

# EJF Investments Limited

## FACTSHEET

### Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017 Monthly Performance (inclusive of dividends) (%)		2.96	3.65	0.24	2.85	0.34	0.90	1.37	0.54	4.92	0.59	2.53	23.47
2018 Monthly Performance (inclusive of dividends) (%)	8.28												8.28

### Company Overview

EJF Investments Ltd (together with its subsidiaries, "EJFI" or the "Company") is a closed-ended investment company investing in opportunities created in the U.S. banking and insurance sectors 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 and Europe.

### Target Investments

The Company seeks to achieve its investment objective primarily by investing in assets that have been impacted by regulatory and structural changes to the finance industry. These target investments consist primarily of: (a) Securitization and Related Investments; and (b) Specialty Finance Investments.

### Manager Monthly Commentary

**NAV:** EJFI's January 2018 NAV was £93.4 million or GBP171 per share, representing a monthly gain of 8.28%. The main contributor to NAV this month was the sale of two REIT trust preferred securities ("TruPS") CDO bonds, as described further below.

**Market:** The month of January saw 19 bank M&A deals announced. The median P/TBV for deal valuations was 1.93x. This compares to a median P/TBV in January 2017 of 1.62x, or an increase of 19.1% 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 Federal Reserve released a statement that gave a more positive picture of the U.S. economy and hinted at further gradual rate hikes, with the possibility of one occurring in March.

The TruPS sector continued to perform strongly as LIBOR moved up approximately 5% in the month of January to 1.78%. Five issuers redeemed their TruPS in January, one of which was held within EJFI's TFINS 2017-1 position. We believe that as LIBOR continues its upward trajectory and further consolidation occurs in the banking sector, we will continue to see further prepayment activity in our securitization exposures, which is a positive catalyst to our returns.

**Currency Hedging:** During January the GBP to USD rate increased by approximately 5%. The Company deploys hedging strategies to reduce foreign currency related movements and the impact of the foreign currency movement on the Company's NAV was minimal.

**Portfolio Activity:** During January, the Company sold two REIT TruPS CDO securities for a gain of approximately £7.3 million which generated total sale proceeds of approximately £15.8 million. The key driver behind the valuation uplift was that the bonds started to receive cash interest in the month of January, the first time since 2008. The Company was able to take advantage of such and decided to sell the bonds as the secondary market continues to expand. The Company's remaining investment portfolio performed in-line with expectations.

**Dividend:** In January, the Directors of EJFI declared GBP2.5 per share dividend (approximately \$0.03/share) in respect of the fourth quarter performance, an increase over last quarter's dividend of GBP2.4 per share. At 7.1% annualized<sup>2</sup>, this is above the initial target dividend of 6% p.a. given the Company's robust performance. Total dividends declared for full year 2017 of GBP9.7 per share. The Company is targeting an annual dividend of GBP 10 per share for the financial year to 31 December 2018.

**Placing Program:** During the month, the Company announced its intention to raise new capital under the Company's placing programme as detailed in the Company's prospectus. The Company is seeking to raise £50 million via a placing of new shares.

Based on the Company's 31 January 2018 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 31 January 2018)

Ticker Symbol	EJFI LN
NAV/Share	GBP 171 (\$2.43 equivalent)
EJFI NAV	£93.4 million
Gross Asset Value	£111.2 million
Target Return <sup>1</sup>	8%-10% total return
Quarterly Dividend <sup>2</sup>	GBP2.5 per share (7.1% p.a. yield <sup>2</sup> )
Ex-Dividend Date	1 February 2018
Payment Date	2 March 2018
Currency	GBP
Manager	EJF Investments Manager LLC (the "Manager")
ZDP Shares	Ticker: EJFZ LN Number of Shares: 15 million Maturity: December 2022 Capital Entitlement: GBP132.25 per share GRY: 5.75%

<sup>1</sup>Per annum on Undiluted NAV per share on First Admission (£1.41 per share).

<sup>2</sup>The Company has a target dividend yield of 6.0% per annum on Undiluted NAV per share on First Admission (£1.41 per share).

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

#### Securitized & Related Investments

- £34.2 million investment in the equity tranches of three EJF Capital sponsored securitizations
- £4.0 million investment in portfolio of REIT TruPS CDO securities
- £5.3 million investment in a US bank Sub Debt
- £6.7 million investment in the CDO Manager (49% ownership interest)

#### Specialty Finance Investments

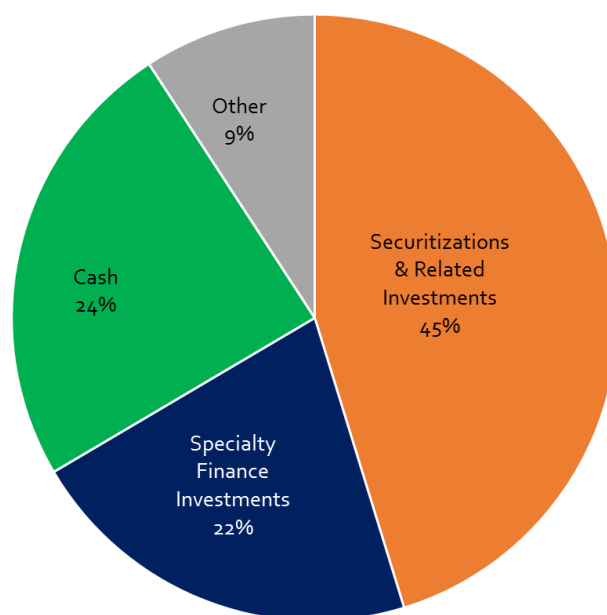
- £16.3 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation
- £7.3 million investment in a bridge loan to an affiliate of a publicly listed insurer

#### Cash

- £23.9 million unrestricted cash
- £3.1 million restricted cash (*related to currency hedges*)

#### Other

- £8.5 million foreign currency derivative
- £1.8 million of other assets



1. Based on the Company's 31 January 2018 unaudited balance sheet.

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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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