



# Third Quarter Investor Presentation



November 6, 2018

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## Safe Harbor Disclosure

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- ❖ 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 and availability of residential and small-balance commercial 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 real estate investment trust qualification requirements for U.S. federal income tax purposes; availability of qualified personnel; estimates relating to our ability to make distributions to our stockholders in the future; general volatility of the capital markets and the market price of our shares of common stock; and the 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 under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017, which can be accessed through the link to our Securities and Exchange Commission (“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 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. Unless stated otherwise, financial information included in this presentation is as of September 30, 2018.

## Business Overview

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- ❖ Leverage long-standing relationships to acquire mortgage loans through privately negotiated transactions from a diverse group of customers
  - Over 90% of our acquisitions since inception have been privately negotiated
  - Acquisitions made in 252 transactions since inception. 14 transactions closed in Q3 2018<sup>1</sup>
- ❖ 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 acquisition contains 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 a full menu of loss mitigation and asset optimization techniques
- ❖ Analytics and processes of our manager and servicer enable us to broaden our reach through securitizations with institutional investors
- ❖ Use moderate non-mark-to-market leverage

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<sup>1</sup>Includes transactions Great Ajax Operating Partnership L.P. made through joint venture arrangements with third-party institutional investors

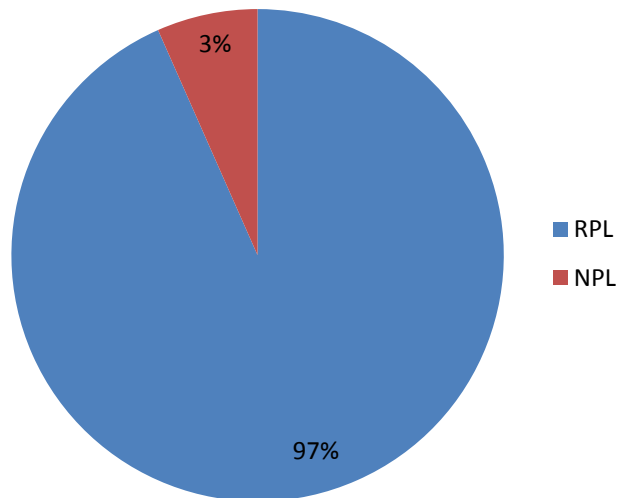
## Highlights – Quarter Ended September 30, 2018

- ❖ Purchased \$64.4 million of re-performing mortgage loans ("RPLs") and \$1.4 million of non-performing mortgage loans ("NPLs") with an aggregate unpaid principal balance ("UPB") of \$70.9 million and underlying collateral value of \$106.1 million<sup>1</sup>; and originated \$4.8 million of small-balance commercial mortgage loans ("SBCs").
- ❖ Mortgage loans purchased during the third quarter and held as of quarter-end were on our consolidated Balance Sheet for a weighted average of nine days during the quarter.
- ❖ Interest income of \$27.4 million; net interest income of \$14.1 million.
- ❖ Net income attributable to common stockholders of \$6.6 million.
- ❖ Basic earnings per share ("EPS") of \$0.35.
  - ❖ \$0.04 per share of accelerated amortization of deferred issuance costs for calling of our senior bonds from our Ajax Mortgage Loan Trust 2016-A and Ajax Mortgage Loan Trust 2016-B securitizations
- ❖ Taxable income of \$0.35 per share.
- ❖ Book value per share of \$15.61 at September 30, 2018.
- ❖ Collected \$55.8 million of cash on our portfolio and held \$59.8 million of cash and cash equivalents at September 30, 2018.

<sup>1</sup>Excludes transactions Great Ajax Operating Partnership L.P. made through non-consolidated joint venture arrangements with third-party institutional investors

# Portfolio Overview – as of September 30, 2018

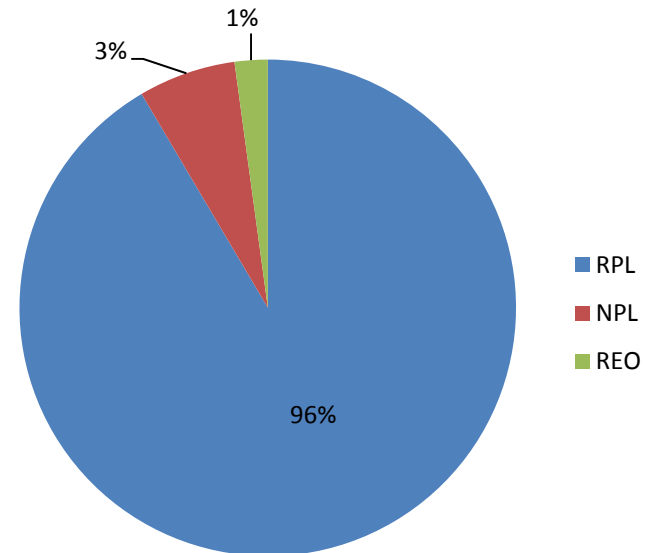
**Unpaid Principal Balance<sup>1</sup>**



