



# Fourth Quarter and Fiscal Year Earnings Conference Call



March 17, 2015

---

# Safe Harbor Disclosure

- ❖ We make forward-looking statements in this presentation that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, cash flow and plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions, we intend to identify forward-looking statements.
- ❖ Statements regarding the following subjects, among others, may be forward-looking: market trends in our industry, interest rates, real estate values, the debt financing markets or the general economy or the demand for residential real estate loans; our business and investment strategy; our projected operating results; actions and initiatives of the U.S. government and changes to U.S. government policies and the execution and impact of these actions, initiatives and policies; the state of the U.S. economy generally or in specific geographic regions; economic trends and economic recoveries; our ability to obtain and maintain financing arrangements; changes in the value of our mortgage portfolio; changes to our portfolio of properties; impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters; our ability to satisfy the REIT qualification requirements for U.S. federal income tax purposes; availability of qualified personnel; estimates relating to our ability to make distributions to our shareholders in the future; general volatility of the capital markets and the market price of our shares of common stock; and degree and nature of our competition.
- ❖ The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Registration Statement on Form S-11 for our initial public offering and, when filed, under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, which can be accessed through the link to our SEC filings on our website ([www.great-ajax.com](http://www.great-ajax.com)) or at the SEC's website ([www.sec.gov](http://www.sec.gov)). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Business Overview

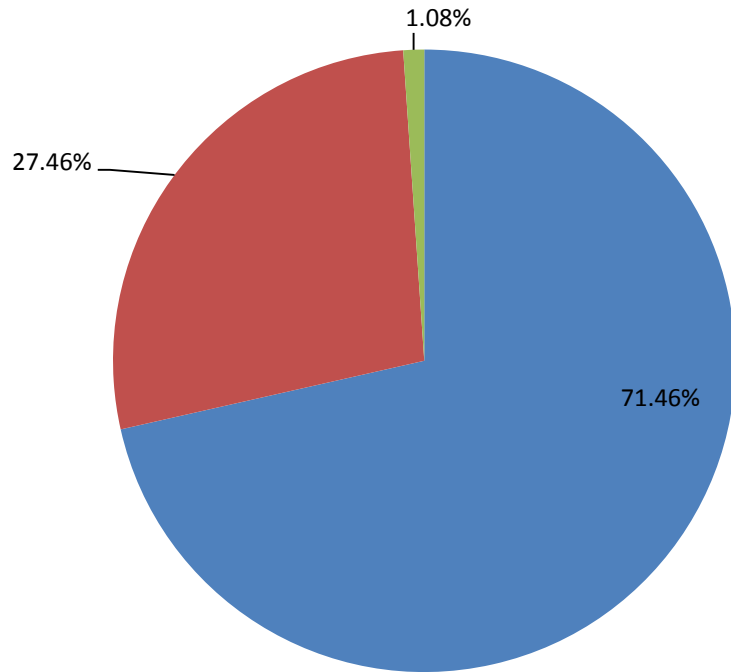
- ❖ Leverage long-standing relationships to acquire loans through privately negotiated transactions from a diverse group of customers
  - Over 90% of acquisitions by Great Ajax have been privately negotiated
  - Acquisitions made in 52 transactions from 41 different sellers
- ❖ Use our manager's proprietary analytics to price each pool on an asset-by-asset basis
- ❖ Adjust individual loan bid price to accumulate clusters of loans in attractive demographic metropolitan areas
  - Typical acquisitions contain 25 – 100 loans with total market value between \$5 – \$20 million
- ❖ Our affiliated servicer services the loans asset-by-asset and borrower-by-borrower
- ❖ Objective is to maximize returns for each asset by utilizing full menu of loss mitigation and asset optimization techniques
- ❖ Use moderate non-mark-to-market leverage
  - Closed two securitizations in the last quarter of 2014 totaling \$172.9 million of loan UPB

