

# EJF Investments Limited

## FACTSHEET

### Monthly Performance

2017	9 Feb	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Diluted NAV Per Share GBp	135	139	144	142	146	144							N/A
Undiluted NAV Per Share GBp <sup>1</sup>	137	141	146										N/A
Monthly Performance (gross of dividends) (%)	0.51	2.96	3.65	0.24	2.85	0.34							10.96

### Company Overview

EJF Investments Ltd (together with its subsidiaries, "EJFI" or the "Company") is a closed-ended investment company investing in opportunities created by regulatory and structural changes impacting the financial services sector. The Company seeks to generate risk adjusted shareholder returns by investing in a diversified portfolio of long-term, cash-flow generating assets, which may 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 U.S., UK and Continental Europe.

### Target Investments

The Company seeks to achieve its investment objective primarily by investing the majority of its assets in three types of investments in the financial services sector that have been impacted by regulatory and structural changes, comprising: a) Risk Retention Investments; b) Capital Solutions and Asset-Backed Securities opportunities; and c) Specialty Finance Investments.

### Manager Monthly Commentary

**NAV:** As at 30 June 2017, fully diluted NAV per share was 144 pence, representing a month-over-month gain of 0.34% (gross of dividend). The Company had net assets of £69.9 million. During the month, the Company declared a 2.4 pence per share dividend in respect of Q2, which is payable 28 July 2017.

**Market:** Banks remained active on the M&A front during the month of June. During the month, 22 deals were announced, bringing total transactions announced or completed to 127 (year to date). Deal valuations were flat month-over-month, with a median P/TBV of 1.61x. This compares to a median 2016 P/TBV of 1.38x, or an increase of 16.4% year-over-year. We continue to believe that we will see an elevated amount of M&A activity in the near term due to the changing regulatory environment and continued positive banking trends. The U.S. Federal Reserve Board released CCAR results on 28 June, with 33 of 34 banks passing without conditional approvals or objections and the median capital payout ratios increasing by 10% year-over-year. This bodes well for favorable banking regulation as it demonstrates to regulators that these financial institutes are adequately capitalized to withstand a severely adverse downturn. Additionally, the U.S. Federal Reserve Board raised the federal funds rate by 25 bps and there may be the possibility of a third rate hike by year end.

**Portfolio Activity:** The portfolio continues to perform in line with our expectations. In June 2017, the Company acquired a 2007 vintage REIT TruPS CDO security that is currently cash flowing for approximately £1.4 million. The Company received confirmation of a £4.2 million distribution from the Armadillo Portfolio in June and the funds were received subsequent to month end. Additionally, the Company entered into an agreement to acquire the interests for approximately £5.0 million of the TruPS Financials Note Securitization 2017-1 Ltd.<sup>3</sup>, (the "TFINS 2017-1") preferred shares in June 2017. We believe the TFINS 2017-1 preferred shares offer an attractive risk adjusted return and we expect this transaction to close in July 2017. This brings the company's risk retention and related securities to 16% of total gross assets.

**Placing of New Ordinary Shares:** On 29 June 2017, the Company announced a capital raise under its established placing program, as described in the Company's prospectus. Subsequent to month end, the Company announced it has raised gross proceeds of approximately £8.0 million through a placing and subscription of approximately 5.5 million new ordinary shares at 146 pence per share.

Based on the Company's 30 June 2017 unaudited financials.

Your attention is drawn to the disclaimer (Important Disclosure) that begins on the second page of this document. Past performance is not indicative of future results, and there can be no assurance that EJFI will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy.

### EJFI Key Facts (at 30 June 2017)

Ticker Symbol	EJFI LN
Admission Date	7 April 2017
Admission Share Price	GBp141
EJFI NAV	£69.9 million
NAV/Share	GBp144 (\$1.88 equivalent)
Target Return <sup>2</sup>	8%-10% total return
Target Dividend <sup>2</sup>	6% (payable quarterly)
Declared Dividend <sup>2</sup>	GBp2.4 per share (6.8% p.a. yield)
Next Payment Date	28 July 2017
Currency	GBP
Manager	EJF Investments Manager LLC (the "Manager")

<sup>1</sup>Prior to April 2017, an undiluted and a fully diluted NAV was disclosed. Beginning in April 2017, the Company recorded the fair value of the impact the unexercised warrants had on the monthly NAV had these warrants been exercised, alleviating the need to present two separate NAVs.

<sup>2</sup>Per annum of Undiluted NAV per share on First Admission

<sup>3</sup>Managed by an affiliate of EJF Capital LLC.

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## FACTSHEET

### Existing Portfolio Description<sup>1</sup>

#### Specialty Finance Portfolio

- £8.1 million investment in a bridge loan to an affiliate of a publicly listed insurer in (January 2017)
- £20.3 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation (the "Armadillo Portfolio")

#### ABS Portfolio

- Portfolio of REIT TruPS CDO securities issued prior to the financial crisis:
  - £15.5 million investment

#### Risk Retention & Related Securities

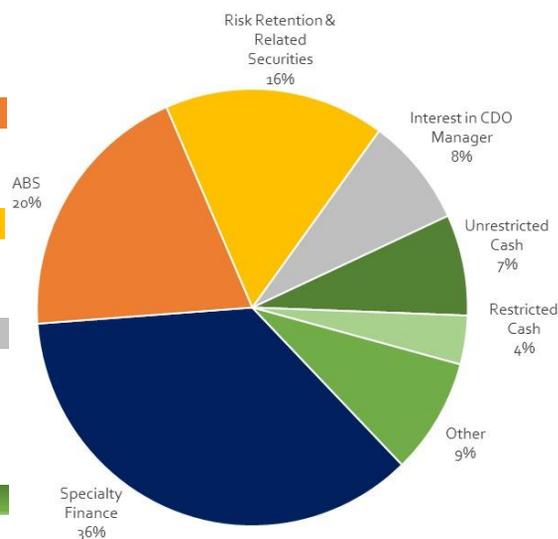
- £8.0 million investment in TFINS 2017-1 (risk retention investment - March 2017)
- £5.0 million investment in TFINS 2017-1 (June 2017)

#### Interest in CDO Manager

- 49% passive interest in five CDO collateral management contracts that provide a steady source of long-term income:
  - 10bp to 20bps annual fee based on outstanding collateral value
  - £6.4 million investment

#### Cash & Other Assets

- £5.9 million unrestricted cash
- £2.8 million restricted cash
- £6.8 million of other assets
  - Includes £4.2 million receivable from the Armadillo Portfolio



1. Based on the Company's 30 June 2017 unaudited balance sheet.

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## FACTSHEET

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Although the portfolio reflected in this document (the "Portfolio") is consistent with the investment strategy of the Company, there is no guarantee that the portfolio acquired will be identical to the make-up of the Portfolio. Moreover, the future investments to be made by the Company may differ substantially from the investments included in the Portfolio. Therefore, the Portfolio parameters, and other factors related to the Portfolio could all be materially different than those of the future portfolio acquired by the Company.

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