**\$1,449.8 MM**

RPL: \$1,405.4 MM  
NPL: \$ 44.4 MM

**Property Value<sup>2</sup>**



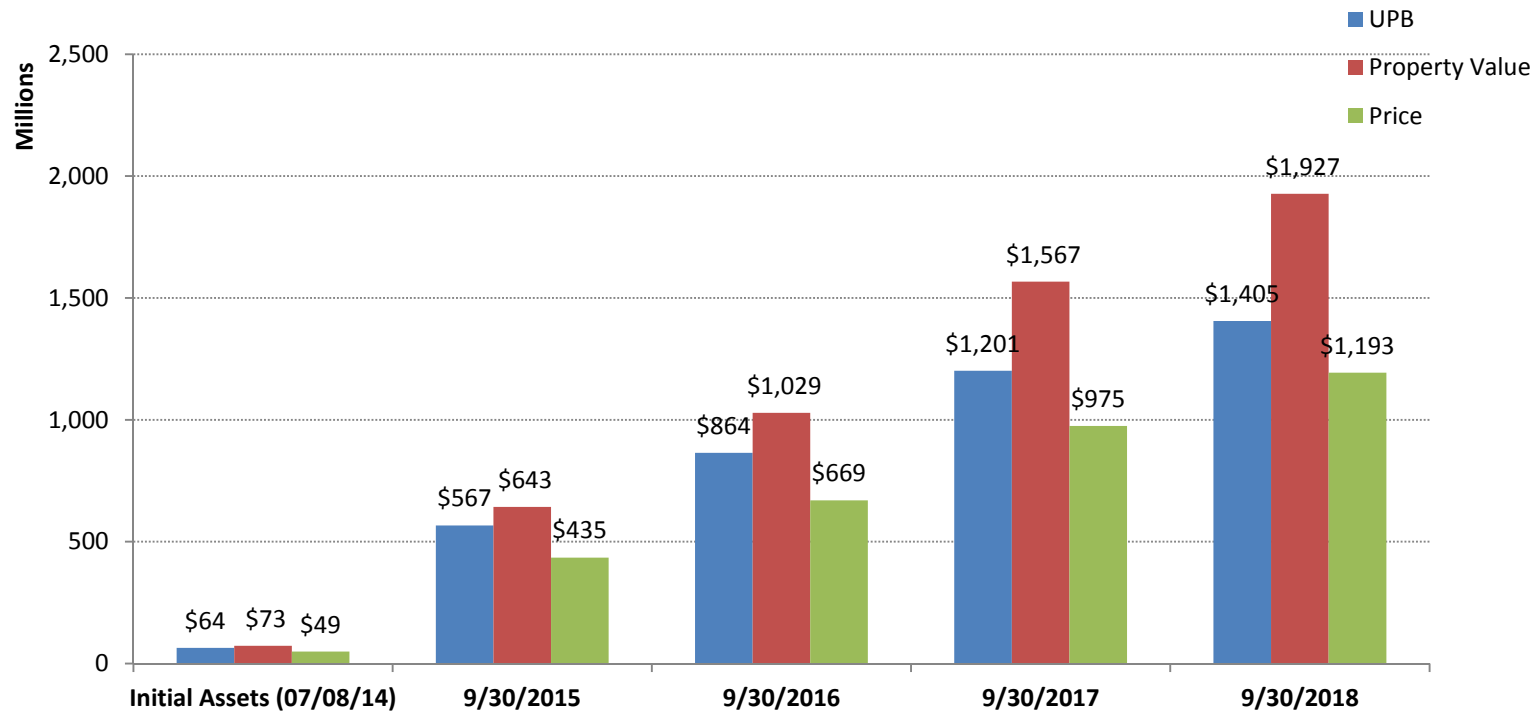
**\$2,015.1 MM**

RPL: \$1,927.4 MM  
NPL: \$ 56.3 MM  
REO & Rental: \$ 31.5 MM

<sup>1</sup> Includes \$358.5 million UPB in RPLs included in joint ventures with third-party institutional investors that are required to be consolidated for GAAP purposes

