Great Ajax Corp.
Form 424B3
April 17, 2015
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Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-203048
PROSPECTUS

10,445,784 Shares of Common Stock

This prospectus relates solely to the resale of up to an aggregate of 10,445,784 shares of our common stock by the selling stockholders named in this prospectus. We will not receive any of the proceeds from the sale of those shares. We have agreed to pay all expenses relating to registration of the shares. The selling stockholders will pay any brokerage commissions or other similar charges incurred for the sale of their shares.

The selling stockholders may offer the shares from time to time as they may determine through public or private transactions or through other means described under "Plan of Distribution" of prevailing market prices, at prices different than prevailing market prices or at privately negotiated prices.

Our common stock is listed on the New York Stock Exchange or the NYSE, under the symbol "AJX." On April 16, 2015, the last reported sales price of our common stock was $14.72 per share.

We are an externally managed real estate company. We focus primarily on acquiring, investing in and managing a portfolio of mortgage loans secured by single-family residences and, to a lesser extent, single-family properties. We also invest in loans secured by smaller multi-family residential and commercial mixed use retail/residential properties, as well as in the properties directly. Our manager is Thetis Asset Management LLC, an affiliated entity. We own 19.8% of our Manager.

We expect to qualify and will elect to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, for the year ended December 31, 2014. As a REIT, we generally will not be subject to U.S. federal income tax to the extent that we distribute our REIT taxable income currently to our stockholders, but the taxable income generated by our taxable REIT subsidiaries will be subject to regular corporate income tax. To assist us in qualifying as a REIT, among other purposes, ownership of our common stock by any person is generally limited to 9.8% of our outstanding common stock. In addition, our charter contains various other restrictions on the ownership and transfer of our common stock. See "Description of Capital Stock—Restrictions on Ownership and Transfer."

We are an "emerging growth company" under the Jumpstart Our Business Startups Act and will be subject to reduced public company reporting requirements.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 21.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 17, 2015

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You should rely only on the information contained in this prospectus and any supplement hereto. We and the selling stockholders have not authorized any dealer, salesperson or other person to provide you with different information or to make representations as to matters not stated in this prospectus and any supplement hereto. If anyone provides you with different or inconsistent information, you should not rely on it. We and the selling stockholders are not making an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction where it is unlawful to do so. You should assume that the information in this prospectus and any supplement hereto is accurate as of the respective dates of such documents or as of the date or dates that are specified herein or therein. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

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MARKET, INDUSTRY AND OTHER DATA

In this prospectus,

- “non-performing loan” means a loan on which the most recent three payments have not been made;

- “re-performing loan” means a loan on which at least five of the seven most recent payments have been made, or the most recent payment has been made and accepted pursuant to an agreement, or the full dollar amount to cover at least five payments has been paid in the last seven months.

Unless otherwise indicated, information contained in this prospectus concerning the re-performing and non-performing residential mortgage loan markets, the smaller multi-family residential and commercial mixed use real estate markets, the housing market generally and the markets in which we operate, including our general expectations, market opportunity and market size, is based on information from various sources, on assumptions that we have made that are based on those data and other similar sources and on our knowledge of those markets. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe our market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise.

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SUMMARY

This is only a summary and does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus, including "Risk Factors" appearing elsewhere in this prospectus, before deciding to invest in our common stock. In this prospectus, unless the context indicates otherwise, references to "Great Ajax," "we," "the company," "our" and "us" refer to the activities of and the assets and liabilities of the business and operations of Great Ajax Corp.; "operating partnership" refers to Great Ajax Operating Partnership L.P., a Delaware limited partnership; "our Manager" refers to Thetis Asset Management LLC, a Delaware limited liability company; "Aspen" refers to Aspen Yo LLC, an Oregon limited liability company that is part of the Aspen Capital group; and "the Servicer" and "Gregory" refer to Gregory Funding LLC, an Oregon limited liability company and an indirect subsidiary of Aspen.

