset value at the end of the period		<u>123,993,069</u>	<u>100,177,557</u>

(i) Subsidiary's Investments in Private Investment Companies

Investments in Armadillo Portfolio

The Subsidiary's investments in private investment companies include the partnership interests in Armadillo Financial Fund LP ("Armadillo I") and Armadillo Financial Fund II LP ("Armadillo II"), together the "Armadillo Portfolio". The investment strategy of the Armadillo Portfolio is to make high interest rate loans to third-party law firms engaged in mass tort litigation.

The Company, through its investment in the Subsidiary, had a 27.0% holding in Armadillo I and 0.8% holding in Armadillo II as at 30 June 2018 (27.0% holding in Armadillo I and 0.8% holding in Armadillo II at 31 December 2017).

The following table summarises activity for the Subsidiary's investment in the Armadillo Portfolio:

	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
Opening balance	17,388,194	-
Additions	-	24,344,694
Distributions	(1,300,648)	(6,651,245)
Realised gains on payoffs	48,210	1,177,142
Unrealised gains/(losses) ¹	2,724,099	(1,482,397)
Subsidiary's investments in the Armadillo Portfolio at fair value through profit or loss	<u>18,859,855</u>	<u>17,388,194</u>

¹ Includes unrealised gains/(losses) on fluctuations in foreign exchange rates

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9. Non-derivative financial assets at fair value through profit or loss (continued)

Investment in the Partnership

As at 30 June 2018, the Subsidiary held 85% of the 75,698,309 units (31 December 2017: 85% of the 48,968,309 units) issued by the Partnership. The Partnership's purpose is to retain an interest of at least 5% in securitisations sponsored by EJF in connection with regulatory requirements within the Dodd-Frank reforms in the United States. The investment in the Partnership is valued at £49,428,297 (31 December 2017: £31,114,057).

As at 30 June 2018 remaining units outstanding are held by the Manager (11,354,746 units) (31 December 2017: 7,345,246 units) and EJF Investments GP Inc. (the "General Partner") (165 units) (31 December 2017: 165 units).

The following table summarises activity for the Subsidiary's investment in the Partnership:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	£	£
Opening balance	31,114,057	-
Additions	16,767,278	31,407,943
Distributions	(571,091)	(59,172)
Realised gains on payoffs	571,091	59,172
Unrealised gains/(losses) ¹	1,546,962	(293,886)
Subsidiary's investment in the Partnership at fair value through profit or loss	49,428,297	31,114,057

(ii) Subsidiary's Investment in Private Operating Companies

CDO Manager

The CDO Manager which is 51% owned by the Manager and 49% owned by the Subsidiary, provides collateral management services to various CDO structures. The CDO Manager provides such services directly to those CDO structures on commercially reasonable terms. The CDO Manager is also expected to provide collateral management services to future EJF sponsored securitisations as it will have the benefit, for so long as EJF Investments Manager LLC is the Manager, of a right of first refusal to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJF Securitisation. The CDO Manager may also provide collateral management services to non-EJF securitisations. The CDO Manager is expected to benefit from collateral management fees on all CDOs it services and manages until maturity of such CDOs.

The following table summarises activity for the Subsidiary's investment in the CDO Manager:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	£	£
Opening balance	7,565,445	-
Additions	-	6,633,575
Distributions	(239,978)	-
Realised gains on distributions	239,978	-
Unrealised gains ¹	1,385,006	931,870
Subsidiary's investment in the CDO Manager at fair value through profit or loss	8,950,451	7,565,445

¹ Includes unrealised gains/(losses) on fluctuations in foreign exchange rates

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9. Non-derivative financial assets at fair value through profit or loss (continued)

(i) Subsidiary's Investments in Private Operating Companies (continued)

CDO Manager (continued)

The Subsidiary, through its 49% interest in the CDO Manager, has an exposure to the cash flows of four REIT TruPS CDO collateral management contracts plus cash flow from TFINS 2017-1, TFINS 2017-2, TFINS 2018-1 and TPINS. The CDO Manager has a total NAV of £18,266,227 as at 30 June 2018 (£15,439,684 as at 31 December 2017). The Subsidiary's interest in the CDO Manager has a NAV of £8,950,451 as at 30 June 2018 (£7,565,445 as at 31 December 2017).