- ❖ During Q4 2014, we acquired 607 mortgage assets secured by single and one-to-four family residences with an aggregate unpaid principal balance (“UPB”) of \$149.6 million
- ❖ Acquired mortgage-related assets with aggregate UPB of \$308.2 million for total purchase price of \$214.4 million through December 31, 2014
  - RPLs at an average price to UPB approximately equal to 73.2%
  - NPLs at an average price to UPB approximately equal to 59.9%
- ❖ At December 31, 2014 owned a portfolio of 1,340 mortgage loans with aggregate UPB of \$304.5 million and 15 properties
- ❖ Net loan interest income of \$6.2 million and net income attributable to common stockholders of \$3.4 million for the period from inception (January 30, 2014) through December 31, 2014
- ❖ Completed two securitizations in 2014 in which we sold \$86.2 million of senior notes in the aggregate
- ❖ Net income for 2014 of \$0.40 per diluted share
- ❖ Dividends paid of \$0.08 per share in December 2014 and \$0.16 per share in January 2015
- ❖ Completed IPO in Q1 2015

# Portfolio Overview – as of December 31, 2014

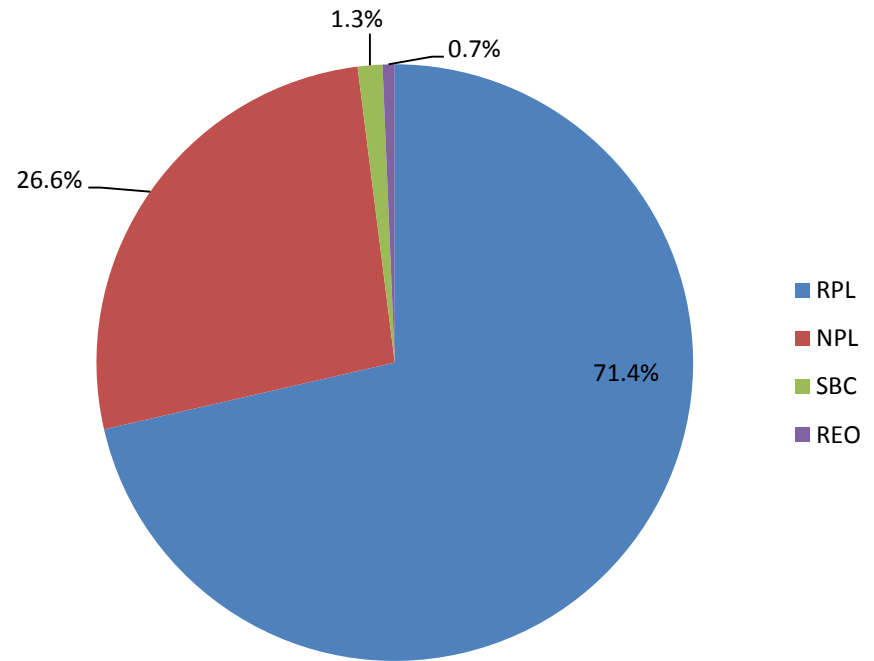


### UPB as of Dec 31, 2014



**\$304.5 MM**

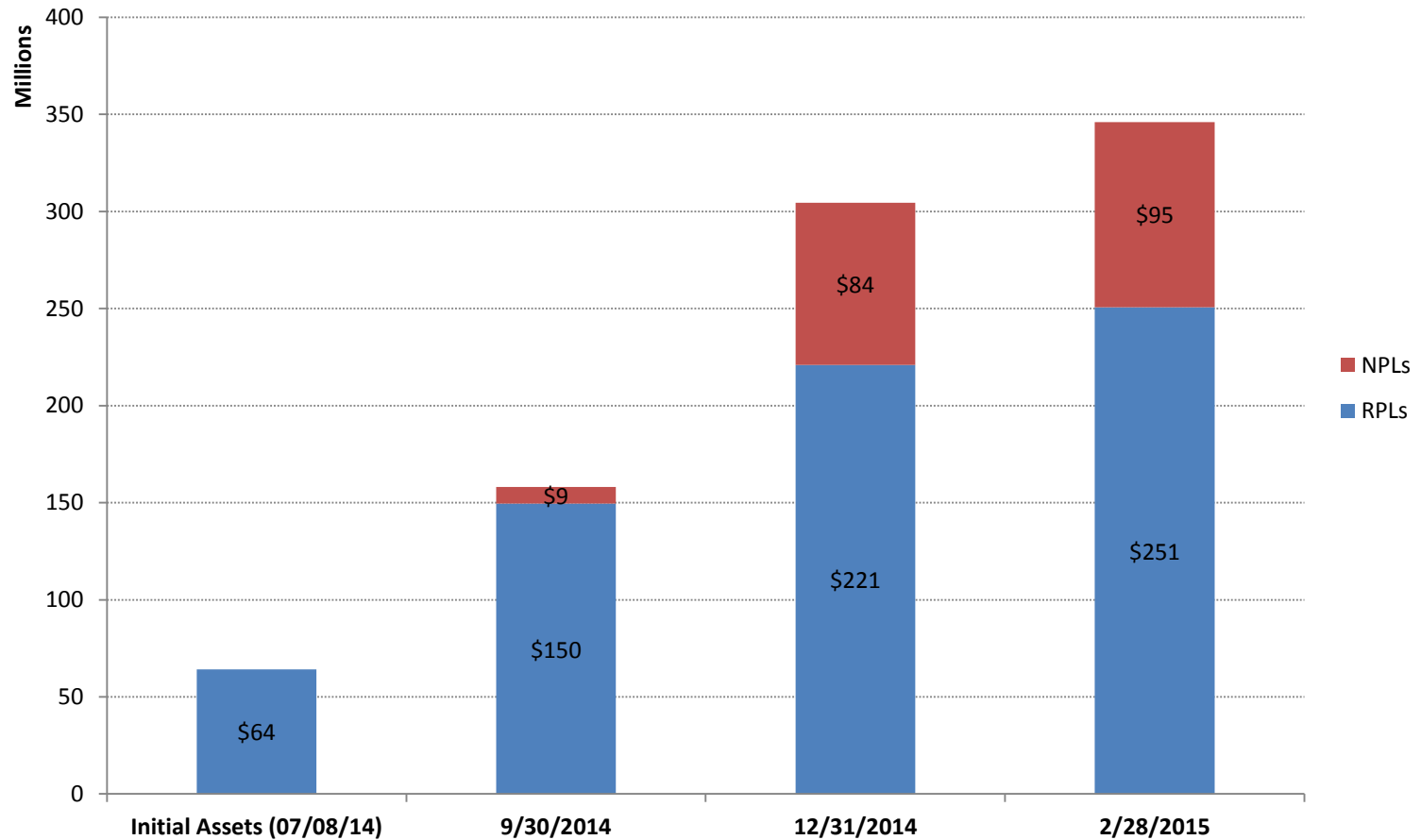
### Loan and REO Property Value as of Dec 31, 2014