Overview

Great Ajax Corp. focuses primarily on acquiring, investing in and managing a portfolio of re-performing and non-performing mortgage loans secured by single-family residences and, to a lesser extent, of single-family properties themselves. We also invest in loans secured by multi-family residential and commercial mixed use retail/residential properties, as well as in the properties directly. The multi-family and commercial mixed-use properties generally have loan values of up to approximately $5 million. We refer to these as "smaller commercial properties."

We were formed in January 2014 as a Maryland corporation. On July 8, 2014, we closed a private offering of shares of our common stock and limited partnership units of our operating partnership, or OP Units. We commenced operations on July 8, 2014. On August 1, 2014, we closed the sale of additional shares of our common stock and OP Units pursuant to the exercise of the additional allotment option we granted to the initial purchaser and placement agent in connection with the July placement and we refer to these closings as the Original Private Placement. In December 2014, we closed an additional private placement of shares of our common stock and OP Units. In these offerings, which we refer to collectively as the Private Placements, we raised net proceeds of approximately $169.6 million. Through January 31, 2015, we have acquired mortgage loans and other mortgage-related assets with an aggregate unpaid principal balance, or UPB, of $321.1 million.

We completed our IPO in February and March 2015 and sold an aggregate of 3,976,464 shares of common stock, including shares sold pursuant to exercise of the underwriters' over-allotment option, at a public offering price of $14.25 per share. We are using the approximately $53.9 million of net proceeds (after deducting the underwriting discount but before deducting estimated offering expenses) to acquire additional mortgage loans and mortgage-related assets. Selling stockholders also sold an aggregate of 1,300,333 shares of our common stock in the IPO, including shares sold pursuant to exercise of the underwriters' over-allotment option.

Our primary strategy is to acquire, own and manage re-performing and non-performing mortgage loans, which are serviced by Gregory Funding LLC, our affiliated servicer. We seek to acquire loans at significant discounts to our estimates of the value of the underlying real estate and of the UPB of the loan. Unlike other loan acquirers, who often rely on pooled estimates in analyzing and pricing portfolios, our Manager uses proprietary models and data developed by its affiliates to evaluate individual assets and to help determine cities, neighborhoods and properties that it believes will experience home price appreciation, or HPA. These proprietary analytics have inputs for economic and demographic data that include changes in unemployment rates, median household incomes, housing starts, crime rates, education, electoral participation and other variables that we believe closely correlate to property values. The proprietary models predict probabilistic future cash flows for each loan we seek to acquire. Factors affecting our cash flow projections include resolution method, resolution timeline, foreclosure costs, rehabilitation costs and eviction costs. The database for these proprietary models contains foreclosure timelines on an individual county basis and, in some instances, also on an individual judge basis. We believe that these proprietary models permit us to acquire loans at prices we and the Manager believe represent a discount to UPB and current property values in non-auction purchases.

We generally securitize our mortgage loans and retain subordinated securities from our securitizations. We also hold "real estate-owned" properties, or REO, acquired upon the foreclosure or other settlement of

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our owned non-performing loans. We anticipate our REO will consist principally of single-family homes, although we also may own smaller commercial properties. Our resolution methods are tailored to each loan, based on our Servicer's detailed analytics, and include, among others, loan modification, forbearance agreements, foreclosure, short sale and deed-in-lieu of foreclosure. In the event of foreclosure, our Manager determines, in part based on the information obtained from the Servicer regarding historical experience, whether to seek to sell any REO asset, including offering mortgage financing to the purchaser, or to hold the REO and manage it as a rental property. We may conduct some of these activities through a taxable REIT subsidiary, or TRS. As part of our integrated approach, in connection with its loan servicing activities the Servicer focuses on understanding each borrower's situation and working closely with the borrower to determine the most appropriate resolution for both parties. We believe that purchasing re-performing and non-performing mortgage loans at significant discounts to UPB and underlying property values, as well as working, through Gregory, to support continuing or new payments by borrowers, will allow us to achieve our targeted returns. However, if actual results differ from our assumptions, particularly if the value of the underlying properties were to decrease significantly, we may not achieve our targeted returns.

We are externally managed by Thetis Asset Management LLC, an affiliated entity. Our mortgage loans and other real estate assets are serviced by Gregory Funding LLC, an affiliated entity. We own a 19.8% equity interest in our Manager. In addition, our Manager and the Servicer own an aggregate of 373,168 shares of our common stock. We believe that these ownership interests, combined with our paying 50% of the base management fee to our Manager in shares of our common stock, align our Manager's interests with our interests and those of our stockholders.

Aspen and Gregory, and their subsidiaries and affiliates, have more than 15 years of experience in originating loans, and in acquiring, servicing, financing and managing re-performing and non-performing loans, as well as in direct property management. Consistent with Aspen's past residential asset acquisitions and our recent operations, we believe that we will be able to purchase loans through privately negotiated transactions rather than in the auction market. Since January 1, 2012 through December 31, 2014, over 90% of Aspen's acquisitions have been through privately negotiated transactions. Our Manager's team also has experience in financing residential mortgage loan purchases through securitizations, having successfully completed five securitization transactions with a total initial UPB of $360.6 million since January 2013, including our two recent securitizations totaling $172.9 million of UPB. Gregory was built by the members of our Manager's management team to service "high-touch" assets, which are loans that require substantial and active interaction with the borrower for modification or other resolution. Gregory, or its wholly owned subsidiary, is licensed to service loans in all states in which it does business and has unsupervised Title II Mortgagee authorization from the Federal Housing Administration, or FHA. Gregory, or its wholly owned subsidiary, is also a licensed mortgage lender in 23 states, and currently has mortgage loan origination staff who are licensed in 11 of those states. Gregory also has a joint marketing relationship with a federal savings bank in which Aspen holds a minority interest. These resources allow Gregory to facilitate third party mortgage financing, which we then can acquire, to many of the purchasers of REO that we sell in such states with no or minimal additional cost to us. As of December 31, 2014, Gregory, for us, for its own account and for affiliated entities comprised primarily of third-party investors, serviced a portfolio of residential and commercial mortgage loans and REO throughout the United States with UPB and REO principal balance of approximately $627.5 million.

For additional information about Aspen and Gregory, see "Business—The Aspen Capital Companies."

Market Opportunity

The U.S. Federal Reserve estimates that as of December 31, 2014, there was approximately $9.9 trillion of mortgage loans outstanding on U.S. one-to-four family residential properties and approximately $994.1 billion of mortgage loans outstanding on U.S. multi-family residential properties.

We expect the availability of pools of re-performing and non-performing loans, properties in foreclosure and REO to increase and remain elevated over the next several years. Overall housing values have rebounded since 2012. However, CoreLogic®, a leading global property information, analytics and data-enabled services provider, reports that approximately 5.4 million homes, or 10.8% of all residential

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properties with a mortgage, were in a negative equity position as of the end of the fourth quarter of 2014. For the homes in negative equity status, the national aggregate value of negative equity was $349 billion at the end of the fourth quarter of 2014, up $7 billion from approximately $342 billion at the end of the third quarter of 2014. In addition, a portion of the 800,000 borrowers with low interest rates under the Home Affordable Modification Program, or HAMP, for the past five years began seeing mortgage payment increases in 2014. Under the HAMP guidelines, their interest rates will increase by one percentage point each year until their rate equals the average 30-year, fixed-rate mortgage rate at the time of modification. 11% of HAMP borrowers have already missed at least one payment, and we believe that wages and home prices have not improved enough for many of these borrowers to afford the monthly payment increase. In June , September and November 2014, the FHA held note sales under the Distressed Asset Stabilization Program of 2014, or DASP, as part of a broad effort by the FHA to decrease losses and market and sell non-performing loans in bulk. Further such sales are expected. In addition, in July 2014 and March 2015, the Federal Home Loan Mortgage Corporation, or Freddie Mac, sold $659 million and $392 million, respectively, of non-performing loans. Both Freddie Mac and the Federal National Mortgage Association, or Fannie Mae, have indicated that they will have ongoing non-performing loan sales programs going forward.

We also believe that banks and other mortgage lenders have strengthened their capital bases and are more aggressively foreclosing on delinquent borrowers or selling these loans to dispose of their inventory. Additionally, many non-performing loan buyers are now interested in reducing their investment duration and have begun selling re-performing loans.

According to the U.S. Department of Housing and Urban Development's National Housing Market Summary for the fourth quarter of 2014, while housing starts increased in 2014 over 2013, the number of building permits issued in the fourth quarter of 2014 indicates that starts may be leveling off for single-family homes (an increase of 3% compared to the third quarter). Although construction starts on single-family homes were up 8% from the previous quarter and up 6% from the fourth quarter of 2013, they remain significantly below historical levels. In addition to the leveling of housing starts, a persistent price gap exists between newly built homes and existing homes with sales of existing homes showing improvements while sales of new homes continued to lag in the third quarter of 2014.

New regulatory requirements, including the "ability to repay," or ATR, rule implemented by the Consumer Financial Protection Bureau, or CFPB, which provides for a category of "qualified mortgage," or QM, the limited availability of financing available for originators of non-federally guaranteed mortgages and other factors have also resulted in a significant number of families that cannot qualify to obtain new residential mortgage loans. We believe new federal regulations addressing QMs based on, among other factors, employment status, debt-to-income level, and impaired credit history or lack of savings, will continue to limit mortgage loan availability from traditional mortgage lenders. In addition, we believe that many homeowners displaced by foreclosure or who either cannot afford to own or cannot be approved for a mortgage will prefer to live in single-family rental properties with similar characteristics and amenities to owned homes, as well as smaller multi-family residential properties. In certain demographic areas, new households are being formed at a rate that exceeds the new homes being added to the market, which we believe favors future demand for non-federally guaranteed mortgage financing for single-family and smaller multi-family rental properties. For all of these reasons, we believe that demand for single-family and smaller multi-family rental properties will increase in the near term and remain at heightened levels for the foreseeable future.

Our Strategy

We are continuing the opportunistic strategy developed by our Manager's management team at Aspen in a REIT structure that we believe provides us access to capital and allows us to compete for more significant investment opportunities in the evolving mortgage markets. This strategy enables us to generate attractive current yields and risk-adjusted total returns for our stockholders. We intend to distribute substantially all of our REIT taxable income to our stockholders in accordance with applicable REIT qualification requirements. Our strategy consists of:

- focusing our investments primarily in loans secured by single-family residences with opportunistic mortgages or direct investment in smaller commercial properties, such as smaller mixed-use commercial facilities with ground floor retail units and residences above them;

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- constructing and owning a portfolio of re-performing and non-performing mortgage loans at significant discounts to UPB and underlying property values;

- concentrating our investments in geographic areas, cities and neighborhoods with certain demographic and economic trends and attributes that we believe will lead to HPA above the national average;

- working, through Gregory, to (1) support the continued performance of re-performing loans; (2) convert a portion of our non-performing loans to re-performing status; (3) determine optimal loss mitigation strategy on an asset-by-asset basis for remaining loans; and (4) manage the process and timelines for converting non-performing loans to sale or rental REO, including potentially offering financing to REO purchasers;

- when economically efficient, securitizing our re-performing whole loan portfolios to create long-term, fixed rate, non-recourse financing, while retaining one or more tranches of any subordinated securities we may create; and

- opportunistically mitigating our interest rate and prepayment risk by using a variety of hedging instruments.

Based on the experience of our Manager's management team, we believe that acquiring re-performing and non-performing mortgage loans will result in a more efficient way to achieve strong risk-adjusted returns and provide us a material cost advantage over other real property acquisition channels, such as foreclosure auctions and REO acquisitions. For non-performing loans, we forecast the relative likelihood of each resolution method—foreclosure, deed-in-lieu of foreclosure, short sale and rental. For re-performing and performing pool acquisitions, we analyze each loan for re-default probability, loan-to-value ratio, interest rate and structure of the loan and the likely resolution method in the event the loan stops performing. Each re-performing loan is analyzed through both a performing and non-performing path. For loan pool acquisitions, we target a 10–18% unlevered return, which does not give effect to any borrowings. Our ability to achieve our targeted return could be adversely affected if we were to experience higher-than-anticipated delinquency or default rates or decreases in the value of the underlying real property.

We price each loan portfolio on a loan-by-loan basis and focus on the acquisition of loans with the underlying property located in or in close proximity to urban centers where we believe that the HPA will outpace the national market. While we expect to purchase loans nationwide, we target urban centers (including densely populated suburbs with the appropriate characteristics) because we believe that an increasing number of families and young professionals prefer to live in areas close to employment centers, public transportation and retail and other amenities that are typically more common in such areas, which provides greater potential for HPA. By focusing on urban centers and targeted densely populated suburbs, we should be able to more efficiently manage our portfolio and scale our high-touch loan servicing platform. Our current target markets include, but are not limited to, Phoenix, Arizona; Los Angeles and San Diego, California; Miami, Ft. Lauderdale, West Palm Beach, Orlando and Tampa, Florida; Atlanta, Georgia; Chicago, Illinois; New York and New Jersey metropolitan area; Dallas and Houston, Texas; and Maryland and Virginia near Washington, D.C. Gregory has also contracted with local experts in areas where it services a significant number of loans that provide local area market intelligence, monitor properties and can manage rehabilitation projects for REO or repairs for rental properties. We believe having affiliated local experts and a centralized management team leads to more informed decision-making and better execution.

Our Competitive Strengths

We believe our Manager's and the Servicer's integrated platform, which allows us to acquire, finance, hold and, through our Manager and the Servicer, manage and service whole loans and the REO that results from foreclosure on non-performing mortgage loans without reliance on third-party servicers, positions us well to respond opportunistically in a variety of market environments. We believe the following competitive strengths differentiate us from our competitors:

- Flexible and Adaptable Resolution Strategy—The past nearly ten years of market volatility has given our management team the experience, backed by Gregory’s extensive integrated loan

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servicing and real estate management platform, to assess and respond to changes in our targeted real estate markets to optimize the return to our stockholders. We use a variety of asset optimization strategies including loan modifications, forbearance agreements and property sale, rental or lease options to maximize the value of our ownership of re-performing loans, non-performing loans and the REO we obtain from foreclosure based on our assessment of the optimal return.

- Strong Sourcing Relationships—Our Manager, the Servicer and their affiliates have extensive networks for sourcing investment opportunities through relationships with money center, regional, and community banks as well as large and small private mortgage loan owners and servicers throughout the country. These networks and relationships provide us with opportunities to acquire our targeted assets in negotiated transactions rather than through auctions and often in pools specifically carved out for our primary geographic investment priorities. From January 1, 2012 through December 31, 2014, Aspen and its affiliates acquired loans, including the 1,340 loans we owned as of December 31, 2014, totaling approximately $661.3 million total UPB, consisting of 3,063 mortgage loans in 124 separate transactions, with the underlying real estate located throughout the United States. Over 90% of such acquisitions were purchased through privately negotiated transactions rather than auctions. The average purchase price was 70.7% of UPB and 70.2% of property value for re-performing loans, and 52.2% of UPB and 57.5% of property value for non-performing loans.

- Affiliated Servicer with Extensive Integrated Mortgage Loan Servicing and Real Estate Management Platform—The Servicer was built specifically to maximize value in the types of “high-touch” assets that we expect to acquire. The Servicer has approximately 50 experienced mortgage servicing and real estate management personnel throughout the country. Its proprietary software platform was developed in-house specifically to handle distressed and re-performing mortgage loans and it enables the servicing representatives to have all necessary tools and information available to resolve borrower interaction efficiently and effectively. The Servicer has eight full-time software development personnel ensuring the quality and reliability of these proprietary analytics and models. The Servicer is focused on understanding the specific situation of each borrower so that our Manager will be informed and able to tailor an appropriate resolution for both parties. The Servicer’s personnel also have many years of experience managing REO throughout the country and maintaining compliance with ever-changing regulatory requirements.

- Customized Loan Origination and Underwriting—When we determine to sell a particular REO asset through our Servicer, we have the capability in certain states to underwrite and offer mortgage financing to the purchaser. We rely on Gregory’s in-depth knowledge of the properties when we facilitate financing in connection with a sale of a property through an unaffiliated lender. Unlike more traditional lenders, which base their underwriting primarily on the FICO® credit risk score, Gregory focuses on the borrower’s cash flow and residual income after satisfaction of monthly requirements, including the expenses for any dependents, employment stability and the ability to make a cash down payment. We may choose to purchase the loan. We believe that our ability to offer financing tailored to the particular borrower provides another tool to maximize our return by converting REO to long-term significant net yield generating assets.

- Significant Experience of Our Manager—Each executive on our Manager’s team has more than 20 years’ experience investing in, analyzing, performing due diligence, originating, restructuring, servicing, managing and/or marketing mortgage loan portfolios and securitizations. Our Manager is supported by approximately eight mortgage and servicing professionals at the Servicer. We believe our Manager and its resources provide a significant advantage to us, contribute to the strength of our business, and enhance the quantity and quality of investment opportunities available to us.

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Our Manager’s Interests are Closely Aligned with Our and Our Stockholders’ Interests—We own 19.8% of the voting and economic interests in our Manager, and we pay 50% of the base management fee to our Manager in shares of our common stock with the value based on the

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higher of the most recently reported book value or market value of our common stock. Our incentive fee is based on cash dividends from taxable earnings in excess of an 8.0% hurdle rate. We believe our structure aligns our Manager's interests with our interests and creates incentives for our Manager to seek to maximize value for our stockholders. In addition, our Manager and the Servicer own an aggregate of 373,168 shares of our common stock and their institutional equity owners or their affiliates own an aggregate of 4,882,353 shares of our common stock (assuming redemption of 624,106 OP Units purchased by one such investor on a 1-for-1 basis into shares of our common stock).

Our Portfolio

As of January 31, 2015, our portfolio of mortgage-related assets consisted of the following:

Portfolio as of January 31, 2015

No. of Loans(1)	1,449
Total UPB	$321,133,153
Interest-Bearing Balance	$299,932,870
Deferred Balance(2)	$21,200,284
Market Value of Collateral(3)	$332,302,084
Price/Total UPB(3)	69.9%
Price/Market Value of Collateral	67.7%
Weighted Average Coupon(4)	5.06%
Weighted Average LTV(5)	114%
Remaining Term (as of 1/31/2015)	295.5
No. of first liens	1,434
No. of second liens	15

No. of Rental Properties	3
Market Value of Collateral	$366,900
Capital Invested	289,954
Price/Market Value of Collateral	79.0%
Gross Rent/Month	$3,800
Other REO	18
Market Value of Collateral(1)	$3,009,500

(1)
Information reflects 1 loan in which we hold a 40.5% beneficial interest through an equity method investee, 24 loans in which we have a 95% participation interest and are owned by the Servicer because neither we nor our subsidiaries have the necessary licenses in certain states and 39 loans that closed in February 2015 with a total UPB of $8.62 million.

(2)
Amounts that have been deferred in connection with a loan modification on which interest does not accrue. These amounts generally become payable at the time of maturity.

(3)
As of date of acquisition.

(4)

Our loan portfolio consists of fixed rate (53.8% of UPB), ARM (28.8% of UPB) and Hybrid ARM (17.4% of UPB) mortgage loans with original terms to maturity of not more than 40 years.

(5)
UPB as of January 31, 2015 divided by market value of collateral as of date of acquisition.

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We closely monitor the status of our mortgage loans and through our Servicer, work with our borrowers to improve their payment records. The following chart shows the percentages of our portfolio, based on total price paid, represented by non-performing loans and re-performing loans at January 31, 2015.

Potential Acquisition Opportunities

Our Manager and its affiliates are regularly presented with opportunities to acquire loan pools and other mortgage assets. As of March 23, 2015, our Manager identified and was actively evaluating 12 potential loan pool acquisitions that our Manager has determined, after a preliminary evaluation, fall within our investment strategy. These loan pools have a total UPB of approximately $68.1 million, of which 76.5% of the UPB comprises re-performing loans and 23.5% of the UPB comprises non-performing loans. We have not entered into a definitive agreement with respect to any of these loan pools, and there is no assurance that we will enter into a definitive agreement relating to any of these loan pools or any loans in a loan pool or, if such an agreement is executed, that we will actually close the acquisition.

In addition, we expect a continuous flow of potential re-performing loan acquisition opportunities from participants in the ongoing non-performing loan sales programs held by the FHA, Fannie Mae and Freddie Mac. We believe purchasers of these loan pools will be interested in recognizing short-term gains and greater liquidity by selling re-performing loans from those pools. In addition, our Manager and its affiliates provide multiple potential bidders with pricing information for specific subsets of those non-performing pools, which provides those bidders with better pricing and gives us indirect access to those loan pool subsets if any of those bidders are successful.

For additional information, see “Business—Our Portfolio.”

Formation

We were incorporated in Maryland on January 30, 2014 and commenced operations following completion of the Original Private Placement. We conduct substantially all of our business through our operating partnership, Great Ajax Operating Partnership L.P., a Delaware limited partnership, and its subsidiaries. We, through a wholly owned subsidiary, are the sole general partner of our operating partnership. GA-TRS LLC, or Thetis TRS, is a wholly owned subsidiary of our operating partnership that owns our 19.8% equity interest in our Manager, and we have elected to treat Thetis TRS as a TRS under the Code. We may also form additional TRS entities depending on our future business activities and the most effective tax strategy for such activities. In September 2014, we also formed Great Ajax Funding LLC, a wholly owned subsidiary of our operating partnership, to act as the depositor of our mortgage loans into securitization trusts and to hold the subordinated securities issued by such trusts.

On July 8, 2014, we sold 8,213,116 shares of our common stock and 453,551 OP Units. On August 1, 2014, we closed the sale of an additional 263,570 shares of our common stock and 14,555 OP Units pursuant to the exercise of the additional allotment option we granted to the initial purchaser and placement agent in connection with the July placement. The purchase price per share was $15.00. The net proceeds from the Original Private Placement, including the additional allotment option shares and OP Units, after deducting the initial purchaser’s discount and placement fee and offering expenses paid by us, was approximately $128.4 million. On December 16, 2014, we closed an additional private placement

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pursuant to which we sold 2,725,326 shares of common stock and 156,000 OP Units, which we refer to as the Second Private Placement. The purchase price per share was $15.00. The net proceeds from the Second Private Placement after deducting the placement fee and offering expenses paid by us, was approximately $41.2 million. We refer to the Original Private Placement and the Second Private Placement as the Private Placements.

We completed our IPO in February and March 2015 and sold an aggregate of 3,976,464 shares of common stock, including shares sold pursuant to exercise of the underwriters' over-allotment option, at a public offering price of $14.25 per share. The selling stockholders sold an aggregate of 1,300,333 shares of common stock, including shares sold pursuant to exercise of the underwriters' over-allotment option. Certain of our existing stockholders, including certain affiliates, purchased an aggregate of 730,000 shares of our common stock in the IPO at the initial public offering price.

