

# 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	0.12	2.70	2.10								14.48
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 May 2018 NAV was £106.6 million or GBp176 per share. The main contributor to NAV this month was from EJFI's interest in EJF CDO Manager LLC (the "CDO Manager"). As EJF Capital LLC completed its fifth TruPS securitization in May, the CDO Manager now manages eight CDOs. The new collateral management contract contributed approximately £1.9 million to this month's NAV.

**Market:** The month of May saw 25 deals announced, bringing the number of transactions to 123 year-to-date. The median P/TBV for deal valuations was 1.65x. This compares to a May 2017 P/TBV of 1.73x, or a decrease of 4.6% 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.

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

**Placing of New Ordinary Shares:** On 4 May 2018, the Company announced it raised gross proceeds of approximately £4.5 million through a placing of approximately 2.6 million new ordinary shares at 171 pence per share.

**New Investment:** The Company closed on a CDO equity investment in TruPS Financials Note Securitization 2018-1 ("TFINS 2018-1") which totalled approximately £16.8 million investment on 8 May 2018. TFINS 2018-1 is a securitization sponsored by EJF Capital LLC and primarily consists of trust preferred securities issued by 62 U.S. community banks and 4 U.S. insurance companies with an aggregate par value of approximately \$538 million. Approximately 93% of the underlying collateral is floating-rate. The remaining collateral is fixed-rate with a weighted average coupon of approximately 6.2% p.a. The weighted average maturity of the collateral is approximately 16 years from the closing date and TFINS 2018-1 has a final maturity date in 2039. The securitization is callable after March 2020 with mandatory auction calls commencing after March 2026. Anticipated return scenarios estimate a gross return in the low double digits over the estimated life of the investment. As mentioned earlier, TFINS 2018-1 will pay the CDO Manager a 20 basis points p.a. fee in addition to an incentive management fee equal to 20% of profits over a 10% hurdle, upon realization.

### EJFI Key Facts (at 31 May 2018)

Ticker Symbol	EJFI LN
NAV/Share	GBp176 (\$2.34 equivalent)
Share Price	GBp182
EJFI NAV	£106.6 million
Market Cap	£110.2 million
Gross Asset Value	£123.9 million <sup>3</sup>
Target Return <sup>1</sup>	8%-10% total return
Quarterly Dividend <sup>2</sup>	GBp2.5 per share (7.1% p.a. yield <sup>4</sup> )
Ex-Dividend Date	3 May 2018
Payment Date	31 May 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.

<sup>3</sup>Presented on a consolidated basis.

Based on the Company's 31 May 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.

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

#### Securitized & Related Investments

- £53.7 million investment in the equity tranches of three securitizations sponsored by EJF Capital LLC
- £2.6 million investment in portfolio of REIT TruPS CDO securities
- £5.6 million investment in a US bank Sub Debt
- £9.2 million investment in the CDO Manager (49% ownership interest)

#### Specialty Finance Investments

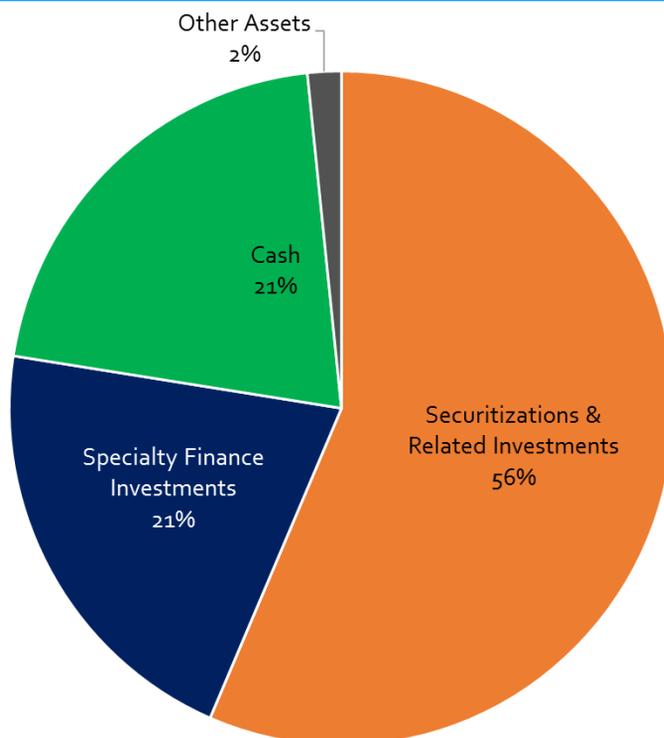
- £18.5 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation
- £8.0 million investment in a bridge loan to an affiliate of a publicly listed insurer

#### Cash

- £19.8 million unrestricted cash
- £4.4 million restricted cash<sup>2</sup>

#### Other Assets

- £2.1 million of other assets



1. Based on the Company's 31 May 2018 unaudited financials.

2. Restricted cash position is related to the foreign currency hedges and net of the £4.5 million mark-to-market valuation of derivative open positions.

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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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