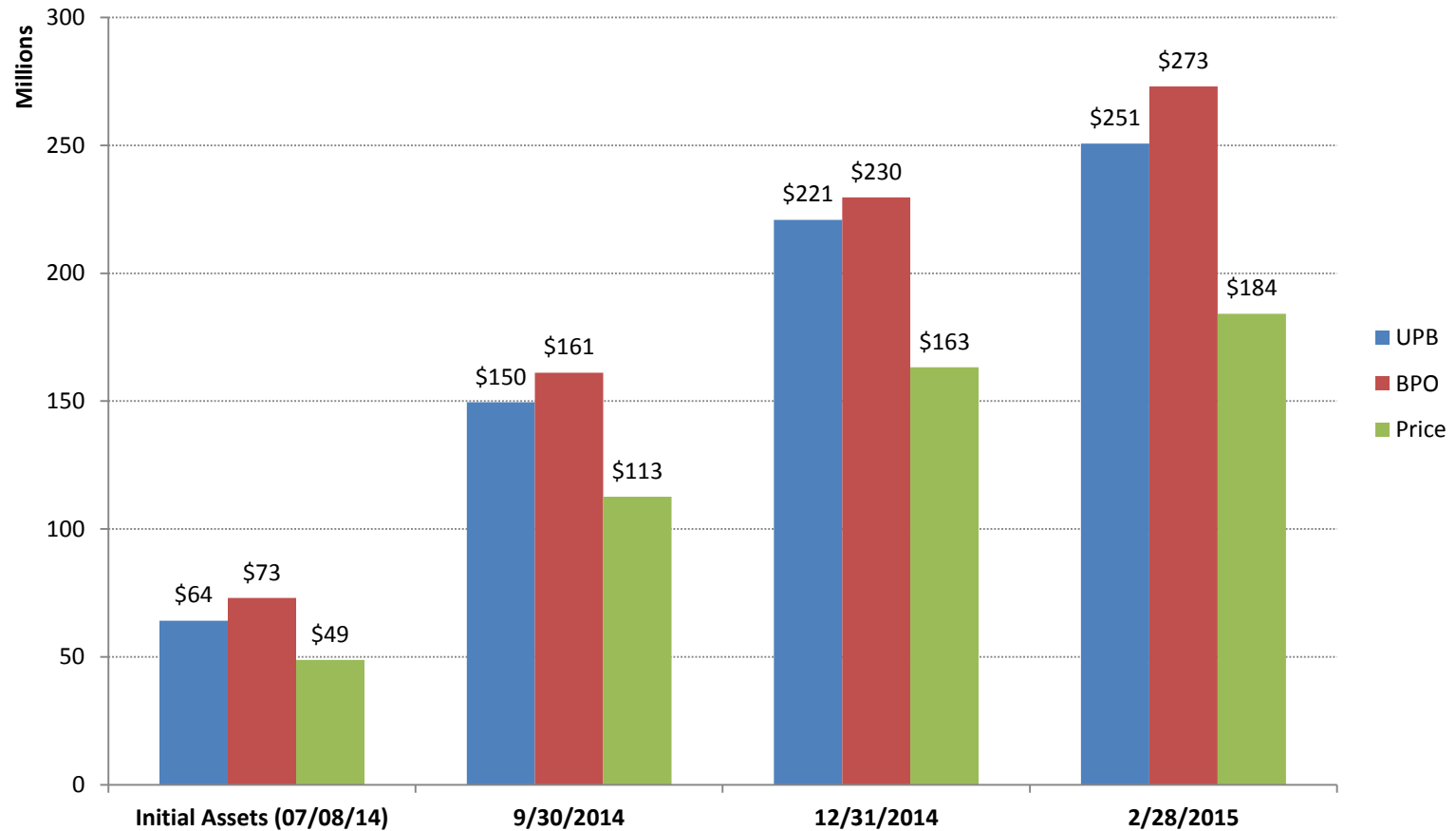
**\$315.7 MM**

SBC - Small Balance Commercial

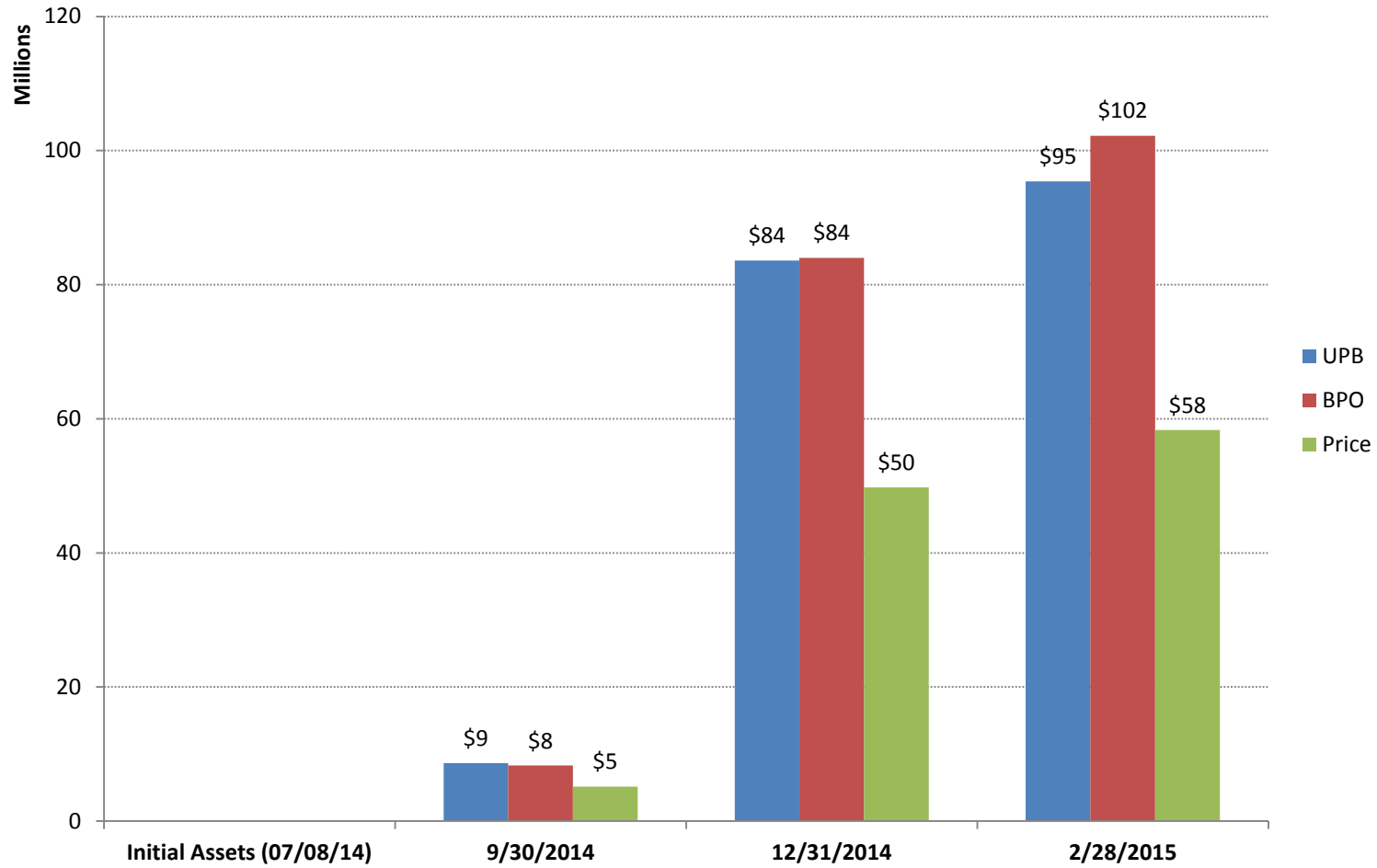
## Unpaid Principal Balance



## Re-performing Loans



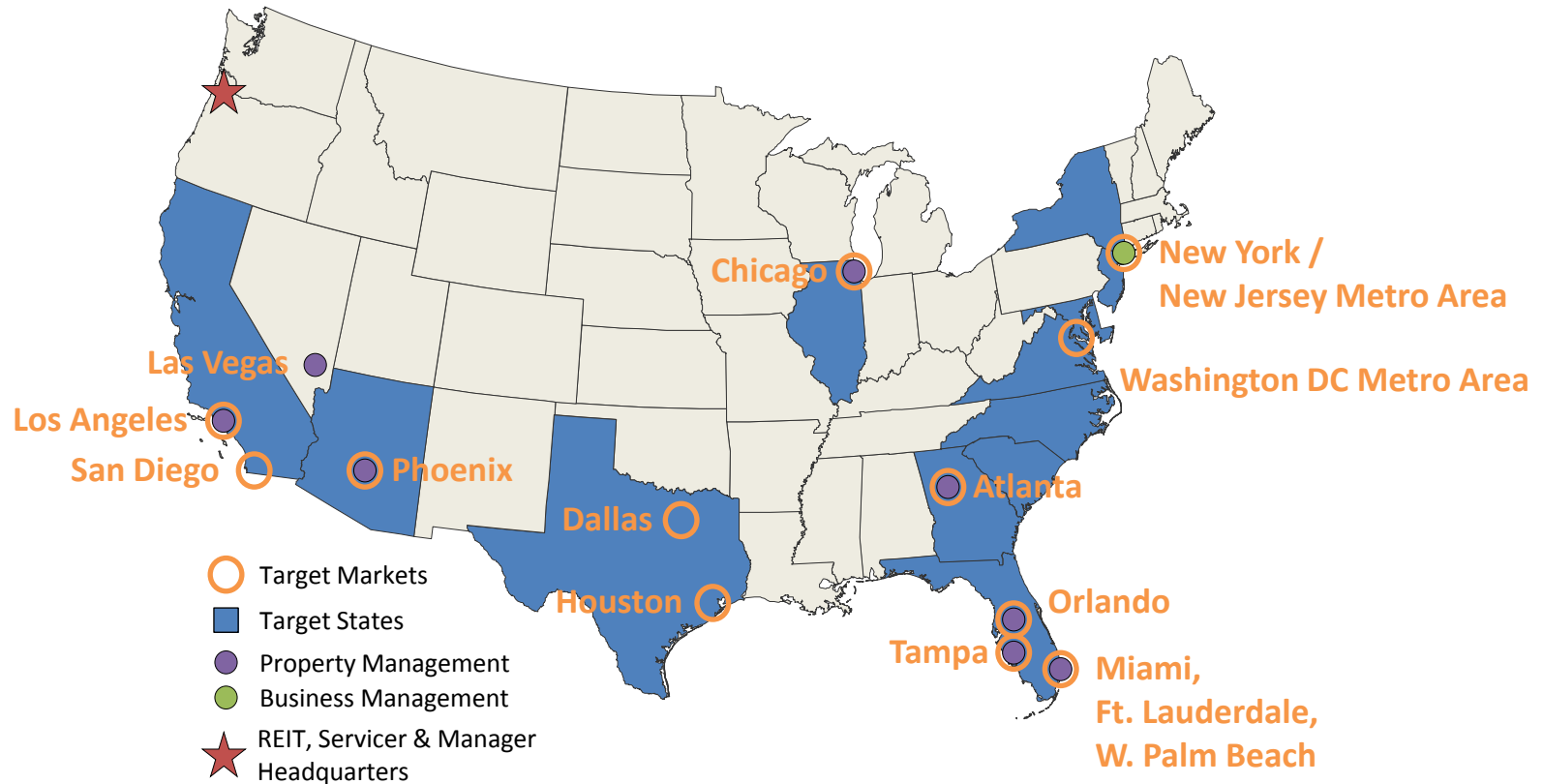
## Non-performing Loans





# Portfolio Concentrated in Attractive Markets

- ❖ Clusters of loans in attractive, densely populated markets
- ❖ Stable liquidity
- ❖ Stable home prices



# Consolidated Income Statement From Inception (January 30, 2014) through December 31, 2014



Our financial highlights presented below are unaudited. The results do not reflect a full year of operations

	<u>Quarter ended December 31, 2014</u>	<u>Inception through December 31, 2014</u>
<b><u>INCOME:</u></b>		
Loan interest income	\$ 4,674	\$ 6,940
Interest expense	(771)	(771)
Net interest income	<u>3,903</u>	<u>6,169</u>
Other income	50	75
Total income	<u>3,953</u>	<u>6,244</u>
