EJF INVESTMENTS LIMITED

INTERIM REPORT

AND

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

EJF INVESTMENTS LIMITED

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Company Number: 122353

Performance

Total Return for the period[1]
2019: 9.48%
30 June 2018: 16.30%

Total Return since Inception[1]
2019: 60.98%

Delivered on dividends

Dividends Declared
2019: 5.35p
30 June 2018: 5.00p

Market view

Ordinary Share Price
2019: 188.5p
31 December 2018: 178.0p

ZDP Share Price
2019: 115.0p
31 December 2018: 109.0p

Market Capitalisation
2019: £121.3m
31 December 2018: £114.2m

Asset performance

Net Asset Value
2019: £121.8m
31 December 2018: £114.5m

Realised gains
2019: £10.3m
31 December 2018: £17.8m

NAV per ordinary share[1]
2019: 189.73p
31 December 2018: 178.42p

Share price discount to NAV per ordinary share
2019: (0.6)%
31 December 2018: (0.2)%

Portfolio investments

Securitisation & Related Investments
2019: £96.1m
31 December 2018: £99.4m

Specialty Finance
2019 £13.5m
31 December 2018: 15.7m

Other
2019: £1.7m
31 December 2018: £2.5m

[1] These are APMs as defined on pages 46 to 47.

EJF Investments Limited

Corporate Summary

Overview

EJF is a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies Law with registered number 122353. The Company's registered office and principal place of business is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP, Channel Islands. The principal legislation under which the Company operates is the Companies Law, as amended. The Company's share capital comprises Ordinary Shares and ZDP Shares admitted to trading on the SFS.

Investment Objective

The Company seeks to generate risk adjusted returns for its shareholders by investing, through its Subsidiaries, 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 USA, UK and Europe. Investments consist primarily Securitisation and Related Investments and specialty finance investments.

The Company targets a Total Return of 8% to 10% per annum and for the financial year to 31 December 2018, the Target Dividend was 10 pence per Ordinary Share. The Company's Target Dividend for the financial year to 31 December 2019 is 10.7p per Ordinary Share. The Company intends to continue making quarterly dividend payments in addition to targeting NAV growth.

The Company's detailed Investment Policy can be found on pages 64 to 67 of its Prospectus.

Structure

Since incorporation, the Company has incorporated two subsidiaries: EJFIH, of which the Company owns 100% of the share capital, and EJFIF, of which EJFIH owns 100% of the share capital.

The incorporation of the Subsidiaries allows the Company to manage the upstreaming of portfolio income with greater flexibility and cash flow management, conduct its affairs in accordance with the criteria for the non-UK investment trust exemption to the UK Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 and provide assurance that its future investment activity will generate the income type expected by shareholders for US federal income tax purposes.

Investment Manager

The Company is externally managed by the Investment Manager, a wholly owned subsidiary of EJF, an investment adviser principally located in the USA and registered as such with the SEC and as a CPO and CTA with the CFTC.

The Company has appointed the Investment Manager to act as the AIFM for the purposes of the AIFM Directive. EJF holds 100% of the voting rights in the Investment Manager.

Share Issuance

During 2018, a total of 15,014,050 Ordinary Shares were issued. Of these, 9,000,000 Ordinary Shares were immediately repurchased by the Company to be held in treasury and made available to meet ongoing market demand as per resolution 11 and 12 passed at the AGM on 21 June 2019. As at 30 June 2019, 3,618,114 of the 9,000,000 Ordinary Share held in treasury had been sold.

Listing information

	ORDINARY SHARES	2022 ZDP SHARES
UK	JE00BF0D1M25	JE00BDG12N48
SEDOL	BF0D1M2	BDG12N4
TICKER	EJFI	EJFZ
Total issued shares at period end[1]	69,557,192	15,000,000
Total issued shares held in treasury at period end	5,381,886	-
Total issued shares with voting rights at period end	64,175,306	-

Significant Events during the Period

EGM

On 7 February 2019, the Company issued a circular convening an EGM on the 14 February 2019 to seek Shareholder approval to:

i) authorise the Company to purchase up to 9,619,878 Ordinary Shares and to either cancel or hold in treasury any Ordinary Shares so purchased;

ii) obtain a general disapplication authority of pre-emption rights in respect of up to 6,955,719 Ordinary Shares, representing approximately 10% of the Ordinary Shares in issue as at the Latest Practicable Date; and

iii) conditional on the above general disapplication being passed, an additional disapplication authority of pre-emption rights in respect of up to 6,955,719 Ordinary Shares, representing approximately a further 10% of the Ordinary Shares in issues as at the Latest Practicable Date

Subsequent to the EGM, the Company announced that the above resolutions were passed.

Change of Company Secretary, Administrator and Registered Office

On 1 May 2019, the Company announced that it had appointed BNP Paribas Securities Services S.C.A Jersey Branch, effective 1 May 2019, as its secretary and administrator in place of Crestbridge Fund Administrators Limited.

Incentive Fee for the period ended 31 December 2018

On 28 February 2019, the Company announced that the Investment Manager acquired 207,135 Ordinary Shares of no par value in the Company at an average price of 179 pence per share. The Company was also notified on the same date that the Investment Manager allocated these Ordinary Shares to certain of its officers and affiliates.

On 29 May 2019, the Company announced that the Investment Manager acquired 390,286 Ordinary Shares of no par value in the Company at an average price of 190 pence per share. The Company was also notified on the same date that the Investment Manager allocated these Ordinary Shares to certain of its officers and affiliates. This transaction and the transaction that occurred on the 28 February 2019 were in full satisfaction of the Incentive Fee payable by the Company to the Investment Manager for the Incentive Fee Period ended 31 December 2018 and the Ordinary Shares are subject to its Lock-Up Deed.

Publication of Prospectus and Placing Programme

On 24 June 2019, the Company announced the publication of a prospectus in relation to the 12 month Placing Programme of up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares in light of the attractive pipeline of potential investments the Investment Manager continues to see.

Related Parties

Related party balances and transactions are disclosed in note 15.

Going Concern

Under the UK Code, 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 investment 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.

Board of Directors
Joanna Dentskevich (Chair)
Alan Dunphy
Nick Watkins
Neal J. Wilson
All c/o the Company's registered office

Registered Office
IFC1
The Esplanade
St Helier
Jersey JE1 4BP
Channel Islands

Jersey Administrator and Company Secretary (as from 1 May 2019)
BNP Paribas Securities Services S.C.A. Jersey Branch
IFC1
The Esplanade
St. Helier
Jersey JE1 4BP
Channel Islands

Jersey Administrator and Company Secretary (up to 1 May 2019)
Crestbridge Fund Administrators Limited
47 Esplanade
St Helier Jersey JE1 0BD
Channel Islands

Investment Manager
EJF Investments Manager LLC
The Corporation Trust Company Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801-1120
USA

Corporate Broker & Financial Adviser
Numis Securities Limited
The London Stock Exchange
Building 10 Paternoster Square
London EC4M 7LT
UK

Registrar
Computershare Investor Services (Jersey) Limited
Hilgrove Street
St. Helier
Jersey
JE1 1ES
Channel Islands

Auditor
KPMG LLP
15 Canada Square
London E14 5GL
UK

Legal Adviser to the Company (as to English and US law)
Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ
UK

Legal Adviser to the Company (as to Jersey law)
Carey Olsen
47 Esplanade
St. Helier
Jersey
JE1 0BD
Channel Islands

Websites
Company: www.ejfi.com
Manager: ww.ejfimanager.com

Custodians

Citigroup Global Markets Inc.
390 Greenwich Street
New York City
NY 10013-2396
USA

Citibank N.A.
399 Park Avenue
New York City
NY 10043
USA

CHAIR'S STATEMENT

Introduction

On behalf of the Board, I am pleased to present the Interim Report for the period ended 30 June 2019, reporting another period of successful performance across the portfolio. The Company recorded a Total Return for the period of 9.48% and declared total dividends[1] for the period of 5.35 pence per Ordinary Share in line with the increased Target Dividend of 10.7 pence per Ordinary Share per annum as announced in January 2019.

Performance and Portfolio Activity

During the first half of the year, the Company's strong performance was primarily driven by its exposure to US community banks and insurance companies through its investment in Risk Retention equity tranches of EJF sponsored issued securitisations.

Other notable activity contributing to the strong return during the period was the sale of a REIT TruPS CDO bond, the partial prepayment of the principal of the Bridge Loan and the mark up and subsequent redemption of TFINS 2017-1.

The redemption of TFINS 2017-1, which realised £8.9 million for the Company, demonstrates the Company's ability to benefit from the continued strengthening of the US community banking system and insurance sector and shows the robust credit quality of the underlying collateral in which the Company is investing.

In March 2019, the Company closed its sixth Risk Retention Investment comprising an investment of approximately £11.9 million in the preferred shares TFINS 2019-1, a securitisation collateralised by trust preferred securities and surplus notes issued by 32 US community banks and 18 US insurance companies with an aggregate par value of approximately $314 million.

As at 30 June 2019, through its Risk Retention Investments, the Company had a well-diversified exposure to 127 US banks and 45 US insurance companies.

Corporate Activity

In June 2019, to ensure the Company is best placed for targeting growth, through access to additional capital, to meet the pipeline of potential investments, the Company published the Prospectus in respect of the new Placing Programme.

Also in June, the Board was very pleased to announce the continued ongoing support of the Investment Manager by absorbing 90% of the recurring operating expenses of the Company for the last six months of this year after which it is expected to absorb at least 75% until no earlier than the date at which the net asset value of the Company reaches £300 million.

Both the issuing of the Prospectus and the continued ongoing support reflects the confidence the Directors and the Investment Manager have in the Company's ability to continue to perform.

The Company's AGM was held on 21 June 2019. All resolutions were approved by the shareholders, including the re-election of all the Directors to the Board.

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[1] Dividends of 2.675 pence per ordinary share were declared in April and July 2019.

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 Objective, solvency or liquidity.

At the Company's 2018 financial year end, in determining the Principal Risks, the Directors carried out a robust review of all the risks the Directors believed the Company was exposed to along with the uncertainty of the macro economic impact of Brexit on those risks. Having reviewed these risks and the various scenarios to stress test the Company's working capital model as at 30 June 2019, the Directors are of the belief that those Principal Risks will remain unchanged for the next six months until the end of the 2019 financial year. A summary of the Principal Risks can be found on pages 16 to 17.

The Group continues to invest in USD denominated assets whilst reporting in GBP and therefore continues to hedge its exposure to USD income generating assets by way of forward contracts. Given the uncertainties around GBP, the Company has maintained a prudent cash position.

Outlook

Given the opportunities to purchase further EJF sponsored securities, the contribution to the performance of the Company of the redemption of TFINS 2017-1 and the healthy pipeline of Target Investments, I believe the Company continues to be well-positioned and remain confident in the Company's continued ability to be able to grow the portfolio in a manner consistent with the Investment Policy.

The Investment Manager continues to perform extremely well for the benefit of the Company leveraging the talents and resources of its more than 80 professionals. The independent Board members have full confidence in the Investment Manager's ability to deliver as the Company begins its third year.

The Board again expresses its thanks for the continued support from its shareholders and looks forward to developing the Company further under the new Placing Programme to expand the shareholder base.

Joanna Dentskevich
Chair
Date: 23 August 2019

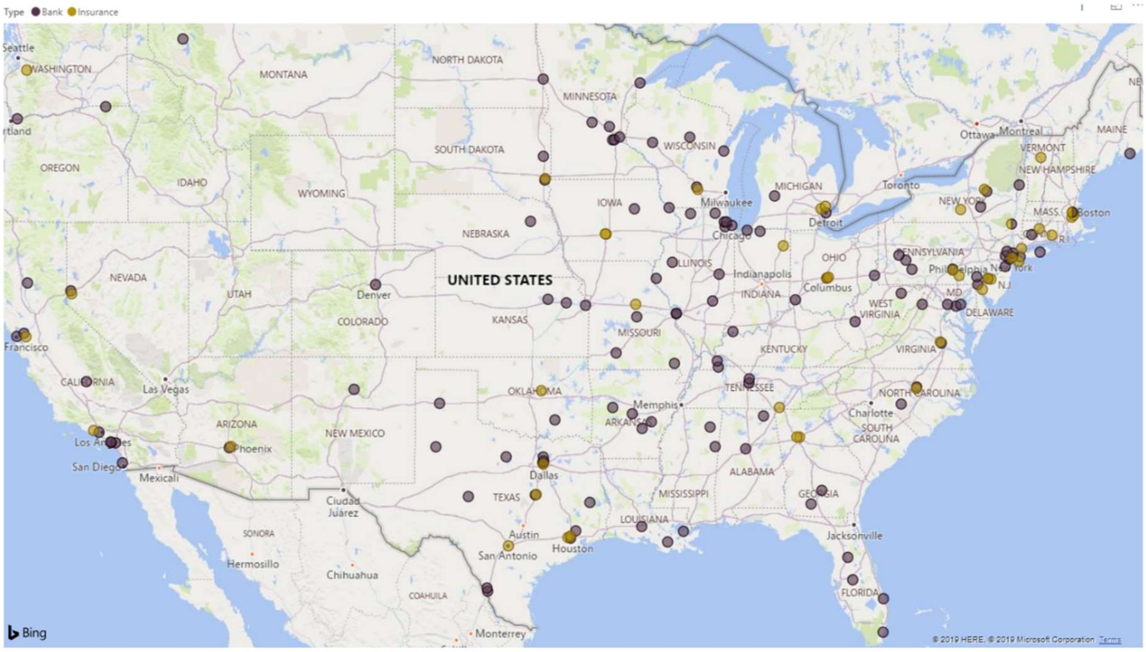
Company Update and Investment Outlook

We are pleased to present our review for the period ending 30 June 2019 and outlook for the remainder of the year.

For the first half of 2019, the Company delivered a Total Return of 9.48%, inclusive of dividends declared totalling 5.35 pence per ordinary share. This compares to the Company's stated Target Return of 8-10% p.a. inclusive of dividends.

Through its main investment strategy of acquiring bank and insurance CDO equity positions as the Risk Retention partner to EJF, the Company has exposure to a diversified portfolio of 127 banks and 45 insurance companies located across the US as of 30 June 2019. We believe the Company's investment strategy will benefit from the continued consolidation in the banking and insurance sector, which has been driven by recent US regulatory developments. These factors, supported by a favourable macroeconomic environment, will continue to provide the Company with attractive risk-adjusted investment opportunities in our opinion.

The Company's US Bank and Insurance Collateral is Geographically Diversified



In June 2019, the Company published a new prospectus in relation to the Placing Programme. We continue to work with the Company's advisers to grow its capital resources and diversify its investor base over time. Over the course of the first half of 2019, the management team held many meetings with current and prospective investors in various locations.

US Bank Market Update

We believe the current economic environment continues to provide an attractive opportunity to invest in the community bank and insurance sectors due to strong capital levels, supportive regulatory environment, stable credit trends and healthy merger and acquisition activity.

It is anticipated that some banks and insurance companies will experience a slowdown in interest margin growth due to the interest rate environment in the US. This may be further impacted as deposit costs continue to rise as they tend to lag in comparison to loan book movements. Despite this, we remain confident about the Company's underlying investments, many of which are credit instruments issued by highly capitalised, closely regulated banks and insurance companies.

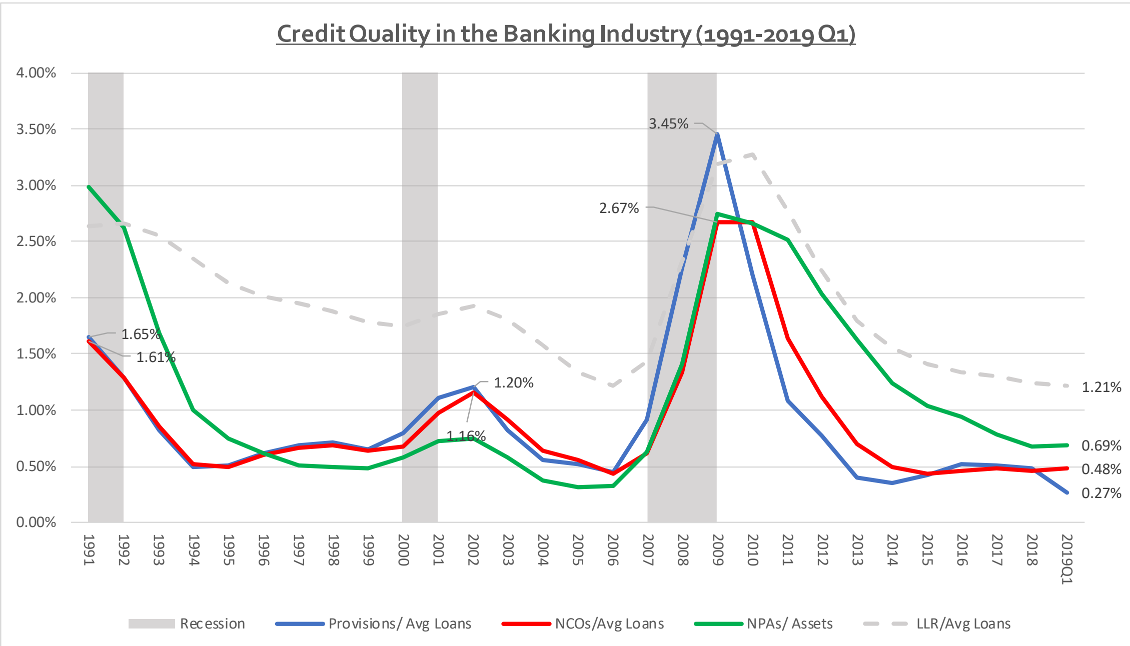
US Bank Market Update (continued)

Asset quality and capital levels remain strong across the US banking industry. Community and regional banks continue to be well capitalized with the median Tier 1 risked based ratio for banks below $50 billion of total assets at 13.8% for Q1 2019 and a leverage ratio (tangible common equity/tangible assets) of 10.5%. This compares to 12.9% and 9.2% respectively for banks with total assets greater than $50 billion. We believe these capital ratios evidence that balance sheets remain robust, with metrics that have slightly improved year-over-year.

In June 2019, the Federal Reserve released the annual results of the DFAST and the CCAR stress tests. This year the results included only 18 banks, down from 35 banks last year, due to the threshold being increased from $50 billion to $250 billion in assets. Based on these tests, we believe the largest US banks remain well capitalized, even under severely adverse scenarios. We interpret these results as being positive for the broader US banking system.

We continue to see strong asset quality metrics in the banking and insurance space. Discipline across sectors remains strong as bank management teams continue to face regulatory pressure to make sure underwriting standards continue to be robust and consistent with regulators' expectations. We anticipate that a possible slowdown or recessionary pressures may lead to higher delinquencies and we believe we will see a normalisation in credit losses as they currently stand at historic lows. Provisions and coverage ratios remain strong, and we believe our positions will continue to be well covered in an economic slowdown.

Credit Quality in the Banking Industry (1991 – 2019 Q1)[1]



Source: S&P Global Market Intelligence

[1] Source: S&P Global Market Intelligence.

US Insurance Market Update

There were 39 US insurance company merger and acquisition transactions announced in the first half of the year, continuing the secular consolidation trend for the industry. In 2018, there were 91 US insurance company merger and acquisition transactions announced, which was a slight decrease from the 108 deals announced in 2017. We expect the consolidation trend of small and mid-size insurance companies will continue and potentially underpin the level of insurance TruPS and subordinated debt early redemptions.

Although insurance company headlines have been dominated by natural catastrophes around the globe, we believe the underlying credits that collateralize EJFI's CDO equity investments remain strong as these smaller and niche insurers have little exposure to catastrophic events such as hurricanes and typhoons. It should be noted that, in our opinion, these companies are well capitalised and have ample reinsurance programs that mitigate the potential losses from these types of events.

We remain confident in the underlying insurance credits in the Company's portfolio for a variety of reasons. Generally, these credits have lower loss ratios than the industry average due to the specialized nature of their businesses and long operating histories. While these companies tend to operate with elevated expense ratios, these ratios have trended downwards in recent years as management teams have focused on efficiencies and cost savings. Given potential M&A synergies and cost benefits, we believe many of the underlying insurance credits are prime targets for acquisition or affiliation.