The Manager currently expects these contracts will, based on the current strength of the underlying collateral loans, extend to their natural life in accordance with their respective legal indentures, providing investors with an ongoing stable stream of current income. The management fees of each REIT TruPS CDO collateral management contract vary, ranging from 15 to 20bps of the outstanding collateral balance. The TFINS 2017-1 and TFINS 2017-2 securitisations produce management fees of 10bps on outstanding collateral. The TPINS and TFINS 2018-1 securitisations produce management fees of 20bps on outstanding collateral.

(iii) Subsidiary's Investments in Trading Securities

CDO bond securities

The Subsidiary's CDO bond securities portfolio consists of REIT TruPS CDO bonds issued prior to the financial crisis by an unaffiliated third-party sponsor (collectively the "CDO Entities"). The remaining portfolio of CDO bond securities, held by the Subsidiary, is generating current income and the Manager believes that the cash flows from this portfolio will continue to increase over time as the senior tranches of certain CDOs are repaid and the CDO over-collateralisation and interest coverage tests are cured. The bond holdings range from senior class A bonds to subordinated class F bonds. For the period ended 30 June 2018, the Company accrued £303,915 (30 June 2017: £562,447) of interest income presented as investment income in the Subsidiary.

The following table summarises activity for the Subsidiary's investment in CDO bond securities:

	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
Opening balance of CDO bonds at the beginning of the period	17,943,025	-
Acquisition of interest in CDO Bonds	3,144,692	21,273,427
Proceeds on disposal	(22,229,056)	(10,205,104)
Realised gains on disposal	10,199,286	3,585,668
Unrealised losses/gains from CDO bond securities ¹	259,409	3,289,034
Fair value of CDO bond securities at the end of the period	9,317,356	17,943,025

¹ Includes unrealised gains/(losses) on fluctuations in foreign exchange rates.

Bridge Loan

The Subsidiary's Bridge Loan is structured as a senior secured note with a three-year maturity and an interest rate of 14%. Additionally, the Bridge Loan investors received a 3% commitment fee and there is a make whole premium through the first 18 months. The Bridge Loan is secured by the collateral of two CDOs that are wrapped by an affiliate of the borrower. For the period ended 30 June 2018, the Company accrued £742,283 (30 June 2017: £379,119) of interest income presented as investment income in the Subsidiary.

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9. Non-derivative financial assets at fair value through profit or loss (continued)

Preference Shares

The Subsidiary owns an interest in a depositor vehicle which holds interests in the TFINS 2017-1 preference shares originally issued as part of the securitisation in March 2017. This position was purchased as part of the cross-transaction with two private funds affiliated with the Manager and is described further in note 24 of the Company's Annual Report and Audited Financial Statements for the period ended 31 December 2017. The Subsidiary started generating interest income on this investment in October 2017 and expects to receive quarterly payments.

10. Zero Dividend Preference Shares

On 1 December 2017, the Company completed the successful issuance of 15,000,000 new Zero Dividend Preference shares (the "ZDP shares") at a Gross Redemption Yield of 5.75%. Approximately 30% of the available ZDP shares were issued pursuant to the Initial Placing and Offer for Subscription at a price per ZDP share of 100 pence. The holders of the ZDP shares will have a final capital entitlement of 132.35 pence on the repayment date of 1 December 2022. As of 30 June 2018 and 31 December 2017, there were 15,000,000 ZDP shares outstanding.

The ZDP shares rank senior to the Ordinary Shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and do not carry the right to vote at general meetings of the Company. The entire return from the ZDP shares takes the form of capital.

Dividends paid by the Company are attributable to the Ordinary Shares only. The Directors may only pay dividends provided that immediately following such payment the cover would be not less than 2.0 times, save where the holders of the ZDP shares have approved such payment. The following table reconciles the liability for ZDP shares, held at amortised cost, for the period.

	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
Opening balance	14,556,533	-
Issuance of ZDP shares	-	15,000,000
Issue costs	-	(525,000)
Amortisation of issue costs during the period	52,500	8,750
Finance costs during the period	432,067	72,783
Closing balance	15,041,100	14,556,533

Capitalised issue costs are being amortised using the effective interest rate method. The unamortised balance at 30 June 2018 is £463,750 (31 December 2017: £516,250).

11. Accounts payable and accrued expenses

	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
Amount due to Subsidiary	190,973	1,755,134
Incentive fees payable	1,237,422	916,043
Legal and professional fees payable	356,369	405,459
Management fee payable	255,272	128,529
Audit fees payable	177,500	88,000
Directors' fees payable	40,345	40,366
Sundry creditors	19,450	323
	2,277,331	3,333,854

The amount due to the Subsidiary is interest free and repayable on demand.

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12. Net assets attributable to shareholders

The Ordinary Shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32.

The proceeds from the issue of Ordinary Shares are recognised in the Unaudited Condensed Statement of Changes in Equity, and are net of the incremental issuance costs when applicable.

The analysis of movements in net assets attributable to shareholders during the period were as follows:

	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
Number of shares		
Balance at the beginning of the period	54,543,142	-
Issued during the period at £1.36 per share	-	48,395,217
Issued during the period at £1.46 per share	-	5,479,543
Issued during the period at £1.54 per share	-	668,472
Issued during the period at £1.72 per share	3,379,050	-
Issued during the period at £1.71 per share	2,635,000	-
Balance at period end	60,557,192	54,543,142
Issued and fully paid	£	£
Balance at beginning of the period	73,650,682	-
Issued during the period ¹	10,118,767	73,650,682
Balance at period end	83,769,449	73,650,682
Reconciliation of net assets attributable to shareholders	£	£
Balance at beginning of the period	86,301,945	-
Increase in net assets attributable to shareholders	14,755,414	16,267,225
Issue of shares during the period ¹	10,118,767	73,650,682
Dividends paid	(2,811,633)	(3,615,962)
Balance at period end	108,364,493	86,301,945
Net Asset Value per share	£1.79	£1.58

¹ Net of issuance costs.

At 30 June 2018, the Company has 60,557,192 shares in issue (31 December 2017: 54,543,142). The Company has the authority to issue and allot up to 100,000,000 additional Ordinary Shares and/or C Shares under the Placing Programme, such authority to expire on the date that is twelve months from the date of publication of the Prospectus issued in connection with that Placing Programme. From this authority the Company has 39,442,808 shares unissued (31 December 2017: 45,456,858) under the Placing Programme.

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13. Dividends

The Company paid the following dividends on its Ordinary Shares during the period:

Period to:	Declared date	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share (pence)	Net dividend Paid (£)
31 Dec 2017	22 Jan 2018	1 Feb 2018	2 Feb 2018	2 Mar 2018	2.5	£1,363,579
31 Mar 2018	24 Apr 2018	3 May 2018	4 May 2018	31 May 2018	2.5	£1,448,054

The Company paid and accrued the following dividends on its Ordinary Shares during the period ended 30 June 2017:

Period to:	Declared date	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share (pence)	Net dividend Paid (£)
31 Mar 2017	19 Apr 2017	27 Apr 2017	28 Apr 2017	22 May 2017	2.4	£1,161,485
30 Jun 2017	22 Jun 2017	29 Jun 2017	30 Jun 2017	28 Jul 2017	2.4	£1,161,485

14. Interest in unconsolidated subsidiaries

The table below discloses the unconsolidated subsidiaries in which the Company holds an interest, but does not consolidate in accordance with IFRS 12 "Disclosure of Interests in Other Entities":

Name of entity	Type of entity	Principal place of business	Nature of purpose	Interest held by the Company
EJF Investments Holdings Limited	Private Company	Jersey	To hold a portfolio of investments in order to generate capital appreciation and investment income.	100%
EJF Investments LP	Limited Partnership	Delaware	To hold a portfolio of investments in order to generate capital appreciation and investment income.	85% ¹

¹ EJF Investments LP was indirectly held via the Subsidiary as at 30 June 2018 and 30 June 2017.

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15. Financial Risk Management

At 30 June 2018, there has been no change to the Company's financial risk management objectives and policies to those disclosed in the Company's Annual Report and Audited Financial Statements for the period ended 31 December 2017.