<sup>2</sup> Real estate owned ("REO") and rental property value is presented at estimated property fair value less expected liquidation costs

## Re-performing Loans

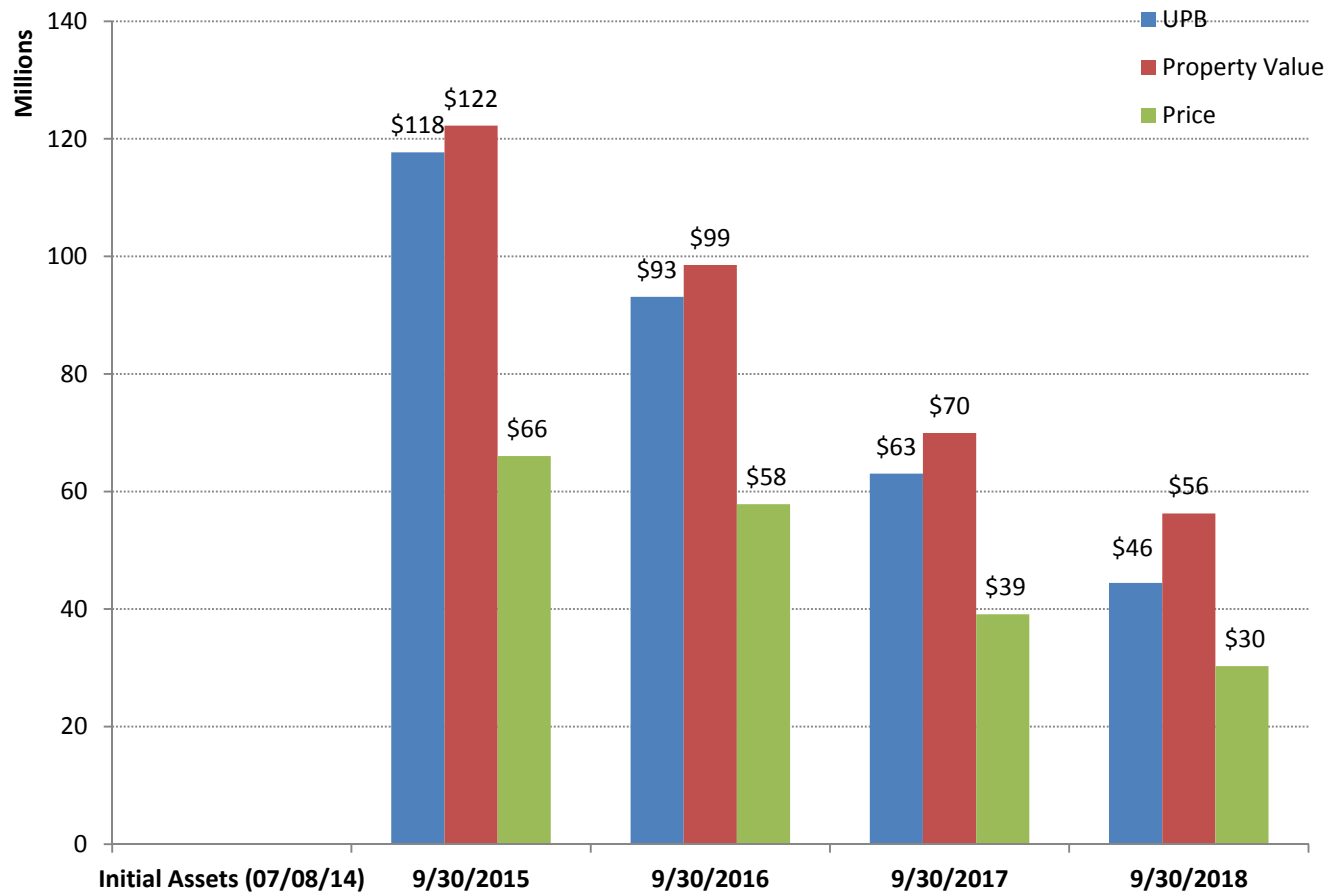


- ❖ RPL UPB as of 09/30/2018 includes \$13.7 million of small-balance commercial originations, which are performing loans. Includes \$358.5 million UPB in RPLs included in joint ventures with third-party institutional investors that are required to be consolidated for GAAP purposes
- ❖ RPL status stays constant based on initial purchase status