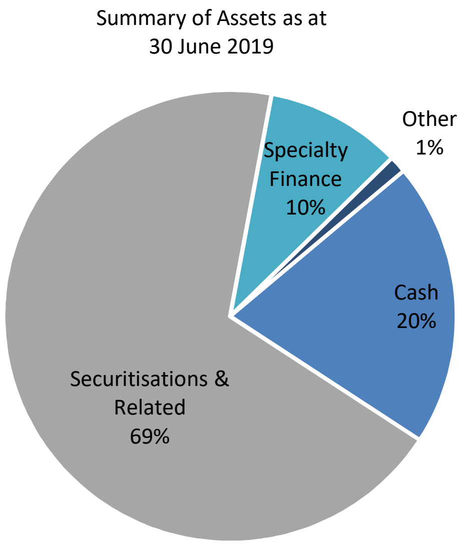
TruPS CDO Market Update

We continue to believe that the Company's regulated bank and insurance TruPS CDO positions remain differentiated from the industrial leveraged loan CLO market. During the first half of the year, there have been numerous reports and initial signs that the $1.3 trillion CLO market may be overheating. Some commentators have suggested that there is an increased risk that some CLO managers may be relaxing underwriting standards in order to chase returns. They have cited indicators such as less stringent covenants and increased leverage of the underlying CLO collateral. In contrast, we believe the US banking and insurance system remains well capitalised and that underwriting standards and regulatory oversight remain robust.

During the first half of 2019, a total of $923 million in new issue bank and insurance TruPS and Sub Debt CDOs closed consisting of two securitisations sponsored by third parties as well as an EJF sponsored CDO, TFINS 2019-1, which closed in March 2019. We believe we will continue to see additional transactions sponsored by EJF and others during the remainder of the year and into 2020.

Portfolio Update

The Company's investment portfolio continued to perform in line with expectations from an income yield perspective with an additional uplift recognized in EJF sponsored securitisations.



In March 2019, the Company invested approximately £11.9 million in the equity tranche of TFINS 2019-1. TFINS 2019-1 is a securitisation primarily consisting of trust preferred securities and surplus notes issued by 32 US community banks and 18 US insurance companies with an aggregate par value of approximately $314 million. This investment represents the Company's sixth investment in an EJF sponsored securitisation since Admission and represents the continuation of the Company's focus on CDO equity tranches backed by US small and medium banks and insurance companies.

In April 2019, the Company's investment in TFINS 2017-1 was called. This investment was originally made in March 2017 and the call was a positive development, allowing the Company to realise an IRR of greater than 24% from its investment in the equity tranche of this securitisation.

In June 2019, the Company was informed that its Bridge Loan to a monoline insurance company would be redeemed at par in July 2019. The Company was also offered the opportunity to invest in a new bridge loan by the same issuer with similar terms and a 2022 maturity. The Company committed to this new investment and as part of this transaction, the Company received a 2% commitment fee. This transaction was funded in July 2019.

Portfolio Update (continued)

Risk Retention and Related Investments continue to make up the bulk of the Company's investment portfolio, totalling almost 70% of the Company's assets as of 30 June 2019. A summary of the Company's CDO equity investments and underlying collateral diversification is below.

Bank and Insurance CDO Equity Investments - Key Portfolio Stats[2]

	Closing Date	Original Collateral Balance	Original CDO Size	Equity Tranche	EJFI Portion of Equity Tranche	Original Leverage
TFINS 2017-2	Oct 2017	$353.0m	$340.4m	$54.5m	27%	4.3x
TPINS 2016-1	Dec 2017[3]	$327.2m	$320.1m	$69.5m	19%	1.9x
TFINS 2018-1	May 2018	$537.8m	$534.5m	$66.7m	34%	6.7x
TFINS 2018-2	Dec 2018	$349.1m	$348.5m	$50.2m	35%	5.7x
TFINS 2019-1	Mar 2019	$313.9m	$314.2m	$56.8m	28%	4.6x

Deal Name	Bank	Insurance	# Bank Issuers	# Insurance Issuers	Total Issuers
TFINS 2017-2	55%	45%	27	21	48
TPINS 2016-1	0%	100%	-	29	29
TFINS 2018-1	93%	7%	59	4	63
TFINS 2018-2	81%	19%	44	15	59
TFINS 2019-1	62%	38%	32	18	50

Deal Name	Floating Rate	WA Asset Spread	Moody's WARF[4]	Implied Rating (based on WARF)
TFINS 2017-2	89%	3.07%	918	Ba1
TPINS 2016-1	100%	4.02%	1322	Ba2
TFINS 2018-1	93%	2.68%	603	Baa3
TFINS 2018-2	100%	3.04%	697	Baa3
TFINS 2019-1	89%	3.20%	728	Baa3

Banks		
Asset Size	Amount ($mm)	Concentration
$0-$1B	$230.1m	20.71%
$1-$10B	$533.0m	47.98%
$10-$50B	$299.8m	26.98%
$50-$250B	$31.0m	2.79%
$250B+	$17.0m	1.53%
Total	$1110.8m	100.00%

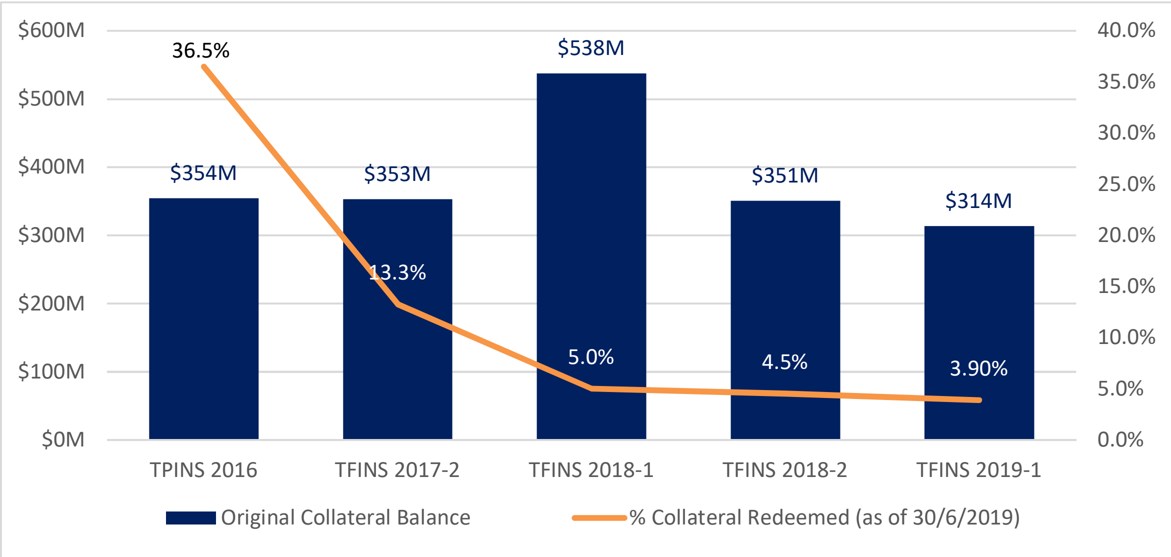
Insurance Companies		
Asset Size	Amount ($mm)	Concentration
$0-$1B	$298.6m	49.01%
$1-$10B	$243.3m	39.92%
$10-$50B	$29.6m	4.86%
$50-$250B	$37.9m	6.21%
$250B+	-	-
Total	$609.4m	100.00%

[2] As at 30 June 2019 unless otherwise noted.
[3] Based on the restructuring date
[4] As at the closing date

Bank and Insurance CDO Equity Investments - Key Portfolio Stats[2] (continued)

An important aspect of the Company's investment thesis is that the consolidation trend among US banks and insurance companies will continue, and that this increases the potential prepayment impact on the Company's CDO equity investments. We believe that the likelihood of calling a securitisation prior to maturity increases as prepayment activity increases, which de-levers the Company's investments in this area and may enhance the overall returns to the Company's investment portfolio. This was successfully demonstrated in April 2019 when TFINS 2019-1 was called. Subject to market conditions, which we review on an ongoing basis, we believe some of the other CDO positions in the Company's portfolio may be called prior to maturity in line with the terms and conditions governing such activity. The below chart illustrates the original collateral and prepayment activity by CDO.

Collateral Prepayment Activity



Risk Management

We believe the Company's investment portfolio contains a diversified portfolio of strong borrowers that have long term sustainability. The Investment Manager's credit team conducts regular surveillance on the portfolio and the balance sheet of single name issuers.

The Company's base currency is denominated in Sterling, though most of the Company's assets are in US Dollars. These assets are hedged to reduce NAV volatility arising from exchange rate movements and necessitate margin to be posted to collateralise any negative mark-to-market movement of the hedge instrument. We believe that we will continue to see volatility and potential downward pressure on Sterling throughout the remainder of this year, however we think the Company has more than enough cash to meet potential additional margin calls.

Outlook

The Investment Manager continues to believe that the Company's current portfolio of CDO equity investments, as well as its other investments, are well positioned to achieve attractive risk adjusted returns in line with the Company's investment strategy.

It is our opinion that the Company's relationship with EJF provides a strategic advantage for deal sourcing and building the pipeline for future bank, insurance and specialty finance debt exposure. We remain confident that the Company will have many investment opportunities consistent with its mandate that will allow it to continue to further expand successfully.

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[2] As at 30 June 2019 unless otherwise noted.

Principal Risks and Uncertainties

The Principal Risks assessed by the Directors relating to the Company were disclosed in the Annual Report for the period ended 31 December 2018.

The Principal Risks disclosed include strategic, financial, investment and operational risks, a detailed explanation of which 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 Risks
Strategic
Changes in the macro economic environment Changes in global, market and economic conditions may adversely impact the availability of investment opportunities, the Investment Manager's ability to source and securitise investments, investor sentiment, liquidity and values of investments.
Changes in law, taxes and regulation reduce investment opportunities The Company's and Subsidiaries' investments are subject to regulations enacted by national and local governments, changes to which may reduce the investment opportunities available and make it difficult to pursue the Investment Policy.
Changes in law, taxes and regulation undermine the Company's or Subsidiaries' legal, tax or regulatory structure The Company and the Subsidiaries are subject to taxes, laws and regulations enacted by national and local governments, changes to which may undermine or invalidate the tax, legal or regulatory rationale for the group structure.
Availability of cash to meet the timing requirements of investment opportunities The Company requires regular ongoing funding to be in a position to take full advantage of investment opportunities as and when they arise. The risk of the Company having insufficient cash to meet investment opportunities has increased due to several factors: (i) the impact of the uncertainty surrounding Brexit and increased weakness of Sterling has required previously unencumbered cash to be used to meet margin calls on the currency hedge; (ii) current investor sentiment has seen a reduction in the number of initial public offerings and amounts of capital raised, which impacts all investment funds, including the Company; (iii) the complex nature of the underlying investments continues to have the potential to deter some investors from investing.
Dependency on the Investment Manager The Company is dependent on the Investment Manager for successfully pursuing its Investment Objective and on its ability to retain and recruit staff. The loss of one or more senior members of the Investment Manager's management team could adversely impact the ability of the Investment Manager to support the Company in pursuing its Investment Objective.
Financial
Valuation The nature of the Company's and Subsidiaries' investments can make them inherently difficult to value compared to more liquid investments due to the number of assumptions involved. Furthermore, a general market collapse and/or a seizing-up of credit markets may render it difficult to price certain investments with any degree of accuracy, or at all.

Principal Risks

Investment

Credit Risk
The performance of the Company's and Subsidiaries' underlying investments and in turn their NAV and share price may be impacted by adverse credit losses in the portfolio. Recovery of the initial investment may be lengthy and uncertain as a result of credit events in the underlying portfolio.

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

Operational

Dependency on service providers
The Company is dependent on the ability of all its service providers for the successful management and administration of the Company's affairs. This includes a reliance on the strength of their internal controls, their ability to retain an recruit sufficient appropriately qualified and experienced staff as well as cyber security, data protection and business continuity planning.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for preparing the Interim Report 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" as adopted by the EU 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's FCA's DTR.

- The Interim Report meets the requirements of an interim management report, and includes 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 2019 to 30 June 2019 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 2019 to 30 June 2019 and have materially affected the financial position or performance of the Company during that period.

By Order of the Board
Joanna Dentskevich
Chair
23 August 2019

INDEPENDENT AUDITORS' REVIEW REPORT OF EJF INVESTMENTS LIMITED

Conclusion

We have been engaged by EJF Investments Limited ("the Company") to review the condensed set of financial statements in the interim report for the six months ended 30 June 2019 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 interim report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with 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 interim 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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

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

The annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the interim report in accordance with 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 interim 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
23 August 2019

EJF INVESTMENTS LIMITED

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Dividend income	7	**3,500,000**	-
Investment income		**-**	510
Net foreign exchange gain/(loss)		**2,491**	(8,330)
Net gain on financial assets at fair value through profit or loss	7	**9,511,047**	16,915,512
Total revenue		**13,013,538**	16,907,692
Incentive fee	15	**(690,104)**	(1,237,422)
Investment Management fee	15	**(548,699)**	(430,499)
Legal and professional fees		**(695,739)**	(299,096)
Administration fees		**(183,823)**	(124,790)
Directors' fees	15	**(67,500)**	(67,500)
Directors' and professional indemnity insurance	15	**(36,197)**	(39,936)
Audit fees		**(46,500)**	(89,500)
Amortisation of ZDP Share issue costs	8	**(52,501)**	(52,500)
Custody fees		**(50,884)**	(17,575)
Printing fees		**(9,848)**	(15,750)
Tax Services fee		**(74,904)**	-
Other expenses		**(136,731)**	(41,332)
Total operating expenses		**(2,593,430)**	(2,415,900)
Expenses reimbursed by the Investment Manager	15	**732,654**	695,689
Net operating expenses		**(1,860,776)**	(1,720,211)
Operating profit		**11,152,762**	15,187,481
Finance costs	8	**(457,407)**	(432,067)
Profit and total comprehensive income for the period attributable to shareholders		**10,695,355**	14,755,414
Weighted average number of Ordinary Shares in issue during the period	16	**64,175,306**	56,678,742
Basic and diluted earnings per Ordinary Share		**16.7p**	26.0p

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

The accompanying notes on pages 24 to 41 form an integral part of these unaudited condensed interim financial statements.

EJF INVESTMENTS LIMITED
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2019 (Unaudited) £	As at 31 December 2018 (Audited) £
Non-current assets			
Financial assets at fair value through profit or loss	7	**139,433,652**	129,922,605
Current assets			
Cash and cash equivalents		**276,231**	648,319
Balance due from the Investment Manager	15	**733,955**	1,722,574
Prepaid expenses and other assets		**57,154**	93,417
Total current assets		**1,067,340**	2,464,310
Total assets		**140,500,992**	132,386,915
Non-current liabilities			
ZDP Shares	8	**16,055,433**	15,545,525
Current liabilities			
Accounts payable and accrued expenses	9	**2,683,092**	2,340,899
Total liabilities		**18,738,525**	17,886,424
Net assets		**121,762,467**	114,500,491
Equity			
Stated capital		**90,259,133**	90,259,133
Retained earnings		**31,503,334**	24,241,358
Total Equity		**121,762,467**	114,500,491
Number of Ordinary Shares in issue at period end		**64,175,306**	64,175,306
Net Asset Value per Ordinary Share		**189.73p**	178.42p

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 August 2019 and signed on their behalf by:

Alan Dunphy
Director
23 August 2019

The accompanying notes on pages 24 to 41 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 2019 TO 30 JUNE 2019

	Note	Number of shares (Unaudited)	Stated capital (Unaudited) £	Retained earnings (Unaudited) £	Net assets attributable to shareholders (Unaudited) £
Balance at 1 January 2019		**64,175,306**	**90,259,133**	**24,241,358**	**114,500,491**
Total comprehensive income for the period		**-**	**-**	**10,695,355**	**10,695,355**
Dividends paid	11	**-**	**-**	**(3,433,379)**	**(3,433,379)**
Balance at 30 June 2019		**64,175,306**	**90,259,133**	**31,503,334**	**121,762,467**

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Notes	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		-	-	14,755,414	14,755,414
Ordinary Shares issued via placing	10	6,014,050	10,300,920	-	10,300,920
Share issue costs		-	(182,153)	-	(182,153)
Dividends paid	11	-	-	(2,811,633)	(2,811,633)
Balance at 30 June 2018		60,557,192	83,769,449	24,595,044	108,364,493

The accompanying notes on pages 24 to 41 form an integral part of these unaudited condensed interim financial statements.

EJF INVESTMENTS LIMITED
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Notes	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Cash flows from operating activities			
Profit and total comprehensive income for the period		**10,695,355**	14,755,414
Adjustments for:			
- Investment income		**-**	(510)
- Amortisation of ZDP Shares, including finance costs	8	**509,908**	484,567
- Net gain on financial assets at fair value through profit or loss	7	**(9,511,047)**	(16,915,512)
- Net foreign exchange (gain)/loss		**(2,491)**	8,330
Purchase of non-derivative financial assets at fair value through profit or loss		**-**	(6,900,000)
Changes in net assets/(liabilities):			
Decrease/(increase) in balance due from the Investment Manager		**988,619**	(436,909)
Decrease in balance due from brokers		**-**	126,088
Decrease in prepaid expenses and other assets		**36,263**	9,937
Increase /(decrease) in accounts payable and accrued expenses		**342,193**	(1,056,523)
Net cash inflow/(outflow) from operating activities		**3,058,800**	(9,925,118)
Cash flow from financing activities			
Proceeds from issue of Ordinary Shares		**-**	10,144,879
Ordinary Share issue costs		**-**	(33,958)
Dividends paid	11	**(3,433,379)**	(2,811,633)
Net cash (outflow)/inflow from financing activities		**(3,433,379)**	7,299,288
Net decrease in cash and cash equivalents		**(374,579)**	(2,625,830)
Cash and cash equivalents at the start of the period		**648,319**	3,194,538
Effect of movements in exchange rates on cash held		**2,491**	26
Cash and cash equivalents at the end of the period		**276,231**	568,734

The accompanying notes on pages 24 to 41 form an integral part of these unaudited condensed interim financial statements.

1. General information

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 Law with registered number 122353. The Company's registered office and principal place of business is IFC1, The Esplanade, St. Helier, Jersey JE1 4BP. The principal legislation under which the Company operates is the Companies Law. The Company's share capital comprises Ordinary Shares and ZDP Shares admitted to trading on the SFS.

The investment activities of the Company and the Subsidiaries are managed by the Investment Manager and the administration of the Company is delegated to the Administrator.

The Company is externally managed by the Investment Manager, a wholly owned subsidiary of EJF, an investment adviser principally located in the USA and registered as such with the SEC and as a CPO and CTA with the CFTC. The Company has appointed the Investment Manager to act as its AIFM for the purposes of the AIFM Directive. EJF holds 100% of the voting rights in the Investment Manager.

Since incorporation, the Company has incorporated two subsidiaries: EJFIH, of which the Company owns 100% of the share capital, and EJFIF, of which EJFIH owns 100% of the share capital.

EJFIF holds 85% (31 December 2018: 85% owned directly by EJFIH) of the Partnership's interests.

Through the Subsidiaries, the Company primarily invests 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 USA, UK and Europe.

2. Compliance with IFRS

The unaudited condensed interim financial statements of the Company for the period from 1 January 2019 to 30 June 2019 have been prepared on a going concern basis in accordance with IAS 34, as adopted by the EU, together with applicable legal and regulatory requirements of the Companies Law and the Listing Rules of the SFS.

The unaudited condensed interim financial statements should be read in conjunction with the Company's Annual Report for the year ended 31 December 2018, which was prepared in accordance with IFRS.

3. Significant accounting policies

In the current financial period, there have been no changes to the significant accounting policies from those applied in the Company's Annual Report for the year ended 31 December 2018 and as set out in note 3 therein.

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.

4. Use of judgements and estimates (continued)

The critical judgements and estimations of uncertainty at the unaudited condensed 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 note 4 of the Annual Report for the year ended 31 December 2018.

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 as set out in note 4 therein.

5. Segmental reporting

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

6. Derivative financial instruments at fair value through profit or loss

There were no derivative financial instruments held by the Company at 30 June 2019 or 31 December 2018.

