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7 February 2019

**EJF Investments Ltd**

**Posting of circular convening an Extraordinary General Meeting**

The Company has issued a circular convening an extraordinary general meeting (the "Extraordinary **General Meeting**") to be held at 47 Esplanade, St Helier, Jersey JE1 0BD on 14 February 2019 at 14:30 pm (GMT).

**BACKGROUND**

During 2018 the Company's NAV per share has risen from £1.71 to £1.80 (as at 30 November 2018, being the latest published NAV prior to the publication of the Circular). The Company also raised £25,300,920.75 during 2018 through the Company's 2018 Placing Programme which expired on 8 November 2018. The Company, through its Manager, continues to see attractive investment opportunities which are consistent with the Company's continued policy of investing in a diversified portfolio of investments that derive from the changing financial services landscape, and in particular (i) securitisation and related investments (including risk retention investments) and (ii) specialty finance investments.

Accordingly, in order to ensure the Company remains well positioned to take advantage of appropriate investment opportunities as and when they arise, it is seeking Shareholder approval to put in place certain authorities which will apply until the Company's annual general meeting in 2019.

The authorities sought comprise three separate Special Resolutions:

- Resolution 1:** to 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;
- Resolution 2:** a general disapplication authority of pre-emption rights in respect of up to 6,955,719 Ordinary Shares, representing approximately 10 per cent. of the Ordinary Shares in issue as at the Latest Practicable Date; and
- Resolution 3:** conditional upon Resolution 2 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 per cent. of the Ordinary Shares in issue as at the Latest Practicable Date.

The resolutions to be proposed at the Extraordinary General Meeting will be passed, in the case of a Special Resolution, if two thirds of the votes cast at the Extraordinary General Meeting are in favour of the resolution.

Further details of the resolutions to be proposed at the Extraordinary General Meeting are set out below.

**RESOLUTION 1: BUY-BACK AUTHORITY**

Resolution 1 is to authorise the Company to purchase Ordinary Shares and to either cancel or hold in treasury any Ordinary Shares so purchased.

The Company seeks Shareholder approval to authorise the Company to make market purchases of up to 9,619,878 Ordinary Shares, representing approximately 14.99 per cent. of the Company's issued ordinary share capital (excluding those held in treasury) as the Latest Practicable Date. Resolution 1 (which is set

out in the Notice of Extraordinary General Meeting) specifies the minimum and maximum prices at which such Ordinary Shares may be purchased under this authority.

The Company will only exercise this authority to purchase Ordinary Shares in the market after careful consideration by the Directors (taking into account, among other things, the Manager's recommendation, market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company) and in circumstances where it would be in the best interests of Shareholders and the Company generally (as determined by the Directors).

Subject to the Articles and the Companies Law, the Directors intend that any Ordinary Shares purchased in the market under this authority will be cancelled or held in treasury. Any Ordinary Shares held in treasury may in the future be cancelled, transferred or sold for cash. Whilst any Ordinary Shares are held in treasury, such Ordinary Shares are not entitled to receive any dividends and have no voting rights.

The Directors believe that it is appropriate for the Company to have the option to hold its own Ordinary Shares in treasury and that doing so enables the Company to re-sell or transfer the Ordinary Shares quickly and cost effectively and provides the Company with additional flexibility in the management of its capital base. The decision whether to cancel any Ordinary Shares purchased by the Company or hold in treasury such Ordinary Shares will be made by the Directors at the time of purchase, on the basis of the Company's and Shareholders' best interests (as determined by the Directors). The Directors will have regard to investor group guidelines which may be in force at the time of any such purchase, holding or re-sale of Ordinary Shares held in treasury.

If approved, this authority will expire at the end of the Company's next annual general meeting, or on 31 July 2019, whichever is sooner. The Directors currently intend to seek renewal of this authority at the next annual general meeting of the Company.

Purchases of Ordinary Shares may be made only in accordance with the Companies Law, the Articles the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation. Although the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Shares, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases.

The authority sought would, if approved, replace the authority given to the Directors at the 2018 AGM to make market purchases of up to 9,077,523 Ordinary Shares. Since the 2018 AGM the Company has issued and bought back 9,000,000 Ordinary Shares at a price of 182 pence per share, being equivalent to the Net Asset Value per share as at 30 September 2018 (which was the Company's latest published NAV per share at the time the repurchase was made). Since this date 3,618,114 Ordinary Shares (as at the Latest Practicable Date) have been sold from treasury, all at a premium to the prevailing NAV per share. The remaining Ordinary Shares continue to be held in treasury as at the Latest Practicable Date.

### **RESOLUTIONS 2 AND 3: DISAPPLICATION OF PRE-EMPTION RIGHTS**

Resolution 2 is a general disapplication authority of Pre-Emption Rights (as defined below) in respect of up to 6,955,719 Ordinary Shares, representing approximately 10 per cent. of the Ordinary Shares in issue as at the Latest Practicable Date.

Resolution 3, (which is conditional upon Resolution 2 being passed and in addition to and without prejudice to Resolution 2), is an additional disapplication authority of Pre-Emption Rights (as defined below) in respect of up to 6,955,719 Ordinary Shares, representing approximately a further 10 per cent. of the Ordinary Shares in issue as at the Latest Practicable Date.