# Portfolio Growth



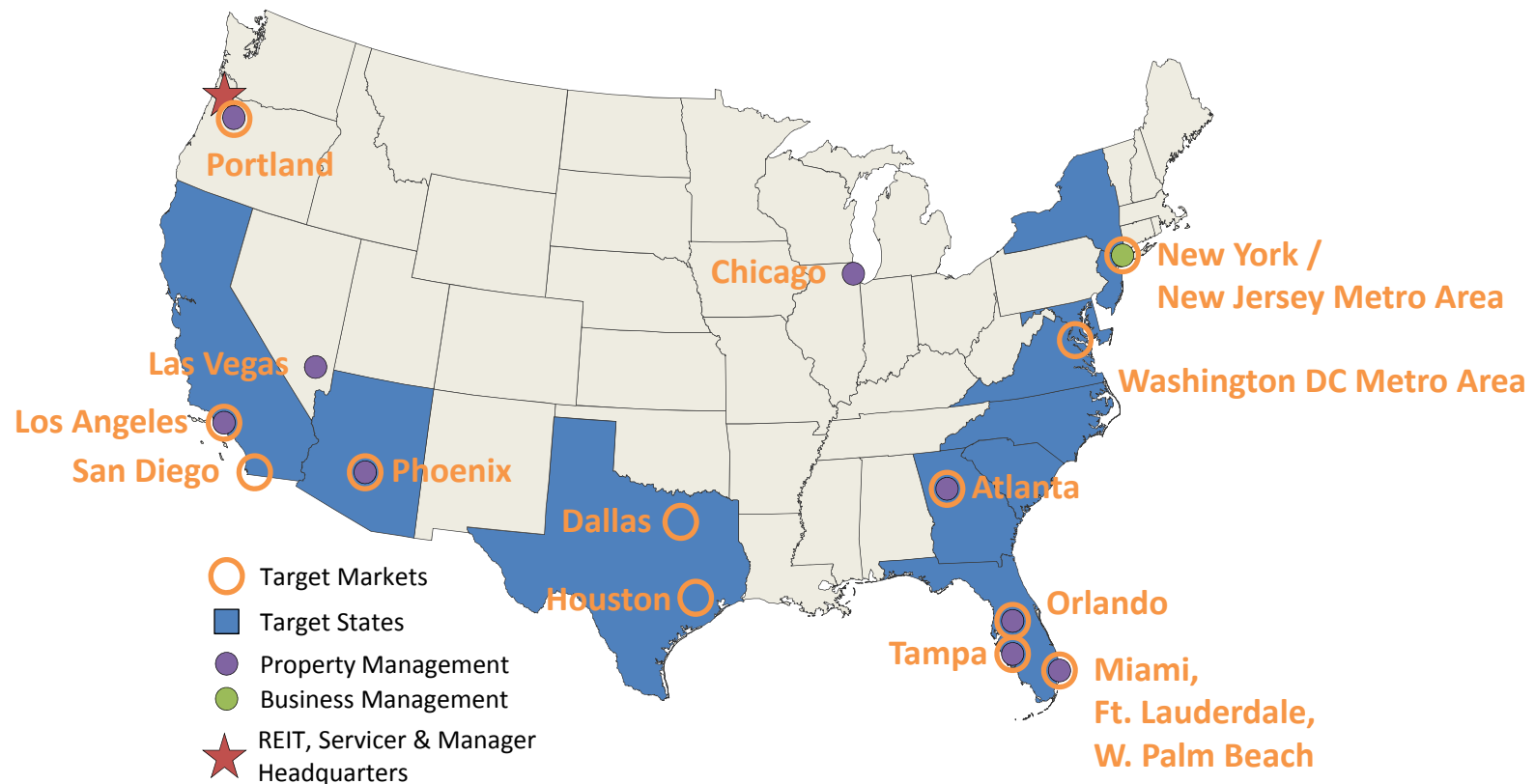
## Non-performing Loans



❖ NPL status stays constant based on initial purchase status

## Portfolio Concentrated in Attractive Markets

- ❖ Clusters of loans in attractive, densely populated markets
- ❖ Stable liquidity and home prices
- ❖ Over 80% of the portfolio in our target markets





# Portfolio Migration



| Total Pre 3Q2018 Acquisitions (\$\$ in thousands) |             |           |                  |           |
|---|-------------|-----------|------------------|-----------|
|   | Acquisition |           | Current Based on |           |
|   | Count       | UPB       | Count            | UPB       |
| Liquidated  | -           | -         | 1500             | 312,446   |
| 24for24   | 416         | 74,273    | 3152             | 697,858   |
| 12for12   | 305         | 64,002    | 1633             | 355,566   |
| 7for7   | 3123        | 699,895   | 644              | 133,112   |
| 4f4-6f6   | 1628        | 359,340   | 147              | 29,611    |
| Less than 4f4                                     | 2168        | 450,651   | 457              | 89,366    |
| REO   | -           | -         | 129              | 32,323    |
| NPL   | 512         | 124,914   | 521              | 128,908   |
| Purchased REO                                     | 34          | 8,074     | 3                | 1,958     |
|   | 8,186       | 1,781,148 | 8,186            | 1,781,148 |

- ❖ 24 for 24: Loan that has made 24 full payments in the last 24 months
- ❖ 12 for 12: Loan that has made 12 full payments in the last 12 months
- ❖ 7 for 7: Loan that has made 7 full payments in the last 7 months
- ❖ NPL: <1 full payment in the last three months

## Subsequent Events

### ❖ Acquisitions Closed since 9/30/2018<sup>1</sup>

- ❖ RPL
  - ❖ UPB: \$103.6MM
  - ❖ Collateral Value: \$155.5MM
  - ❖ Price/UPB: 90.1%
  - ❖ Price/Collateral Value: 60.1%
  - ❖ 512 loans in 5 transactions

### ❖ Acquisitions Under Contract<sup>2</sup>

- ❖ RPL
  - ❖ UPB: \$561.1MM
  - ❖ Collateral Value: \$928.4MM
  - ❖ Price/UPB: 91.0%
  - ❖ Price/Collateral Value: 55.0%
  - ❖ 2,069 loans in 3 transactions
- ❖ NPL
  - ❖ UPB: \$105.0MM
  - ❖ Collateral Value: \$170.7MM
  - ❖ Price/UPB: 93.5%
  - ❖ Price/Total Owed Balance: 68.8%
  - ❖ Price/Collateral Value: 57.5%
  - ❖ 486 loans in 1 transaction
- ❖ SBC
  - ❖ UPB: \$3.4MM
  - ❖ Collateral Value: \$5.2MM
  - ❖ Price/UPB: 100.0%
  - ❖ Price/Collateral Value: 65.0%
  - ❖ 4 loans in 2 transactions
- ❖ SBC – Properties Under Contract
  - ❖ Price: \$10.0MM
  - ❖ 3 properties in 3 transactions

A dividend of \$0.32 per share, to be paid on November 30, 2018 to common stockholders of record as of November 16, 2018

<sup>1</sup> \$28.3 MM UPB was acquired through a non-consolidated joint venture with third-party institutional investors

<sup>2</sup> While these acquisitions are expected to close, there can be no assurance that these acquisitions will close or that the terms thereof may not change. Loans under contract include \$560.0MM UPB of RPLs and \$105.0MM UPB of NPLs that will be incorporated into joint ventures with third-party institutional investors .

## Financial Metrics – Excluding consolidation of the portion of securitizations owned by third-party institutional investors



| Quarter over Quarter Comparison Excluding the Impact of the Consolidation of 2017 D & 2018 C |  |                                       |           |           |
|--|--|---------------------------------------|-----------|-----------|
| (\$ in thousands)  | Excluding the consolidation of 2017 D and 2018 C | Excluding the consolidation of 2017 D |           |           |
|  | Q3-18  | Q2-18                                 | Q1-18     | Q4-17     |
| Interest Income on Loans   | 24,626   | 24,757                                | 24,124    | 23,778    |
| Average Loans  | 1,138,599  | 1,149,225                             | 1,163,970 | 1,071,415 |
| Average Loan Yield   | 8.9%   | 8.9%                                  | 8.6%      | 9.2%      |
| Total Interest Expense   | 12,196   | 12,031                                | 11,683    | 11,136    |
| Asset Level Interest Expense   | 10,037   | 9,877                                 | 9,533     | 8,990     |
| Average Asset Level Debt   | 871,443  | 865,787                               | 881,587   | 817,316   |
| Average Asset Level Debt Cost  | 4.7%   | 4.6%                                  | 4.4%      | 4.5%      |
| Asset Level Net Interest Margin  | 4.2%   | 4.3%                                  | 4.2%      | 4.7%      |
| Total Average Debt   | 974,472  | 968,618                               | 984,224   | 919,763   |
| Total Average Debt Cost  | 5.1%   | 5.1%                                  | 4.8%      | 5.0%      |
| Total Net Interest Margin  | 3.8%   | 3.8%                                  | 3.7%      | 4.1%      |
| Non-Interest Operating Expenses  | 5,143  | 5,395                                 | 5,813     | 5,693     |
| Non-Interest Operating Expenses/Avg Assets   | 1.7%   | 1.7%                                  | 2.1%      | 1.9%      |
| ROAA - ex net REO impairments and losses   | 3.1%   | 2.7%                                  | 2.7%      | 2.6%      |
| ROAA - Net REO Impairments, gains and losses   | -0.6%  | -0.3%                                 | 0.1%      | -0.4%     |
| ROAA - Total   | 2.5%   | 2.4%                                  | 2.8%      | 2.2%      |
| ROAE - ex net REO impairments and losses   | 12.1%  | 11.5%                                 | 10.1%     | 10.7%     |
| ROAE - Net REO Impairments, gains and losses   | -2.3%  | -1.2%                                 | 0.3%      | -1.4%     |
| ROAE - Total   | 9.8%   | 10.3%                                 | 10.4%     | 9.3%      |
| Average Leverage Ratio - Asset Backed  | 2.7  | 2.8                                   | 2.9       | 2.7       |
| Average Leverage Ratio - Convertible Debt  | 0.3  | 0.3                                   | 0.3       | 0.3       |
| Average Leverage Ratio - Total   | 3.0  | 3.2                                   | 3.2       | 3.1       |
| Ending Leverage Ratio - Asset Backed   | 3.0  | 2.8                                   | 2.8       | 2.9       |
| Ending Leverage Ratio - Convertible Debt   | 0.3  | 0.3                                   | 0.3       | 0.3       |
| Ending Leverage Ratio - Total  | 3.3  | 3.1                                   | 3.1       | 3.2       |

The Company believes these financial metrics provide investors with useful supplemental information relating to the Company's results of operation and financial performance. These adjusted financial metrics are non-GAAP financial measures and should be considered in addition to, but not as a substitute for, the financial measures prepared in accordance with GAAP as reflected on other slides in this presentation. The following slide provides a reconciliation of these financial metrics to the most comparable GAAP measure.

**Financial Metrics - Reconciliation of GAAP consolidated financial metrics to non-GAAP financial metrics excluding the portion of securitizations owned by third-party institutional investors**



**Reconciliation of GAAP Consolidated to GAAP Consolidated Excluding the Consolidation of 2017 D and 2018 C**

| (\$ in thousands)                               | Q3-18 GAAP Consolidated | Consolidation Impact of 2017 D | Consolidation Impact of 2018 C | Q3-18 Excluding the Consolidation of 2017 D & 2018 C | Q2-18 Excluding the Consolidation of 2017 D | Q1-18 Excluding the Consolidation of 2017 D |
|---|-------------------------|--------------------------------|--------------------------------|--|---|---|
| Interest Income on Loans                        | 26,261                  | 1,407                          | 228                            | 24,626   | 24,757                                      | 24,124                                      |
| Average Loans                                   | 1,227,262               | 84,558                         | 4,105                          | 1,138,599  | 1,149,225                                   | 1,163,970                                   |
| Average Loan Yield                              | 8.8%                    | 0.1%                           | 0.0%                           | 8.9%   | 8.9%  | 8.6%  |
| Total Interest Expense                          | 12,997                  | 744                            | 57                             | 12,196   | 12,031                                      | 11,683                                      |
| Asset Level Interest Expense                    | 10,838                  | 744                            | 57                             | 10,037   | 9,877                                       | 9,533                                       |
| Average Asset Level Debt                        | 948,893                 | 73,453                         | 3,997                          | 871,443  | 865,787                                     | 881,587                                     |
| Average Asset Level Debt Cost                   | 4.6%                    | 0.0%                           | 0.0%                           | 4.7%   | 4.6%  | 4.4%  |
| Asset Level Net Interest Margin                 | 4.2%                    | 0.1%                           | 0.0%                           | 4.2%   | 4.3%  | 4.2%  |
| Total Average Debt                              | 1,051,922               | 73,453                         | 3,997                          | 974,472  | 968,618                                     | 984,224                                     |
| Total Average Debt Cost                         | 5.0%                    | 0.1%                           | 0.0%                           | 5.1%   | 5.1%  | 4.8%  |
| Total Net Interest Margin                       | 3.8%                    | 0.1%                           | 0.0%                           | 3.8%   | 3.8%  | 3.7%  |
| Non-Interest Operating Expenses - excluding REO | 5,334                   | 146                            | 45                             | 5,143  | 5,395                                       | 5,813                                       |
| Non-Interest Operating Expenses/Avg Assets      | 1.6%                    | 0.1%                           | 0.1%                           | 1.7%   | 1.7%  | 2.1%  |
| ROAA - ex net REO impairments and losses        | 2.8%                    | 0.2%                           | 0.2%                           | 3.1%   | 2.7%  | 2.7%  |
| ROAA - Net REO impairments, gains and losses    | -0.6%                   | 0.0%                           | 0.0%                           | -0.6%  | -0.3%                                       | 0.1%  |
| ROAA - Total                                    | 2.2%                    | 0.1%                           | 0.1%                           | 2.5%   | 2.4%  | 2.8%  |
| ROAE - ex net REO impairments and losses        | 12.1%                   | 0.0%                           | 0.0%                           | 12.1%  | 11.5%                                       | 10.1%                                       |
| ROAE - Net REO impairments, gains and losses    | -2.3%                   | 0.0%                           | 0.0%                           | -2.3%  | -1.2%                                       | 0.3%  |
| ROAE - Total                                    | 9.8%                    | 0.0%                           | 0.0%                           | 9.8%   | 10.3%                                       | 10.4%                                       |
| Average Leverage Ratio - Asset Backed           | 2.9                     | (0.2)                          | (0.0)                          | 2.7  | 2.8   | 2.9   |
| Average Leverage Ratio - Convertible Debt       | 0.3                     | -                              | -                              | 0.3  | 0.3   | 0.3   |
| Average Leverage Ratio - Total                  | 3.3                     | (0.2)                          | (0.0)                          | 3.0  | 3.2   | 3.2   |
| Ending Leverage Ratio - Asset Backed            | 3.2                     | (0.1)                          | (0.1)                          | 3.0  | 2.8   | 2.8   |
| Ending Leverage Ratio - Convertible Debt        | 0.3                     | 0.0                            | 0.0                            | 0.3  | 0.3   | 0.3   |
| Ending Leverage Ratio - Total                   | 3.5                     | (0.1)                          | (0.1)                          | 3.3  | 3.1   | 3.1   |

# Consolidated Statements of Income



(Dollars in thousands except per share amounts) (Unaudited)

|   | Three months ended                |                              |                               |                                  |
|---|-----------------------------------|------------------------------|-------------------------------|----------------------------------|
|   | September 30, 2018<br>(unaudited) | June 30, 2018<br>(unaudited) | March 31, 2018<br>(unaudited) | December 31, 2017<br>(unaudited) |
| <b><u>INCOME:</u></b>   |                                   |                              |                               |                                  |
| Interest income   | \$ 27,416                         | \$ 26,690                    | \$ 25,591                     | \$ 24,367                        |
| Provision for loan losses   | (365)                             | -                            | -                             | -                                |
| Interest expense  | (12,997)                          | (12,799)                     | (12,494)                      | (11,382)                         |
| Net interest income   | 14,054                            | 13,891                       | 13,097                        | 12,985                           |
| Income from equity method investments                                   | 239                               | 197                          | 192                           | 163                              |
| Other income  | 457                               | 689                          | 1,454                         | 649                              |
| Total income  | 14,750                            | 14,777                       | 14,743                        | 13,797                           |
| <b><u>EXPENSE:</u></b>  |                                   |                              |                               |                                  |
| Related party expense - loan servicing fees                             | 2,457                             | 2,672                        | 2,469                         | 2,242                            |
| Related party expense - management fee                                  | 1,456                             | 1,440                        | 1,532                         | 1,510                            |
| Loan transaction expense  | (25)                              | 35                           | 355                           | 214                              |
| Professional fees   | 482                               | 506                          | 609                           | 856                              |
| Real estate operating expense   | 1,001                             | 944                          | 449                           | 518                              |
| Other expense   | 964                               | 965                          | 991                           | 871                              |
| Total expense   | 6,335                             | 6,562                        | 6,405                         | 6,211                            |
| Loss on debt extinguishment   | 836                               | —                            | —                             | 913                              |
| Income before provision for income tax                                  | 7,579                             | 8,215                        | 8,338                         | 6,673                            |
| Provision for income tax  | 84                                | 2                            | 16                            | 35                               |
| Consolidated net income   | 7,495                             | 8,213                        | 8,322                         | 6,638                            |
| Less: consolidated net income attributable to non-controlling interests | 937                               | 692                          | 657                           | 454                              |
| Consolidated net income attributable to common stockholders             | \$ 6,558                          | \$ 7,521                     | \$ 7,665                      | \$ 6,184                         |
| Basic earnings per common share   | \$ 0.35                           | \$ 0.40                      | \$ 0.41                       | \$ 0.34                          |
| Diluted earnings per common share                                       | \$ 0.34                           | \$ 0.37                      | \$ 0.38                       | \$ 0.33                          |
| Weighted average shares – basic   | 18,691,393                        | 18,595,769                   | 18,508,089                    | 18,236,488                       |
| Weighted average shares – diluted                                       | 26,592,806                        | 26,476,817                   | 26,395,158                    | 26,111,202                       |

# Consolidated Balance Sheets

(Dollars in thousands except per share amounts)

| <u>ASSETS</u>   | <u>September 30, 2018</u><br>(Unaudited) | <u>December 31, 2017</u> |
|---|--|--------------------------|
| Cash and cash equivalents   | \$ 59,758                                | \$ 53,721                |
| Cash held in trust  | 45,527                                   | 27,041                   |
| Mortgage loans, net <sup>(1,4)</sup>  | 1,272,644                                | 1,253,541                |
| Property held-for-sale, net <sup>(2)</sup>  | 20,463                                   | 24,947                   |
| Rental property, net  | 8,080                                    | 1,284                    |
| Investments at fair value   | 51,751                                   | 6,285                    |
| Receivable from servicer  | 13,106                                   | 17,005                   |
| Investment in affiliates  | 8,737                                    | 7,020                    |
| Prepaid expenses and other assets   | 12,410                                   | 4,894                    |
| Total assets  | <u>\$ 1,492,476</u>                      | <u>\$ 1,395,738</u>      |
| <br><u>LIABILITIES AND EQUITY</u>   |  |                          |
| <i>Liabilities:</i>   |  |                          |
| Secured borrowings, net <sup>(1,3,4)</sup>  | \$ 631,207                               | \$ 694,040               |
| Borrowings under repurchase transactions  | 420,461                                  | 276,385                  |
| Convertible senior notes, net <sup>(3)</sup>  | 103,162                                  | 102,571                  |
| Management fee payable  | 777                                      | 750                      |
| Accrued expenses and other liabilities  | 4,704                                    | 4,554                    |
| Total liabilities   | <u>1,160,311</u>                         | <u>1,078,300</u>         |
| <br><i>Equity:</i>  |  |                          |
| Preferred stock \$0.01 par value; 25,000,000 shares authorized, none issued or outstanding  | —  | —                        |
| Common stock \$0.01 par value; 125,000,000 shares authorized, 18,856,601 shares at September 30, 2018 and 18,588,228 shares at December 31, 2017 issued and outstanding | 189                                      | 186                      |
| Additional paid-in capital  | 258,854                                  | 254,847                  |
| Treasury stock  | (232)                                    | —                        |
| Retained earnings   | 40,518                                   | 35,556                   |
| Accumulated other comprehensive loss  | (203)                                    | (233)                    |
| Equity attributable to stockholders   | <u>299,126</u>                           | <u>290,356</u>           |
| Non-controlling interests <sup>(5)</sup>  | 33,039                                   | 27,082                   |
| Total equity  | <u>332,165</u>                           | <u>317,438</u>           |
| Total liabilities and equity  | <u>\$ 1,492,476</u>                      | <u>\$ 1,395,738</u>      |

(1) Mortgage loans includes \$914.2 million and \$996.2 million of loans at September 30, 2018 and December 31, 2017, respectively, transferred to securitization trusts that are variable interest entities ("VIEs"), these loans can only be used to settle obligations of the VIEs. Secured borrowings consist of notes issued by VIEs that can only be settled with the assets and cash flows of the VIEs. The creditors do not have recourse to the primary beneficiary (Great Ajax Corp). Mortgage loans, net include \$0.4 million and \$0 of allowance for loan losses at September 30, 2018 and December 31, 2017 respectively

(2) Property held for sale, net, includes valuation allowances of \$2.0 million and \$1.8 million at September 30, 2018, and December 31, 2017, respectively.

(3) Secured borrowings and Convertible senior notes are presented net of deferred issuance costs

(4) As of September 30, 2018, balances for Mortgage loans, net includes \$338.7 million and Secured borrowings, net of deferred costs includes \$237.0 million from the 50% and 63% owned joint ventures. As of December 31, 2017, balances for Mortgage loans, net includes \$177.1 million and Secured borrowings, net of deferred costs includes \$88.4 million from the 50% owned joint venture, all of which we consolidate under U.S. GAAP.

(5) Non-controlling interests includes \$19.9 million at September 30, 2018, from the 50% and 63% owned joint ventures. Non-controlling interests includes \$14.0 million at December 31, 2017, from a 50% owned joint venture, all of which we consolidate under U.S. GAAP.