The following forward foreign exchange contracts were held by EJFIH:

Maturity date	Counterparty	Contract amount GBP	Buy	Sell	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
25 January 2019	Citibank N.A.	10,000,000	GBP	USD	**-**	(1,122,155)
28 March 2019	Citibank N.A.	51,000,000	GBP	USD	**-**	(6,579,188)
20 May 2019	Citibank N.A.	8,647,550	GBP	USD	**-**	(616,423)
21 June 2019	Citibank N.A	27,370,458	GBP	USD	**-**	148,485
25 July 2019	Citibank N.A	11,247,953	GBP	USD	**(554,800)**	(404,872)
29 July 2019	Citibank N.A	3,568,652	GBP	USD	**(128,524)**	-
05 August 2019	Citibank N.A	8,607,527	GBP	USD	**(437,047)**	(322,160)
27 September 2019	Citibank N.A	7,307,325	GBP	USD	**(384,079)**	(285,444)
30 September 2019	Citibank N.A	66,937,461	GBP	USD	**(3,217,546)**	-
30 September 2019	Citibank N.A	6,973,871	USD	GBP	**244,380**	-
30 September 2019	Citibank N.A	10,055,067	GBP	USD	**12,331**	-
18 December 2019	Citibank N.A	29,014,943	GBP	USD	**58,459**	-
25 February 2020	Citibank N.A	3,162,060	GBP	USD	**(118,511)**	-
Derivative financial instruments held by EJFIH					**(4,525,337)**	(9,181,757)

7. Financial assets at fair value through profit or loss

Investment in EJFIH
During the period ended 30 June 2019, the Company made no further investments in EJFIH (31 December 2018: £12,800,000 in exchange for 12,800,000 Ordinary Shares of no par value).

The investment in EJFIH is used to acquire exposure to a portfolio comprising a number of investments. The investment in EJFIH is measured at FVTPL. The Company has determined that the fair value of EJFIH is its net asset value.

7. Financial assets at fair value through profit or loss (continued)

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

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**129,922,605**	100,177,557
Additions during the reporting period	**-**	12,800,000
Unrealised gains on investment in EJFIH	**9,511,047**	16,945,048
Investment in EJFIH at fair value through profit or loss at the end of the period/year[1]	**139,433,652**	129,922,605

[1] During the period ended 30 June 2019 EJFIH paid a dividend of £3,500,000 to EJFI.

On a look-through basis, the following table discloses the Subsidiaries' financial assets at FVTPL which agrees to the Company's financial assets at FVTPL:

	Note	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Subsidiaries' investments at fair value through profit or loss:			
Investment in the Partnership[2]		**69,029,014**	66,961,764
Investment in the CDO Manager		**10,856,094**	9,606,049
CDO securities		**14,827,746**	9,695,693
Bridge Loan		**7,893,598**	9,161,668
Armadillo Portfolio		**5,701,857**	6,448,996
Preference Shares[2]		**1,379,149**	5,506,737
CDO security pledged as Collateral[2]		**-**	7,634,452
Net derivative financial liabilities	6	**(4,525,337)**	(9,181,757)
Total Subsidiaries' investment at fair value through profit or loss		**105,162,121**	105,833,602
Subsidiaries' other assets and liabilities:			
Cash and cash equivalent		**21,886,530**	28,861,588
Cash and cash equivalents held as margin		**10,759,295**	-
Other receivables		**1,625,706**	449,104
Due under repurchase agreement[3]		**-**	(5,221,689)
Subsidiaries' net asset value at the end of the period/year		**139,433,652**	129,922,605

[2] Held by EJFIF at 30 June 2019.

[3] The amount due under the repurchase agreement by EJFIF was repaid during the period ended 30 June 2019.

7. Financial assets at fair value through profit orloss (continued)

(i) Subsidiaries' Investments in private investment companies

Investments in Armadillo Portfolio

The Subsidiaries' investments in private investment companies include the partnership interests in 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 EJFIH, had a 29.2% holding in Armadillo I and 0.5% holding in Armadillo II as at 30 June 2019 (27.0% holding in Armadillo I and 0.8% holding in Armadillo II at 31 December 2018).

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

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**6,448,996**	17,388,194
Distributions	(565,733)	(12,234,410)
Realised (losses)/gains on payoffs[4]	(78,944)	637,263
Unrealised (losses)/gains[4]	(102,462)	657,949
Investments in the Armadillo Portfolio at fair value through profit or loss	**5,701,857**	6,448,996

[4] Includes net gains/(losses) on fluctuations in foreign exchange rates

Investment in the Partnership

As at 30 June 2019, EJFIH through EJFIF held 85% of the 98,707,309 units (31 December 2018: 85% of the 96,198,309 units) issued by the Partnership. The Partnership's purpose is to retain an interest of at least 5% in securitisations sponsored by EJF pursuant to regulatory requirements within the Dodd-Frank reforms in the US and EU risk retention rules. The investment in the Partnership is valued at £69,029,014 (31 December 2018: £66,961,764).

As at 30 June 2019, the remaining units outstanding are held by the Investment Manager (14,806,096 units) (31 December 2018: 14,429,746 units) and the General Partner (165 units) (31 December 2018: 165 units).

The following table summarises activity for the investment in the Partnership:

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**66,961,764**	31,114,057
Acquisition of interest in the Partnership	11,921,568	28,517,586
Distributions of interest in the Partnership	(18,935,965)	(910,847)
Realised gains on distributions[5]	8,258,692	910,847
Unrealised gains[5]	822,955	7,330,121
Investment in the Partnership at fair value through profit or loss	**69,029,014**	66,961,764

[5] Includes net gains/(losses) on fluctuations in foreign exchange rates

7. Financial assets at fair value through profit orloss (continued)

(ii) Subsidiaries' Investment in private operating company

Investment in the CDO Manager

The CDO Manager, which is 51% owned by the Investment Manager and 49% owned by EJFIH, 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 the Investment Manager is the manager of the Company, 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 investment in the CDO Manager:

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**9,606,049**	7,565,445
Additions	-	-
Distributions	-	(1,248,320)
Realised gains on distributions[6]	-	1,248,320
Unrealised gains[6]	1,250,045	2,040,604
Investment in the CDO Manager at fair value through profit or loss	**10,856,094**	9,606,049

[6] Includes net gains/(losses) on fluctuations in foreign exchange rates.

EJFIH through its 49% interest in the CDO Manager, has an exposure to the cash flows of nine REIT TruPS CDO collateral management contracts including cash flows from TFINS 2017-2, TFINS 2018-1, TFINS 2018-2, TFINS 2019-1 and TPINS. The CDO Manager has a total net asset value of £22,155,286 as at 30 June 2019 (31 December 2018: £19,604,182). EJFIH's interest in the CDO Manager has a net asset value of £10,856,094 as at 30 June 2019 (31 December 2018: £9,606,049).

The Investment 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 15bps 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, TFINS 2018-1, TFINS 2018-2 and TFINS 2019-1 securitisations produce management fees of 20bps on outstanding collateral.

(iii) Subsidiaries' Investments in trading securities

CDO securities

The Subsidiaries' CDO securities portfolio is held by EJFIH and consists of REIT TruPS CDO securities issued prior to the financial crisis by an unaffiliated third-party sponsor. The remaining CDO securities are generating current income and the Investment 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 2019, EJFIH accrued £179,521 (30 June 2018: £303,915) of interest income presented as investment income in EJFIH.

7. Financial assets at fair value through profit orloss (continued)

(iii) Subsidiaries' Investments in trading securities (continued)

The following table summarises activity for the investment in CDO securities:

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**9,695,693**	17,943,025
Return of CDO security previously pledged as collateral	7,679,465	-
Additions	-	10,549,189
Proceeds on disposal	(3,086,116)	(29,971,598)
Realised (losses)/gains on disposal[7]	(167,472)	14,567,589
Unrealised gains /(losses) from CDO securities[7]	706,176	(3,392,512)
CDO securities at fair value through profit or loss	**14,827,746**	9,695,693

[7] Includes net gains/(losses) on fluctuations in foreign exchange rates.

Bridge Loan

The Bridge Loan is structured as a senior secured note with a three-year maturity and an interest rate of 14%.

The Bridge Loan is secured by the collateral of two CDOs that are wrapped by an affiliate of the borrower. For the year ended 30 June 2019, EJFIH accrued £566,702 (30 June 2018: £742,283) of interest income presented as investment income in EJFIH. On 10 July 2019, EJFIH received full repayment of the Bridge Loan note at par plus the accrued interest. Refer to note 18 for further detail.

The following table summarises activity for the investment in the Bridge Loan:

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**9,161,668**	7,742,458
Acquisition of Bridge Loan/PIK capitalised during the period	-	915,729
Disposals, repayment, write-offs	(1,047,307)	-
Realised losses on disposal[8]	(25,975)	-
Unrealised (losses)/gains from the Bridge Loan[8]	(194,788)	503,481
Bridge Loan at fair value through profit or loss	**7,893,598**	9,161,668

[8] Includes net gains/(losses) on fluctuations in foreign exchange rates.

Preference Shares

EJFIH through EJFIF owns an interest in a depositor vehicle which holds interests in the TFINS 2017-2 preference shares originally issued as part of the securitisation in October 2017. The holdings of the TFINS 2017-1 depositor were realised in April 2019 on redemption of the securitisation.

The following table summarises activity for the investment in Preference Shares:

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**5,506,737**	4,917,953
Acquisition of Preference Shares	2,106,563	-
Distribution	(8,258,283)	(475,260)
Realised gains on distribution[9]	2,155,024	475,260
Unrealised losses/gains from Preference Shares[9]	(130,892)	588,784
Preference Shares at fair value through profit or loss	**1,379,149**	5,506,737

[9] Includes net gains/(losses) on fluctuations in foreign exchange rates.

7. Financial assets at fair value through profit orloss (continued)

(iv) Due under repurchase agreement

During December 2018, EJFIF entered into a repurchase agreement to borrow $6,650,000 in exchange for a CDO security valued at $9,787,500 (equivalent to £7,634,542) as collateral as at 31 December 2018. During the period ended 30 June 2019, EJFIF repaid the amount received under the repurchase agreement.

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Due under repurchase agreement	-	(5,221,689)
Value of collateral provided in respect of the above	-	7,634,452

8. ZDP Shares

On 1 December 2017, the Company issued 15,000,000 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 2019 and 31 December 2018, 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 following table reconciles the liability for ZDP Shares, held at amortised cost, for the reporting period.

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Opening balance	**15,545,525**	14,556,533
Amortisation of ZDP Share issue costs	**52,501**	105,000
Finance costs	**457,407**	883,992
ZDP Shares closing balance	**16,055,433**	15,545,525

Capitalised issue costs are being amortised using the effective interest rate method. The remaining balance at 30 June 2019 is £358,749 (31 December 2018: £411,250).