In order for the Directors to have the authority, in certain circumstances, to issue equity securities (as defined in the Articles) (or sell from treasury) for cash free of the pre-emption rights conferred by the Articles (the “**Pre-Emption Rights**”), such Pre-Emption Rights must be disapplied.

As a result of changes to the Prospectus Rules, from July 2017, issuers, including the Company, can issue up to 20 per cent. (previously up to 10 per cent.) of the same class of share (the “**Limit**”) without being obliged to publish a prospectus, subject to certain restrictions regarding public offerings. The Company therefore does not intend to publish a prospectus at this time.

In the Directors' opinion, having the authority to issue up to 20 per cent. of the Company's issued share capital (or sell from treasury) on a non-pre-emptive basis, in line with the revised Limit, will have the following benefits to Shareholders:

- the Company will be able to raise additional capital promptly, enabling it to take advantage of current and future investment opportunities, thereby further diversifying its investment portfolio;
- an increase in the market capitalisation of the Company will help to make the Company attractive to a wider investor base;
- it is expected that the secondary market liquidity in the Ordinary Shares will be further enhanced as a result of a larger and more diversified shareholder base;
- the Company's fixed running costs will be spread across a wider shareholder base, thereby reducing the total expense ratio; and
- the cost of producing a prospectus is significant and (by taking advantage of the amendments made to the Prospectus Rules in July 2017 which, subject to certain restrictions regarding public offerings, permit issuers to issue up to 20 per cent. of the same class of share without being obliged to publish a prospectus) this cost will be avoided. As a result there will be a reduction in the fixed costs associated with the publication of prospectus documentation as compared with previous years.

New Ordinary Shares will only be issued (or sold from treasury) to new and existing Shareholders at a minimum issue price equal to the last published NAV at the time of allotment together with a premium intended to at least cover the costs and expenses of the issue of such Ordinary Shares (including without limitation any commissions), thereby avoiding any dilution of NAV.

Whilst existing Shareholders' voting rights will be diluted (to the extent that existing Ordinary Shareholders do not subscribe for further Ordinary Shares), the Directors believe this consideration is offset by the benefits set out above. The Directors will use this authority only when they consider it to be in the best interests of Shareholders and the Company generally.

Any Ordinary Shares issued pursuant to the above authorities will be issued in registered form and may be held in certificated or uncertificated form. Temporary documents of title will not be issued pending the dispatch of definitive certificates for the Ordinary Shares. The new Ordinary Shares will rank equally with existing Ordinary Shares, including as to any right to receive dividends (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant new Ordinary Shares).

The authority sought pursuant to Resolution 2 would, if approved, replace the authority given to the Directors at the 2018 AGM to allot and issue (or sell from treasury) new Ordinary Shares for cash in an aggregate amount of up to 6,955,719 Ordinary Shares, without such Ordinary Shares first being offered to Shareholders in proportion to their existing holdings. The authority sought pursuant to Resolution 3 would, if approved, be in addition to (and without prejudice to) Resolution 2. Since the 2018 AGM, the Company has issued and/or sold 3,618,114 Ordinary Shares (as at the Latest Practicable Date) pursuant to the general disapplication authority granted at the 2018 AGM.

## **RECOMMENDATION**

The Directors consider all of the Resolutions to be in the best interests of Shareholders as a whole and recommend that you vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings (if any).

A copy of the circular is available on the Company's website at <https://www.ejfi.com/media/1217/ejfi-egm-circular-pcr-version-17-january-2019.pdf>

A copy of the circular has also been submitted to the National Storage Mechanism and will be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM).

Capitalised terms used but not defined in this announcement will have the same meaning as set out in the Circular to shareholders dated 21 January 2019.

## **ENQUIRIES**

### **For the Investment Manager**

EJF Investments Manager LLC  
Peter Stage / Hammad Khan / Matt Gill  
pstage@ejfcap.com / hkhan@ejfcap.com / mgill@ejfcap.com  
+44 203 752 6775 / +44 203 752 6771 / +44 203 752 6774

### **For the Company Secretary and Administrator**

Crestbridge Fund Administrators Limited  
EJFInvestors.jsy@crestbridge.com  
+44 1534 835 600

### **For the Broker**

Numis Securities Limited  
David Luck  
d.luck@numis.com  
+44 20 7260 1301

## **About EJF Investments Ltd**

EJFI is a registered closed-ended limited liability company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, on 20 October 2016 with registered number 122353. The Company is regulated by the Jersey Financial Services Commission (the "JFSC"). The JFSC is protected by both the Collective Investment Funds (Jersey) Law 1988 and the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under such laws.

The JFSC has not reviewed or approved this announcement.

**LEI:** 549300XZYEQCLA1ZAT25

## **Investor information & warnings**

The latest available information on the Company can be accessed via its website at [www.ejfi.com](http://www.ejfi.com).

This communication has been issued by, and is the sole responsibility of, the Company and is for information purposes only. It is not, and is not intended to be an invitation, inducement, offer or solicitation to deal in the shares of the Company. The price and value of shares in the Company and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of shares in the Company. An investment in the Company should be considered only as part of a balanced portfolio of which it should not form a disproportionate part. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision.