

# EJF Investments Limited

## FACTSHEET

### Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018 Monthly Performance (inclusive of dividends) (%)	8.28	0.70											9.04
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

### 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 February 2018 NAV was £92.7 million or GBp170 per share, representing a monthly gain of 0.70% (inclusive of dividend), continuing the strong performance year-to-date. During the month the portfolio performed in line with management expectations with there being limited changes in underlying asset values.

**Market:** The month of February saw 21 bank merger and acquisition deals announced, bringing the number of transactions to 40 year-to-date. The median P/TBV for deal valuations was 1.89x. This compares to a median February 2017 P/TBV of 1.73x, or an increase of 9.2% 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 is expected to gradually raise rates in 2018, with a high probability of the first rate hike occurring in March.

U.S. LIBOR continued its strong upward trajectory in the month of February closing above 2%. By way of a reminder, the majority of the underlying collateral of our CDO equity investments are trust preferred securities ("TruPS"). TruPS are typically LIBOR floaters, and as LIBOR continues to increase, the cost of debt for TruPS issuers increases accordingly, which we believe will continue to incentivize certain issuers to redeem and replace their TruPS. Additionally, as LIBOR increases, the cash flows and current returns from our CDO equity investments also increase.

**U.S. Banking Regulatory Update:** We continue to expect the U.S. Senate Bank Committee's Regulatory Relief bill S.2155 to be signed into law in the near-term. This bill includes what we believe to be some of the most sweeping changes to bank regulation since the enactment of Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). The package would increase the Systemically Important Financial Institution ("SIFI") threshold from \$50 billion in assets to \$250 billion and eliminate formal stress testing for banks below \$250 billion. Next, the Small Bank Holding Company ("SBHC") Policy Statement, which allows subordinated debt to be counted as regulatory capital, would be increased to include banks with less than \$3 billion in assets. Additionally, banks with less than \$10 billion in assets would be exempt from both the Qualified Mortgage rules, as long as loans are held on balance sheet, and the Volcker rule, which bans proprietary trading. Finally, the bill would provide small banks with further exemptions from Dodd-Frank guidelines if they hold additional capital on balance sheet. We believe that the key components of the bill may materially influence capital allocation decisions undertaken by many bank management teams, including the potential to consolidate and redeem their legacy TruPS. This is supportive of many of the Company's investments. For more information about the bill, please visit the Manager Communications section of the Company's website.

**Placing of New Ordinary Shares:** On 12 February 2018, 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 had raised gross proceeds of approximately £5.8 million through a placing and subscription of approximately 3.4 million new ordinary shares at 171.5 pence per share. The proceeds from the placing and the new ordinary shares will be reflected in the Company's March results. The Company's placing program remains in operation and the Company expects to have further closings in due course.

**Portfolio Activity:** The Company's portfolio continues to perform in line with expectations.

Based on the Company's 28 February 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 28 February 2018)

Ticker Symbol	EJFI LN
NAV/Share	GBp 170 (\$2.34 equivalent)
EJFI NAV	£92.7 million
Gross Asset Value	£113.6 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). The Company is targeting an annual dividend of 10 pence per share for the financial year to 31 December 2018, to be distributed evenly in four quarterly payments. The Company may pay a special dividend in excess of this amount, at the Board's discretion.

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

#### Securitized & Related Investments

- £35.4 million investment in the equity tranches of three EJF Capital sponsored securitizations
- £4.2 million investment in portfolio of REIT TruPS CDO securities
- £5.5 million investment in a US bank Sub Debt
- £7.0 million investment in the CDO Manager (49% ownership interest)

#### Specialty Finance Investments

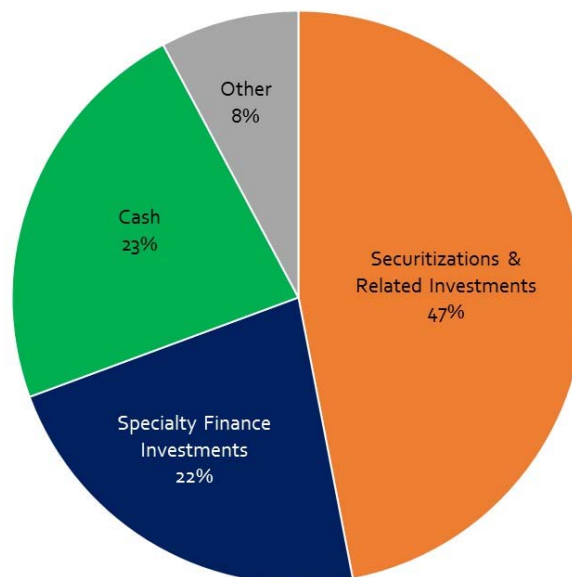
- £17.1 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation
- £7.7 million investment in a bridge loan to an affiliate of a publicly listed insurer

#### Cash

- £22.1 million unrestricted cash
- £3.2 million restricted cash (*related to currency hedges*)

#### Other

- £5.6 million foreign currency derivative
- £3.1 million of other assets



1. Based on the Company's 28 February 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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