9. Accounts payable and accrued expenses

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
Amount due to EJFIH	**743,702**	143,374
Incentive fees payable	**690,103**	1,112,315
Legal and professional fees payable	**767,427**	348,723
Investment Management fees payable	**285,034**	512,280
Audit fees payable	**47,110**	71,610
Directors' fees payable	-	33,750
Custody fees	**117,473**	66,091
Printing fees	**20,827**	40,000
Sundry creditors	**11,416**	12,756
Total accounts payable and accrued expenses	**2,683,092**	2,340,899

The amount due to EJFIH is interest free and repayable on demand. The balance consists of amounts paid by EJFIH in respect of the Company's expenses.

10. 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.

Net assets attributable to shareholders is represented by Ordinary Shares that carry one vote each and have equal voting rights. They are entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue and repurchase of Ordinary Shares.

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

Number of shares	**30 June 2019 (Unaudited)**	**31 December 2018 (Audited)**
Opening balance	**64,175,306**	54,543,142
Issued during the period at £1.72 per share	-	3,379,050
Issued during the period at £1.71 per share	-	2,635,000
Issued during the period at £1.82 per share	-	9,000,000
Purchase of own shares to hold in treasury at £1.82 per share	-	(9,000,000)
Issued during the year at £1.82 per share	-	3,618,114
Closing balance	**64,175,306**	64,175,306

Issued and fully paid	**30 June 2019 (Unaudited) £**	**31 December 2018 (Audited) £**
Opening balance	90,259,133	73,650,682
Issue of shares	-	10,300,920
Shares issued for repurchase	-	16,380,000
Purchase of own shares to hold in treasury	-	(16,380,000)
Sale of treasury shares	-	6,577,731
Issuance costs	-	(270,200)
Closing balance	**90,259,133**	90,259,133

As at 30 June 2019, the Company had 5,381,886 treasury shares (31 December 2018: 5,381,886). The treasury shares are available to be sold by the Company to meet ongoing market demand.

Reconciliation of net assets attributable to shareholders	**30 June 2019 (Unaudited) £**	**31 December 2018 (Audited) £**
Opening balance	**114,500,491**	86,301,945
Increase in net assets attributable to shareholders	**10,695,355**	17,429,588
Issue of shares	-	10,300,920
Shares issued for repurchase	-	16,380,000
Purchase of own shares to hold in treasury	-	(16,380,000)
Sale of treasury shares	-	6,577,731
Issuance costs	-	(270,200)
Dividends paid	**(3,433,379)**	(5,839,493)
Closing balance	**121,762,467**	114,500,491
Net Asset Value per share	**189.73p**	178.42p

11. Dividends

The Company paid the following dividends on its Ordinary Shares during the period ended 30 June 2019:

Period to	Date declared	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share (£)	Net dividend Paid (£)
31 Dec 2018	25 Jan 2019	7 Feb 2019	8 Feb 2019	4 Mar 2019	0.02675	1,716,689
31 Mar 2019	26 Apr 2019	9 May 2019	10 May 2019	7 June 2019	0.02675	1,716,690
						3,433,379

The Company paid the following dividends on its Ordinary Shares during the period ended 30 June 2018:

Period to	Date declared	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share (£)	Net dividend Paid (£)
31 Dec 2017	22 Jan 2018	1 Feb 2018	2 Feb 2018	2 Mar 2018	0.025	1,363,579
31 Mar 2018	24 Apr 2018	3 May 2018	4 May 2018	31 May 2018	0.025	1,448,054
						2,811,633

12. Interest in unconsolidated subsidiaries and associates

The table below discloses the unconsolidated subsidiaries and associates in which the Company holds an interest, but does not consolidate in accordance with IFRS 12:

Name of entity	Type of entity	Principal place of business	Nature of purpose	Interest held by the Company	Interest held
EJFIH	Private Company	Jersey	To hold a portfolio of investments in order to generate capital appreciation and investment income.	100%	Direct
EJFIF	Private Company	Jersey	To hold a portfolio of investments in order to generate capital appreciation and investment income.	100%	Indirect
Partnership	Limited Partnership	Delaware	To hold a portfolio of investments in order to generate capital appreciation and investment income.	85%	Indirect
CDO Manager	Limited Liability Company	Delaware	To generate management fee income	49%	Indirect
Armadillo I	Limited Partnership	Delaware	To generate income from high-yielding loans to US law firms engaged in mass tort litigation	29.2%	Indirect

13. Financial Risk Management

At 30 June 2019, there has been no change to the Company's financial risk management objectives and policies to those disclosed in note 20 of the Company's Annual Report for the year ended 31 December 2018.

Fair value of financial instruments

This section should be read in conjunction with note 20 of the Annual Report for the year ended 31 December 2018 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.

Fair value hierarchy

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 2019. All fair value measurements below are recurring.

As at 30 June 2019	Level 1 £	Level 2 £	Level 3 £
Investment held in EJFIH	-	-	**139,433,652**
Financial assets at fair value through profit or loss	-	-	**139,433,652**

The following table shows the movement of level 3 assets during the period ended 30 June 2019:

	Opening fair value £	Additions £	Realised gains/(losses) £	Unrealised gains/(losses) £	Disposals, repayment, write-offs £	Ending fair value £
EJFIH	**129,922,605**	-	-	**9,511,047**	-	**139,433,652**
Total financial assets	**129,922,605**	-	-	**9,511,047**	-	**139,433,652**

13. Financial Risk Management (continued)

Fair value hierarchy (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 statement of financial position as at 31 December 2018. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3
As at 31 December 2018	**£**	**£**	**£**
Investment held in EJFIH	-	-	129,922,605
Financial assets at fair value through profit or loss	-	-	129,922,605

The following table shows the movement of level 3 assets during the year ended 31 December 2018:

	Opening fair value	Additions	Realised gains/(losses)	Unrealised gains/(losses)	Disposals, repayment, write-offs	Ending fair value
	£	£	£	£	£	£
EJFIH	100,177,557	12,800,000	-	16,945,048	-	129,922,605
Total financial assets	100,177,557	12,800,000	-	16,945,048	-	129,922,605

The table below is a supplemental disclosure of the financial instruments, held by the Subsidiaries, 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 2019. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3
As at 30 June 2019	**£**	**£**	**£**
Investment in the Partnership	**-**	**-**	**69,029,014**
Investment in CDO Manager	**-**	**-**	**10,856,094**
Bridge Loan	**-**	**-**	**7,893,598**
Armadillo Portfolio	**-**	**-**	**5,701,857**
Investment in Preference Shares	**-**	**-**	**1,379,149**
CDO securities	**-**	**13,680,671**	**1,147,075**
Financial assets at fair value through profit or loss	**-**	**13,680,671**	**96,006,787**

	Level 1	Level 2	Level 3
As at 30 June 2019	**£**	**£**	**£**
Derivative financial liability	**-**	**(4,525,337)**	**-**
Financial liabilities at fair value through profit or loss	**-**	**(4,525,337)**	**-**

13. Financial Risk Management (continued)

Fair value hierarchy (continued)

The following table shows the movement of level 3 assets held by the Subsidiaries during the period ended 30 June 2019:

	Opening fair value £	Additions £	Realised gains/ (losses) £	Unrealised gains/(losses) £	Disposals, repayment, write-offs £	Ending fair value £
Armadillo Portfolio	6,448,996	-	(78,944)	(102,462)	(565,733)	5,701,857
Investment in the Partnership	66,961,764	11,921,568	8,258,692	822,955	(18,935,965)	69,029,014
Investment in CDO Manager	9,606,049	-	-	1,250,045	-	10,856,094
CDO securities	644,507	-	5,274	502,784	(5,490)	1,147,075
Bridge Loan	9,161,668	-	(25,975)	(194,788)	(1,047,307)	7,893,598
Investment in Preference Shares	5,506,737	2,106,563	2,155,024	(130,892)	(8,258,283)	1,379,149
Total financial assets	**98,329,721**	**14,028,131**	**10,314,071**	**2,147,642**	**(28,812,778)**	**96,006,787**

The table below is a supplemental disclosure of the financial instruments, held by the Subsidiaries, 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 statement of financial position as at 31 December 2018. All fair value measurements below are recurring.

As at 31 December 2018	**Level 1 £**	**Level 2 £**	**Level 3 £**
Financial assets at fair value through profit or loss			
Armadillo Portfolio	-	-	6,448,996
Investment in the Partnership	-	-	66,961,764
Investment in CDO Manager	-	-	9,606,049
CDO securities	-	9,051,186	644,507
Bridge Loan	-	-	9,161,668
Investment in Preference Shares	-	-	5,506,737
CDO security pledge as collateral		7,634,452	-
Financial assets at fair value through profit or loss	-	16,685,638	98,329,721

As at 31 December 2018	**Level 1 £**	**Level 2 £**	**Level 3 £**
Derivative financial liability	-	9,181,757	-
Financial liabilities at fair value through profit or loss	-	9,181,757	-

13. Financial Risk Management (continued)

Fair value hierarchy (continued)

The following table shows the movement of level 3 assets held by the Subsidiaries during the year ended 31 December 2018:

	Opening fair value	Additions	Realised gains/(losses)	Unrealised gains/ (losses)	Disposals, repayment, write-offs	Transfer to Level 2	Ending fair value
	£	£	£	£	£	£	£
Armadillo Portfolio	17,388,194	-	637,263	657,949	(12,234,410)	-	6,448,996
Investments in the Partnership	31,114,057	28,517,586	910,847	7,330,121	(910,847)	-	66,961,764
Investment in CDO Manager	7,565,445	-	1,248,320	2,040,604	(1,248,320)	-	9,606,049
CDO securities	17,943,025	10,549,189	14,567,589	(3,392,512)	(29,971,598)	(9,051,186)	644,507
Bridge Loan	7,742,458	915,729	-	503,481	-	-	9,161,668
Investment in Preference Shares	4,917,953	-	475,260	588,784	(475,260)	-	5,506,737
Total financial assets	86,671,132	39,982,504	17,839,279	7,728,427	(44,840,435)	(9,051,186)	98,329,721

14. 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. The Board 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 17, the Company has a revolving credit facility with AUB for the purpose of supporting working capital needs and to fund the Company's general business requirements. EJFIH 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.

14. Capital risk management (continued)

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

	30 June 2019 (Unaudited) £	31 December 2018 (Audited) £
ZDP shares	**16,055,433**	15,545,525
Accounts payable and accrued expenses	**2,683,092**	2,340,899
Less: cash and cash equivalents	**(276,231)**	(648,319)
Net debt	**18,462,294**	17,238,105
Total equity	**121,762,467**	114,500,491
Net debt to adjusted equity ratio	**0.15**	0.15

15. Related Party Transactions and other material contracts

Transactions

On 30 June 2017, the Company, through its investment in the Subsidiaries, entered into a cross-transaction with two private funds affiliated with the Investment Manager for the purchase of interest in the depositor vehicle which held interests in the TFINS 2017-1 preference shares issued to the two affiliate funds as part of the securitisation in March 2017. On 31 January 2019, the Company, through its investment in EJFIF, entered into a cross-transaction with another fund affiliated with the Investment Manager. The transaction involved the acquisition of $860,869 (par value) of the TFINS 2017-1 preference shares. On 17 April 2019, the Company announced the commencement of the redemption of all of the outstanding notes and preferred shares issued by TFINS 2017-1.

On 8 May 2018, the Company, through its investment in the Subsidiaries, closed on a new Risk Retention Investment, TFINS 2018-1, totalling approximately £16.8 million. TFINS 2018-1 is a securitisation sponsored by EJF and primarily consists of TruPS 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 Partnership at a value of £22.0 million (31 December 2018: £20.9 million). The transaction was executed using pricing established through independent third-party valuations and following the review and approval by the independent non-conflicted members of the Board.

As mentioned above, on 31 January 2019, the Company, through its investment in EJFIF, entered into a cross-transaction with another fund affiliated with the Investment Manager. The transaction involved the acquisition of $1,631,250 (par value) of the TFINS 2017-2 preference shares at a purchase price of $1,726,424. The transaction was executed using pricing established through independent third-party valuations and following the review and approval by the independent non-conflicted members of the Board.

On 8 March 2019, the Company, through its investment in EJFIF, closed on a new Risk Retention Investment, TFINS 2019-1, totalling approximately £11.9 million. TFINS 2019-1 is a securitisation sponsored by EJF and primarily consists of TruPS and surplus notes issued by 32 US community banks and 18 US insurance companies with an aggregate par value of approximately $314 million. The fair value of these preference shares is included in the Partnership at a value of £14.6 million. The transaction was executed using pricing established through independent third-party valuations and following the review and approval by the independent non-conflicted members of the Board.

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 Investment Manager and EJF. In accordance with the Management Agreement, the Investment Manager has been appointed as the investment manager of the Company, the Partnership and the Partnership's General Partner. In such capacity, the Investment Manager is responsible for the portfolio and risk management of the Company and its Subsidiaries, 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 Subsidiaries; (iii) providing financing and risk management services; and (iv) providing advisory services to the Board. 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.

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

Investment management fee (continued)
On 27 February 2019, the Management Agreement was further amended and restated to allow settlement of the Incentive Fee through multiple transactions over an agreed upon timeframe between the Company and the Investment Manager.

In accordance with the terms of the Management Agreement, the Company pays a management fee calculated monthly and payable quarterly in arrears. Subject to certain limitations, the monthly management fee is equal to 0.0833% (one-twelfth of 1%) of the Company's NAV.

For the period from 1 January 2019 to 30 June 2019, the Company incurred management fees of £548,699 (30 June 2018: £430,499), which is presented within operating expenses on the unaudited condensed statement of comprehensive income, and had an outstanding liability of £285,034 (31 December 2018: £512,280), which is presented within accounts payable and accrued expenses on the unaudited condensed statement of financial position.

Directors' fees
The Directors are entitled to a fee for their services at a rate to be determined from time to time by the Board. For the period ended 30 June 2019, the Company recorded Directors' fees of £67,500 (30 June 2018: £67,500). As at 30 June 2019, there were no Directors' fees outstanding (31 December 2018: £33,750).

Directors' fees are currently £40,000 each per annum. Neal Wilson has waived his right to receive remuneration for his service as Director.

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

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

Neal Wilson also serves as an officer (Chief Executive Officer) of the Investment Manager and an officer and director of other affiliates of the Investment 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 the Company, EJF and other programmes and activities in which they are involved. The independent Directors 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.

Directors' and Officers' liability and professional indemnity insurance cover is maintained by the Company on behalf of the Directors. During the period ended 30 June 2019, the Company recorded Directors' and Officers' liability and professional indemnity insurance expense of £36,197 (2018: £39,936).

Incentive Fee
The Investment Manager is entitled to an 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 the High Watermark at the relevant time, in respect of the relevant Incentive Fee Period.

The Incentive Fee is calculated in respect of each Incentive Fee Period, save for 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 Investment Manager of the non-retained services as defined in the Management Agreement.

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

Incentive Fee (continued)

For the period from the 1 January 2019 to 30 June 2019, the Company accrued an Incentive Fee liability of £690,104 (30 June 2018: £1,237,422), 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.

On 7 March 2018, the Company procured and delivered to the Investment Manager 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 ended 31 December 2017 and the Incentive Shares are subject to its Lock-Up Deed.

On 28 February 2019, the Company announced that the Investment Manager acquired 207,135 Ordinary Shares of no par value in the Company at an average price of 179 pence per share. The Company was also notified on the same date that the Investment Manager allocated these Ordinary Shares to certain of its officers and affiliates.

On 29 May 2019, the Company announced that the Investment Manager acquired of 390,286 Ordinary Shares of no par value in the Company at an average price of 190 pence per share. The Company was also notified on the same date that the Investment Manager allocated these Ordinary Shares to certain of its officers and affiliates. This transaction and the transaction that occurred on the 28 February 2019 were in full satisfaction of the Incentive Fee payable by the Company to the Investment Manager for the Incentive Fee Period ended 31 December 2018 and the Ordinary Shares are subject the Lock-Up Deed.

Ordinary Shares held by related parties

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

Name	Ordinary Shares 30 June 2019 (Unaudited)	Percentage of Ordinary Shares in Issue 30 June 2019 (Unaudited)	Ordinary Shares 31 December 2018 (Audited)	Percentage of Ordinary Shares in Issue 31 December 2018 (Audited)
Neal Wilson	**1,408,070**	**2.19%**	1,181,759	1.84%
Joanna Dentskevich	**20,548**	**0.03%**	20,548	0.03%

The Investment Manager owned no Ordinary Shares as at 30 June 2019 (31 December 2018: 534,135 (0.83%)). Ordinary shares have been allocated to EJF affiliates, including EJF Capital Limited.

EJF Capital Limited owned 565,774 (0.88%) Ordinary Shares as at 30 June 2019 (31 December 2018: Nil).

As at 30 June 2019, entities affiliated to Emanuel J. Friedman, chair and Co-Chief Information Officer of the Investment Manager, held an aggregate of 11,117,344 Ordinary Shares issued by the Company, equal to 17.32% of the issued share capital (31 December 2018: 11,117,344 Ordinary Shares issued by the Company, equal to 17.32% of the issued share capital).

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

ZDP Shares held by related parties
Shareholdings by the Directors in the Company as at period/year end were as follows:

Name	ZDP Shares 30 June 2019 (Unaudited)	Percentage of ZDP Shares in Issue 30 June 2019 (Unaudited)	ZDP Shares 31 December 2018 (Audited)	Percentage of ZDP Shares in Issue 31 December 2018 (Audited)
Neal Wilson	**375,000**	**2.5%**	375,000	2.5%

The Investment Manager owned 375,000 ZDP Shares as at 30 June 2019 (31 December 2018: 375,000).

Other Material Contracts
The Investment Manager has voluntarily committed to absorb future ongoing operating expenses incurred by the Company excluding management fees, incentive fees and one-off expenses, until no earlier than the date on which the unaudited net asset value of the Company reaches £300 million. For the period ended 30 June 2019, £732,654 (30 June 2018: £695,689) of operating expenses were offset by reimbursements from the Investment Manager and are presented in the unaudited condensed statement of comprehensive income.

As at 30 June 2019, the Company had a receivable balance of £733,955 (31 December 2018: £1,722,574) from the Investment Manager relating to the reimbursement of these operating expenses which is included in the balance due from the Investment Manager on the unaudited condensed statement of financial position.

16. 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 64,175,306 (30 June 2018: 56,678,742).

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 2019 and 30 June 2018, there were no convertible instruments which would have an impact on the weighted average number of Ordinary Shares.

17. Commitments and Contingencies

On 9 May 2018, the Company and AUB extended a financing and security agreement pursuant to which AUB agreed to provide a revolving credit facility of up to $15 million. This was reduced to $7.5 million on 20 December 2018. The Revolving Credit Facility also includes EJFIH and EJFIF as a borrower. The Revolving Credit Facility may be used by the Company and/or the Subsidiaries for the purposes of supporting working capital needs and to fund their respective 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 and the Subsidiaries' obligations under the Revolving Credit Facility have been guaranteed by the Investment 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 Investment Manager over fees received in relation to its management of the Company, (iv) an assignment granted by the Company and the Investment Manager over risk retention proceeds distributions made by the Partnership, and (v) an assignment granted by the Investment Manager and the Company over dividends from the CDO Manager. As at 30 June 2019 and 31 December 2018 there were no amounts outstanding in relation to the Revolving Credit Facility.

18. Subsequent Events

On 9 July 2019, the Company announced that, in accordance with its dealing code, Cheetah Holdings Ltd., a charitable foundation co-founded by Emanuel J. Friedman, the Co-Chief Investment Officer of the Company's Investment Manager, acquired 185,000 ordinary shares in the Company at a price of £1.8873 per share through secondary dealings on the LSE.

On 26 July 2019, the Company declared a dividend of 2.675p per share in respect of the quarter ended 30 June 2019. The dividend was payable to shareholders on the register as at close of business on 9 August 2019, and the corresponding ex-dividend date was 8 August 2019. Payment will be made on or around 6 September 2019.

On 10 July 2019, EJFIH received full repayment of the Bridge Loan note at par plus the accrued interest. EJFIH subsequently entered into a new transaction with MBIA through purchase of a $10.9 million note, attracting a 12% coupon with maturity date of 20 January 2022.

GLOSSARY OF TERMS (CONTINUED)

TERM	DEFINITION
ABS	Asset Backed Securities
Adjusted NAV attributable to Ordinary Shares	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
Administrator	BNP Paribas Securities Services S.C.A, Jersey Branch
Admission	The Company's Ordinary Shares which were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on April 2017
AGM	Annual General Meeting
AIFM	An alternative investment fund manager, as defined in the AIFM Directive
AIFMD or AIFM Directive	The Alternative Investment Fund Managers Directive 2011/61/EU
AUB	Atlantic Union Bank (formerly Access National Bank (ANB))
Annual Report	Annual Report and Audited Financial Statements
Annualised Dividend Yield	Dividends declared in respect of the relevant period divided by the share price mid quote as at the end of the relevant period.
APM	Alternative Performance Measures. The calculation methodology and rationale for disclosing each of the APMs has been disclosed on pages 46 and 47.
Armadillo I	Armadillo Financial Fund LP
Armadillo II	Armadillo Financial Fund II LP
Armadillo Portfolio	A portfolio of high-yielding loans to US law firms engaged in mass tort litigation by way of the holding of limited partner interests in Armadillo I and Armadillo II
Articles	The articles of association of the Company
Auditor	KPMG LLP
Board	The Board of Directors of the Company
Brexit	The withdrawal of the UK from the EU
Bridge Loan	An interest in a bridge loan to an affiliate of a publicly listed insurer
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralised Debt Obligation
CDO Manager	EJF CDO Manager LLC, a Delaware limited liability company
CFTC	US Commodities and Futures Trading Commission

GLOSSARY OF TERMS (CONTINUED)

TERM	DEFINITION
Chair	Joanna Dentskevich, Chair of the Board of Directors
CLO	Collateralised Loan Obligation
Companies Law	The Companies (Jersey) Law 1991, as amended
Company or EJFI	EJF Investments Limited, a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey under the Companies Law on 20 October 2016 with registered number 122353
Corporate Broker or Numis	Numis Securities Limited
CPO	Commodity Pool Operator
CTA	Commodity Trading Adviser
DFAST	Dodd-Frank Act Stress Test
Dodd-Frank	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DTR	Disclosure Guidance and Transparency Rule 4.2.4R.
EGM	Extraordinary General Meeting
EJF	EJF Capital LLC
EJFIF	EJF Investments Funding Limited
EJFIH	EJF Investments Holdings Limited
EJF Risk Retention Securities	Has the meaning given to it in paragraph 5.2 of Part I: "The Company" of the Prospectus
EJF Securitisations	EJF or EJF Affiliate-sponsored securitisations
EU	The European Union
FCA	Financial Conduct Authority
FVTPL	Fair Value through Profit or Loss
General Partner	EJF Investments GP Inc., being general partner of the Partnership
High Watermark	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
IAS 32	International Accounting Standard 32, "Financial Instruments: Presentation"
IAS 34	International Accounting Standard 34, "Interim Financial Reporting"
Incentive Fee	The incentive fee to which the Manager is entitled as described in the section entitled "Fees and Expenses" in Part IV: "Directors, the Manager and Administration" of the Prospectus
Incentive Fee Period	Each 12-month period starting on 1 January and ending on 31 December in each calendar year
Incentive Hurdle	Incentive Hurdle is calculated using the Adjusted NAV attributable to Ordinary Shares on the date of 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
Incentive Shares	The Ordinary Shares used to pay the Incentive Fee
Interim Report	This interim report and unaudited condensed interim financial statements

TERM	DEFINITION
Internal Control	A process for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies
IFRS	International Financial Reporting Standards as adopted by the EU
IFRS 8	International Financial Reporting Standard 8, "Operating Segments"
IFRS 12	International Financial Reporting Standard 32, "Disclosure of Interests in Other Entities"
Investment Manager	EJF Investments Manager LLC acting as manager and/or investment manager of the Company
Investment Objective	The Company seeks to generate attractive risk adjusted returns for its shareholders by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats, and may be issued by entities domiciled in the US, UK and Europe
Investment Policy	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
IRR	Internal Rate of Return
ISIN	International Securities Identification Number
Latest Practicable Date	The latest practicable date prior to publication of the Circular to Shareholders dated 17 January 2019
Lock-Up Deed	Has the meaning given to it in paragraph 11.6 of Part XII: "Additional Information" of the Prospectus
LSE	London Stock Exchange plc
Management Agreement	The Amended and Restated Management Agreement dated 22 January 2019 between the Company, the Partnership, the General Partner, the Investment Manager and EJF (as amended)
NAV per Ordinary Share	NAV per Ordinary Share means an amount equal to, as at the relevant date, the NAV attributable to Ordinary Shares divided by the Ordinary Shares in Issue as at such date
Net Asset Value or NAV	The NAV means the Company's assets less liabilities. The Company's assets and liabilities will be valued in accordance with International Financial Reporting Standards
New ZDP shares	The redeemable Zero Dividend Preference shares that may be issued by the Company pursuant to the Prospectus.
Ordinary Shares	The non-redeemable Ordinary Shares of no par value in the share capital of the Company which, for the avoidance of doubt, includes all classes of Ordinary Shares (denominated in such currency) as the Directors may determine in accordance with the Articles (and for the purposes of the Prospectus, the Ordinary Shares shall be denominated in Sterling) having the rights and subject to the restrictions set out in the Articles
Ordinary Shareholder	The holder or one or more Ordinary Shares
Ordinary Share Price	Closing price as the respective reporting date as published on the LSE
Partnership	EJF Investments LP (a Delaware limited partnership formed under the laws of the US state of Delaware)
PIK	Payment-in-kind
Placing Programme	The placing programme of up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares
Portfolio	The Company's and the Subsidiaries' portfolio of investments from time to time
Preference Shares	TFINS 2017-1 and TFINS 2017-2 depositor vehicles
Principal Risks	Those risks, or a combination thereof, that are considered to materially threaten the Company's ability to meet its Investment Objective, solvency or liquidity

GLOSSARY OF TERMS (CONTINUED)

TERM	DEFINITION
Prospectus	The Company's prospectus dated 24 June 2019
REIT	Real estate investment trust
Revolving Credit Facility	On 9 May 2018, the Company and ANB entered into a financing and security agreement pursuant to which ANB agreed to provide a revolving credit facility of up to $15 million.
Risk Retention	Has the meaning given to it in Part II: "The Market Opportunity" of the Prospectus
Risk Retention Investments	Has the meaning given to it in paragraph 4.1(a) of Part I: "The Company" of the Prospectus
Risk Retention and Related Investments	Risk Retention Investments, together with investments in non-risk retention securities of EJF securitisations and other non-EJF sponsored securitisations
SEC	US Securities and Exchange Commission
Securitisation and Related Investments	Risk Retention and Related Investments, capital solutions and ABS investments and the CDO Manager interest
SFS	The Specialist Fund Segment of the LSE
Shareholder	Any Ordinary Shareholder
Sterling or GBP or £	Pound sterling
Sub Debt	Subordinated Debt
Subsidiaries	EJF Investments Holdings Limited and EJF Investments Funding Limited
Target Dividend	The Company targets an annual payment of dividends which equates to 10.7 pence per Ordinary Share
Target Investments	Investments that consist primarily of securitisation and related investments and specialty finance investments. Has the meaning given to it in Part I: "The Company" of the Prospectus
Target Return	The Company targets an annual total return of 8% to 10% per annum, inclusive of dividends
TFINS 2017-1	TruPS Financials Note Securitization 2017-1 Ltd
TFINS 2017-2	TruPS Financials Note Securitization 2017-2 Ltd
TFINS 2018-1	TruPS Financials Note Securitization 2018-1 Ltd
TFINS 2018-2	TruPS Financials Note Securitization 2018-2 Ltd
TFINS 2019-1	TruPS Financials Note Securitization 2019-1 Ltd
Total Return	Has the meaning on page 46
TPINS	Insurance-backed TruPS CDO, Trust Preferred Insurance Note Securitization 2016-1
TruPS	Trust preferred securities
UK	United Kingdom
UK Code	2018 UK Corporate Governance Code effective for periods beginning on or after 1 January 2019
US or USA	United States of America
US Dollar or USD or $	United States Dollar
ZDP Shares	The redeemable Zero Dividend Preference shares of no par value in the Company with a repayment date during November 2022 and bearing a gross redemption yield of 5.86%
ZDP Shareholder	The holder of one or more ZDP Shares
ZDP Share Price	Closing price as at the respective reporting date as published on the LSE

NAV per Ordinary Share

NAV per Ordinary Share means an amount equal to, as at the relevant date, the NAV attributable to Ordinary Shares divided by the Ordinary Shares in issue as at such date.

Reason for use
Common industry performance benchmark for calculating the Total Return and Share Price (Discount)/Premium to NAV Per Ordinary Share.

Recalculation
NAV per Ordinary Share is calculated as follows:

Rating	30 June 2019	31 December 2018
Net Assets as per statement of financial position	**£121,762,467**	£114,500,491
Number of Ordinary Shares in issue at period/year end (excluding treasury shares)	**64,175,306**	64,175,306
NAV per Ordinary Share	**189.73p**	178.42p

Total Return

Compounded monthly returns per the monthly published performance reports, inclusive of dividends.

Reason for use
To provide transparency in the Company's performance and to help investors identify and monitor the compounded returns of the Company.

Recalculation
Total Return has been calculated using the following monthly returns and compounded as follows:

Rating	From Inception to 30 June 2019	2019	2018	2017
Compounded monthly return to 31 December 2018	**47.03%**			
January	**0.35%**	**0.35%**	8.28%	0.51%
February	**0.41%**	**0.41%**	0.70%	2.96%
March	**1.77%**	**1.77%**	0.12%	3.65%
April	**5.61%**	**5.61%**	2.70%	0.24%
May	**0.83%**	**0.83%**	2.10%	2.85%
June	**0.26%**	**0.26%**	1.62%	0.34%
July	-	-	0.50%	0.90%
August	-	-	2.39%	1.37%
September	-	-	0.08%	0.54%
October	-	-	0.32%	4.92%
November	-	-	0.22%	0.59%
December	-	-	(1.13%)	2.53%
Compounded monthly return	**60.98%**	**9.48%**	19.08%	20.89%

Share Price Discount to NAV Per Ordinary Share

Closing price as at such date as published on the LSE divided by the NAV per Ordinary Share.

Reason for use

Common industry measure to understand the price of the Company's shares relative to its net asset valuation. This performance measure has been reclassified as an APM for the current period. This key performance highlight has been classified as an APM following a reassessment of the APMs.

Recalculation

Share Price Discount to NAV Per Ordinary Share is calculated as follows:

Rating	**30 June 2019**	**31 December 2018**
Closing price as at 31 December as published on the London Stock Exchange	**188.50p**	178.00p
NAV per Ordinary Share	**189.73p**	178.42p
Share Price Discount to NAV Per Ordinary Share	**(0.6)%**	(0.2)%