<b><u>EXPENSE:</u></b>		
Related party expense - management fee	517	956
Related party expense - loan servicing fees	328	485
Loan transaction expense	374	503
Professional fees	77	277
Other expense	131	273
Total expense	<u>1,427</u>	<u>2,494</u>
Income before provision for income tax	2,526	3,750
Provision for income tax	-	-
Consolidated net income	<u>2,526</u>	<u>3,750</u>
Less: consolidated net income attributable to noncontrolling interests	98	326
Consolidated net income attributable to common stockholders	<u>2,428</u>	<u>3,424</u>
Basic earnings per common share	<u>\$ 0.27</u>	<u>\$ 0.41</u>
Diluted earnings per common share	<u>\$ 0.27</u>	<u>\$ 0.40</u>
Weighted average shares - basic	<u>8,957,902</u>	<u>8,360,432</u>
Weighted average shares - diluted	<u>9,486,249</u>	<u>8,849,056</u>

# Balance Sheet as of December 31, 2014



	<b>December 31, 2014</b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 53,099
Mortgage loans, net	211,159
Property held-for-sale	1,316
Rental property, net	290
Receivable from servicer	1,340
Investment in affiliate	2,237
Prepaid expenses and other assets	3,317
Total Assets	<u>\$ 272,758</u>
<b><u>LIABILITIES AND EQUITY</u></b>	
<i>Liabilities:</i>	
Secured borrowings	\$ 84,679
Borrowings under repurchase agreement	15,249
Management fee payable	258
Accrued expenses and other liabilities	1,292
Total Liabilities	<u>101,478</u>
<i>Equity:</i>	
Preferred stock \$.01 par value; 25,000,000 shares authorized, none issued or outstanding	-
Common stock \$.01 par value; 125,000,000 shares authorized, 11,223,984 shares issued	112
Additional paid-in capital	158,951
Retained earnings	2,744
Noncontrolling interests	9,473
Total Equity	<u>171,280</u>
Total Liabilities and Equity	<u>\$ 272,758</u>