Fair value of financial instruments

This section should be read in conjunction with Note 22 of the Annual Report and Audited Financial Statements for the period ended 31 December 2017 which provides more detail about accounting policies adopted, the definitions of the three levels of fair value hierarchy, valuation methods used in calculating fair value, and the valuation framework which governs oversight of valuations. There have been no changes in the accounting policies adopted or the valuation methodologies used.

Valuation models

The Company classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

- Level 1* Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2* Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3* Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, held by the Company, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Unaudited Condensed Statement of Financial Position as at 30 June 2018. All fair value measurements below are recurring.

As at 30 June 2018	Level 1	Level 2	Level 3
Non-derivative financial assets at fair value through profit or loss	£	£	£
Investment held in Subsidiary	-	-	123,993,069
Non-derivative financial assets at fair value through profit or loss	-	-	123,993,069

The following table shows the movement of level 3 assets during the period ended 30 June 2018:

	Opening fair value	Additions	Realised gains/ (losses)	Unrealised gains/ (losses)	Disposals, repayment, write-offs	Ending fair value
	£	£	£	£	£	£
EJF Investments Holdings Limited	100,177,557	6,900,000	-	16,915,512	-	123,993,069
Total non-derivative financial assets	100,177,557	6,900,000	-	16,915,512	-	123,993,069

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15. Financial Risk Management (continued)

Valuation models (continued)

The table below analyses financial instruments, held by the Company, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Unaudited Condensed Statement of Financial Position as at 31 December 2017. All fair value measurements below are recurring.

As at 31 December 2017	Level 1	Level 2	Level 3
Non-derivative financial assets at fair value through profit or loss	£	£	£
Investment held in Subsidiary	-	-	100,177,557
Non-derivative financial assets at fair value through profit or loss	-	-	100,177,557

The following table shows the movement of level 3 assets during the period ended 31 December 2017:

	Opening fair value	Additions	Realised gains/ (losses)	Unrealised gains/ (losses)	Disposals, repayment, write-offs	Transfer out to Subsidiary	Ending fair value
	£	£	£	£	£	£	£
Armadillo Portfolio	-	26,999,932	456,430	463,541	(3,575,209)	(24,344,694)	-
CDO bond securities	-	12,781,917	1,117,463	2,826,993	(1,074,924)	(15,651,449)	-
Bridge Loan	-	7,851,238	-	492,277	(66,262)	(8,277,253)	-
Investment in the Partnership	-	10,487,517	-	(734,931)	(1,606,284)	(8,146,302)	-
Investment in the CDO Manager	-	5,673,820	-	959,755	-	(6,633,575)	-
EJF Investments Holdings Limited	-	91,333,503	-	8,844,054	-	-	100,177,557
Total financial assets	-	155,127,927	1,573,893	12,851,689	(6,322,679)	(63,053,273)	100,177,557

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15. Financial risk management (continued)

Valuation models (continued)

A. Fair value hierarchy—financial instruments measured at fair value held by the Subsidiary

The table below is a supplemental disclosure of the financial instruments, held by the Subsidiary, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Unaudited Condensed Statement of Financial Position as at 30 June 2018. All fair value measurements below are recurring.

As at 30 June 2018	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	£	£	£
Armadillo Portfolio	-	-	18,859,855
CDO bond securities	-	-	9,317,356
Bridge Loan	-	-	8,398,297
Investment in the Partnership	-	-	49,428,297
Investment in Preference Shares	-	-	5,020,866
Investment in the CDO Manager	-	-	8,950,451
Financial assets at fair value through profit or loss	-	-	99,975,122
As at 30 June 2018	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss	£	£	£
Derivative financial liability	-	(5,395,105)	-
Financial liabilities at fair value through profit or loss	-	(5,395,105)	-

The following table shows the movement of level 3 assets held by the Subsidiary during the period ended 30 June 2018:

	Opening fair value	Additions	Realised gains/ (losses)	Unrealised gains/ (losses)	Disposals, repayment, write-offs	Ending fair value
	£	£	£	£	£	£
Armadillo Portfolio	17,388,194	-	48,210	2,724,099	(1,300,648)	18,859,855
CDO bond securities	17,943,025	3,144,692	10,199,286	259,409	(22,229,056)	9,317,356
Bridge Loan	7,742,458	369,579	-	286,260	-	8,398,297
Investments in the Partnership	31,114,057	16,767,278	571,091	1,546,962	(571,091)	49,428,297
Investment in Preference Shares	4,917,953	-	-	102,913	-	5,020,866
Investment in CDO Manager	7,565,445	-	239,978	1,145,028	-	8,950,451
Total financial assets	86,671,132	20,281,549	11,058,565	6,064,671	(24,100,795)	99,975,122

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15. Financial risk management (continued)

Fair value of financial instruments (continued)

The table below is a supplemental disclosure of the financial instruments, held by the Subsidiary, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Unaudited Condensed Statement of Financial Position as at 31 December 2017. All fair value measurements below are recurring.

As at 31 December 2017	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	£	£	£
Armadillo Portfolio	-	-	17,388,194
CDO bond securities	-	-	17,943,025
Bridge Loan	-	-	7,742,458
Investment in the Partnership	-	-	31,114,057
Investment in Preference Shares	-	-	4,917,953
Investment in the CDO Manager	-	-	7,565,445
Derivative financial assets	-	4,309,963	-
Financial assets at fair value through profit or loss	-	4,309,963	86,671,132

The following table shows the movement of level 3 assets held by the Subsidiary during the period ended 31 December 2017:

	Opening fair value	Transfer in from the Company	Additions	Realised gains/ (losses)	Unrealised gains/ (losses)	Disposals, repayment, write-offs	Ending fair value
	£	£	£	£	£	£	£
Armadillo Portfolio	-	24,344,694	-	1,177,142	(1,482,397)	(6,651,245)	17,388,194
CDO bond securities	-	15,651,449	5,621,978	3,585,668	3,289,034	(10,205,104)	17,943,025
Bridge Loan	-	8,277,253	283,829	-	(775,099)	(43,525)	7,742,458
Investments in the Partnership	-	8,146,302	23,261,641	59,172	(293,886)	(59,172)	31,114,057
Investment in Preference Shares	-	-	4,991,460	199,466	(73,507)	(199,466)	4,917,953
Investment in CDO Manager	-	6,633,575	-	-	931,870	-	7,565,445
Total financial assets	-	63,053,273	34,158,908	5,021,448	1,596,015	(17,158,512)	86,671,132

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16. Capital risk management

The Company's issued capital is represented by Ordinary Shares and ZDP shares.

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of its shares. The Company's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in its Prospectus;
- to achieve consistent returns while safeguarding capital by investing in a diversified portfolio;
- to maintain sufficient liquidity to meet the expenses of the Company; and
- to maintain sufficient size to make the operation of the Company cost-efficient.

The policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Company may utilise borrowings for share buybacks, short-term liquidity purposes and investments, seeking leverage via bank financing, term loans, or debt instruments. The Company has the availability to borrow up to 35% of its NAV (calculated at the time of drawdown), provided that:

- i. the maximum amount for borrowings for long-term investment purposes within such limit will be 30% of the NAV; and
- ii. borrowings for long-term investment purposes may only be incurred when the minimum cover amount, 3.5x for ZDP shares, is met (calculated at the time of drawdown).

As disclosed in note 19, the Company has a revolving credit facility with Access National Bank ("ANB") for the purpose of supporting working capital needs and to fund the Company's general business requirements. The Subsidiary is also party to this agreement. In order to achieve the Company's capital risk management objective, the Company aims to ensure that it meets financial covenants attached to the facility. The Company tests compliance with the financial covenants on a quarterly basis and considers the results in making decisions affecting dividend payments to shareholders or issue of new shares.

The Company's net debt equity ratio at period end was as follows:

	30 June 2018 (Unaudited) £	31 December 2017 (Audited) £
ZDP shares	15,041,100	14,556,533
Accounts payable and accrued expenses	2,277,331	3,333,854
Less: cash and cash equivalents	(568,734)	(3,194,538)
Net debt	16,749,697	14,695,849
Total equity	108,364,493	86,301,945
Net debt to adjusted equity ratio	0.15	0.17

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17. Related Party Transactions and other material contracts

Transactions

On 30 June 2017, the Company, through its investment in the Subsidiary, entered into a cross-transaction with two private funds affiliated with the Manager for the purchase of interest in the depositor vehicle which held interest in the TFINS 2017-1 preference shares issued to the two affiliate funds as part of the securitisation in March 2017. The fair value of these preference shares is included in the Subsidiary's portfolio at a value of £5,020,866 (31 December 2017: £4,917,953). The transaction was executed using pricing established through independent third-party valuations and following the review and approval by the Board of Directors of the Company.

On 8 May 2018, the Company, through its investment in the Subsidiary, closed on a new CDO equity investment, (TFINS 2018-1"), totalling approximately £16.8 million. TFINS 2018-1 is a securitisation sponsored by EJF and primarily consists of trust preferred securities issued by 62 US community banks and 4 US insurance companies with an aggregate par value of approximately \$538 million. The fair value of these preference shares is included in the Subsidiary's portfolio at a value of £20.5 million (31 December 2017: £nil). The transaction was executed using pricing established through independent third party valuations and following the review and approval by the Board of Directors of the Company.

Investment Management fee

On 31 January 2017, the Company, the General Partner of the Partnership and the Partnership entered into a management agreement with the Manager and EJF (the "Management Agreement"). In accordance with the Management Agreement, the Manager has been appointed as the manager of the Company, the Partnership and the Partnership's general partner. In such capacity, the Manager is responsible for the portfolio and risk management of the Company and its Subsidiary, including: (i) managing the Company's assets and its day-to-day operations; (ii) the selection, purchase and sale of investment securities held via its Subsidiary; (iii) providing financing and risk management services; and (iv) providing advisory services to the Company's Board of Directors. The Management Agreement was subsequently amended and restated on 30 March 2017 to account for the management of the risk retention investments and revise the terms of the incentive fee charged to the Company.

In accordance with the terms of the Management Agreement, the Company pays a management fee calculated monthly and payable quarterly in arrears commencing with the period ended 31 March 2017. Subject to certain limitations, the management fee is equal to 0.0833% (one-twelfth of 1%) of the Company's NAV. In May 2017, the Manager elected to assign to the Company its share of the dividends generated from the legacy collateral management contracts of the CDO Manager for the period 1 February 2017 to 31 January 2018. In lieu of paying such share of dividends, the Manager reduced the management fees charged to the Company by the same amount. As a result, no management fees were charged to the Company during the period ended 30 June 2017.

Directors' fees

The Company's independent directors are entitled to a fee in remuneration for their services as Directors at a rate to be determined from time to time by the Board of Directors. During the period ended 30 June 2018, the Company recorded Directors' fees of £67,500 (30 June 2017: £58,442). As at 30 June 2018, £40,345 of this amount was outstanding and included in accounts payable and accrued expenses balance on the Unaudited Condensed Statement of Financial Position (31 December 2017: £40,366).

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17. Related Party Transactions and other material contracts (continued)

Directors' fees (continued)

Joanna Dentskevich, Alan Dunphy and Nick Watkins are entitled to a fee in remuneration for their services as Directors at a rate of £40,000 each per annum.

Joanna Dentskevich is also entitled to a fee of £10,000 per annum in respect of her role as Chair of the Board of Directors.

Alan Dunphy is also entitled to a fee of £5,000 per annum in respect of his role as Chair of the Audit Committee.

Neal Wilson, a Director of the Company, also serves as an officer (Chief Executive Officer) of the Manager and an officer and director of other affiliates of the Manager including EJF, the general partner of the Partnership, and the general partner of Armadillo I and Armadillo II. Therefore, conflicts may arise as this individual allocates his time between EJF and other programmes and activities in which they are involved. The independent members of the Board of Directors of the Company must consent to and approve any of the Company's conflicted trades, which also involve approval by one of these affiliates and its officers, directors and employees. With respect to EJF risk retention investments to be issued in connection with all future EJF Securitisations, the Partnership has the right of first refusal over other funds managed by EJF. As Chief Executive Office of the Manager, Neal Wilson does not receive any fees in return for his services to the Company.

Incentive fee

The Manager is entitled to an incentive fee (the "Incentive Fee") which is calculated in relation to the assets attributable to Ordinary Shares, in accordance with the Management Agreement. The Incentive Fee amount is equal to 10% of the amount by which the Adjusted NAV attributable to Ordinary Shares exceeds the higher of (i) the Incentive Hurdle at the relevant time and (ii) the High Watermark at the relevant time, in respect of the relevant Incentive Fee Period.

"Adjusted NAV attributable to Ordinary Shares" is calculated as an amount equal to the NAV attributable to Ordinary Shares: (i) excluding any increases or decreases in NAV attributable to Ordinary Shares attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; (iii) excluding the aggregate amount of dividends and distributions accrued but unpaid in respect of any Ordinary Shares; and (iv) excluding the amount of any accrued but unpaid Incentive Fees payable in relation to the NAV attributable to Ordinary Shares, in each case without double counting.

"Incentive Hurdle" is calculated using the Adjusted NAV attributable to Ordinary Shares on the date of First Admission, and then the beginning NAV of each subsequent period, compounded annually (with effect from 31 December 2017) at a rate equal to an internal rate of return of 8% per annum.

"High Watermark" is calculated using the Adjusted NAV attributable to Ordinary Shares as determined on the last day of the latest previous Incentive Fee Period in respect of which an Incentive Fee was payable to the Manager.

The Incentive Fee is calculated in respect of each twelve month period starting on 1 January and ending on 31 December in each calendar year, save the first Incentive Fee Period which is the period commencing on First Admission and ending on 31 December 2017 and the final Incentive Fee Period being the date that the Management Agreement is terminated or, where the Management Agreement has not been terminated, the actual date of termination of the provision by the Manager of the Non-Retained Services as defined in the Management Agreement.

For the period from the 1 January to 30 June 2018, the Company accrued an Incentive Fee liability of £1,237,422 (30 June 2017: £265,215), which is presented within operating expenses on the Unaudited Condensed Statement of Comprehensive Income and accounts payable and accrued expenses on the Unaudited Condensed Statement of Financial Position.

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17. Related Party Transactions and other material contracts (continued)

Incentive fee (Continued)

On 7 March 2018, EJF Investments Manager LLC (the "Manager"), the Company's Investment Manager, acquired 534,135 ordinary shares in the Company at an average price of 171.5p pence per share. This transaction was in satisfaction of the Incentive Fee payable to the Investment Manager for the Incentive Fee Period ending 31 December 2017 and the Incentive Shares are subject to its Lock-Up Deed.

Ordinary Shares held by related parties

Shareholdings by the Directors in the Company as at period end were as follows:

Name	Ordinary Shares	Percentage of Ordinary Shares in Issue	Ordinary Shares	Percentage of Ordinary Shares in Issue
	30 June 2018 (Unaudited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)	31 December 2017 (Audited)
Neal Wilson	1,131,184	1.87%	1,131,184	2.07%
Joanna Dentskevich	20,548	0.03%	20,548	0.04%

As at 30 June 2018, Alan Dunphy and Nick Watkins (including family members) held no Ordinary Shares in the Company (31 December 2017: nil).

EJF Manager LLC owned 534,135 Ordinary Shares as at 30 June 2018 (31 December 2017: nil).

ZDP shares held by related parties

Shareholdings by the Directors in the Company as at period end were as follows:

Name	ZDP Shares	Percentage of ZDP Shares in Issue	ZDP Shares	Percentage of ZDP Shares in Issue
	30 June 2018 (Unaudited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)	31 December 2017 (Audited)
Neal Wilson	375,000	2.5%	375,000	2.5%

As at 30 June 2018, an affiliated entity to Emanuel J. Friedman, chair and Co-CIO of the Manager, held an aggregate of 10,732,306 Ordinary Shares issued by the Company, equal to 17.72% of the issued share capital (31 December 2017: 10,732,306 Ordinary Shares issued by the Company, equal to 19.68% of the issued share capital).

EJF Manager LLC owned 375,000 ZDP Shares as at 30 June 2018 (31 December 2017: 375,000).

Other Material Contracts

The Manager has voluntarily committed to absorb future operating expenses incurred by the Company through, no earlier than, 1 January 2019 excluding management fees and incentive fees. For the period ended 30 June 2018 £695,689 (30 June 2017: £417,999) of operating expenses were offset by reimbursements from the Manager and is presented on the Unaudited Condensed Statement of Comprehensive Income.

As at 30 June 2018, the Company had a receivable balance of £1,085,164 (31 December 2017: £648,255) from the Manager relating to the reimbursement of these operating expenses included in the other receivables balance on the Unaudited Condensed Statement of Financial Position.

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18. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings for the period by the weighted average number of Ordinary Shares in issue during the period.

The weighted average number of Ordinary Shares in issue is 56,678,742 (30 June 2017: 48,395,217).

The diluted earnings per share is calculated by considering adjustments required to the earnings and weighted average number of shares for the effects of potential dilutive Ordinary Shares. The weighted average of the number of Ordinary Shares is adjusted for any convertible instruments. At 30 June 2017 and 30 June 2018, there were no convertible instruments which would have an impact on the weighted average number of Ordinary Shares.

19. Commitments and Contingencies

On 9 May 2018, the Company and ANB extended a financing and security agreement (the "Revolving Credit Facility") pursuant to which ANB agreed to provide a revolving credit facility of up to \$15 million. The Revolving Credit Facility also includes the Subsidiary as a borrower. The Revolving Credit Facility may be used by the Company for the purposes of supporting working capital needs and to fund the Company's general business requirements where necessary. Unless repaid earlier, the unpaid loan amount together with accrued interest, shall be payable in full on 30 November 2019. Such interest shall be accrued at the 30 Day LIBOR plus a margin of 4.00%, with an interest floor of 5.00%. The Company's obligations under the Revolving Credit Facility have been guaranteed by the Manager and the CDO Manager and secured by (i) a pledge and assignment of the Company's right, title and interest in Armadillo I, (ii) a pledge and assignment of the Company's right, title and interest in Armadillo II, (iii) an assignment granted by the Manager over fees received in relation to its management of the Company, (iv) an assignment granted by the Company and the Manager over Risk Retention Proceeds distributions made by the Partnership, and (v) an assignment granted by the Manager and the Company over dividends from the CDO Manager. As at 30 June 2018 and 31 December 2017 there were no amounts outstanding in relation to the Revolving Credit Facility.

20. Subsequent Events

On 20 July 2018, the Company declared an interim dividend of 2.5p per share in respect of the quarter ended 30 June 2018. The dividend was payable to shareholders on the register as at close of business on 3 August 2018, and the corresponding ex-dividend date was 2 August 2018. Payment will be made on 31 August 2018.

On 23 July 2018, Neal J. Wilson unconditionally agreed to acquire 50,575 Ordinary Shares at an average price of 182 pence per share from a partner of EJF. This was a private transaction and restricted through a lock-in deed for which the necessary approval was obtained. Subsequent to this transaction, Mr Wilson holds an interest in 1,181,759 Ordinary Shares, representing approximately 1.95% of the issued shares in that class of shares and 375,000 ZDP shares, representing approximately 2.5% of the issued shares in that class of shares.

On 31 July 2018 the Subsidiary purchased a £7.4 million investment of Class A 10,000,000 nominal holding in a new issue securitisation. The security is collateralised by a static portfolio of 29 bank TruPS, two bank subordinated notes and one insurance Senior Unsecured Note and is rated AA- by Kroll Bond Rating Agency, Inc. The coupon is a LIBOR linked floater with a weighted average life of 7.08 years.

On 22 August 2018 the Directors approved the incorporation of EJF Investments Funding Limited where 100% of the share capital issued will be acquired by the Subsidiary. Issuance of shares by EJF Investments Funding Limited will be settled by the Subsidiary's transfer of its interest in the Partnership and its interest in TFINS 2017-1 depositor vehicle. The incorporation of EJF Investments Funding Limited and transfer of assets will provide the Company with assurance that its future investment activity will generate the income type expected by shareholders for US federal income tax purposes.