In the Original Private Placement, Flexpoint Great Ajax Holdings LLC, or the Flexpoint REIT Investor, an affiliate of an investment fund managed by Flexpoint Ford LLC, and an investment fund for which Wellington Management Company LLP is the investment advisor, or the Wellington Management Institutional Investor, each directly or through one or more affiliated entities purchased (i) an aggregate of 3,290,726 shares of our common stock (in the case of the Wellington Management Institutional Investor, assuming redemption of 468,106 OP Units on a 1-for-1 basis into shares of our common stock); (ii) 9.8% of the equity of Great Ajax FS LLC ("GA-FS"), the parent of the Servicer (4.9% of which was represented by a note that converted automatically into shares in September 2014); (iii) two non-transferable ten-year warrants, which permit each holder to acquire an additional 9.9% equity interest in GA-FS at a premium to the original purchase price, exercisable subject to certain regulatory requirements or in the event of a contemporaneous sale of the equity interests of GA-FS; and (iv) 26.73% of the equity of our Manager. In the Second Private Placement, the Flexpoint REIT Investor, purchased 192,137 shares of common stock and the Wellington Management Institutional Investor purchased 650,000 shares of common stock (assuming redemption of 156,000 OP Units on a 1-for-1 basis into shares of our common stock). The Flexpoint REIT Investor and the Wellington Management Institutional Investor also have certain additional rights in our Manager, including approval rights with respect to certain actions by our Manager. In addition, so long as the Flexpoint REIT Investor and/or its affiliates own at least 9.8% of our outstanding shares of common stock, the Flexpoint REIT Investor will have the right to nominate a representative for election as a member of our board of directors. For additional information, see "Certain Relationships and Related Party Transactions—Agreements with Anchor Investors."

In July 2014, we used approximately $48.8 million of the net proceeds from the Original Private Placement to acquire our initial portfolio of mortgage-related assets by acquiring 82% of the limited liability company interests of Little Ajax II LLC, a Delaware limited liability company, or Little Ajax II, from Flexpoint REIT Investor, the Wellington Management Institutional Investor and their respective affiliates. In September, we acquired the remaining interests in this initial mortgage-related asset portfolio. For additional information about the acquisition of our initial portfolio of assets, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

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The following chart illustrates our organizational structure and principal subsidiaries immediately following our IPO. Percentage ownership of our common stock is based on 15,604,591 shares and OP Units outstanding as of the completion of the IPO.

Percentages are rounded, and therefore, may add up to more than 100%.

(1)
The REIT Institutional Investors consist of Flexpoint REIT Investor and the Wellington Management Institutional Investor. Excludes shares of our common stock purchased by Flexpoint REIT Investor and one or more other investment advisory clients of Wellington Management Company LLP (together with the Wellington Management Institutional Investor, the "Wellington Investors") or their respective affiliates in the IPO. Part of this interest is held in the form of OP Units.

(2)
Includes shares of our common stock that Flexpoint REIT Investor, the Wellington Investors or their respective affiliates have purchased in the IPO.

(3)
Aspen is managed by MARS Development LLC, which is owned 50% by Lawrence Mendelsohn, our chairman and chief executive officer, and 50% by the president of Gregory.

(4)
The Wellington Management Institutional Investor and Flexpoint REIT Investor each also has warrants to purchase an additional 19.8% interest in Great Ajax FS LLC.

(5)
As of the date of this prospectus, there are two securitization trusts through which our operating partnership has issued Class A Notes (the "Class A Notes"), Class B-1 and Class B-2 Notes (the "Class B Notes") and trust certificates (the "Trust Certificates"). The Class B Notes are held by our operating partnership and the Trust Certificates issued by the securitization trusts and the beneficial ownership of the trusts are retained by Great Ajax Funding LLC. For additional information on our securitizations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

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See “Structure and Formation Transactions” and “Certain Relationships and Related Party Transactions.”
We expect to qualify and will elect to be taxed as a REIT for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2014. Our qualification as a REIT will depend upon our ability to meet, on a continuing basis, various complex requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we have been organized in conformity with the requirements for qualification as a REIT under the Code and that our current and intended manner of operation will enable us to meet the requirements for taxation as a REIT for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2014. As a REIT, we generally will not be subject to U.S. federal income tax on the REIT taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax at regular corporate rates. Even if we qualify for U.S. federal taxation as a REIT, we may be subject to some U.S. federal, state and local taxes on our income and property. In addition, Thetis TRS, which owns a 19.8% interest in our Manager, and any other TRS that we form or acquire, will be subject to U.S. federal, state and local income tax. See “Material U.S. Federal Income Tax Considerations.”

Our Distribution Policy

U.S. federal income tax law requires that a REIT distribute annually at least 90% of its REIT taxable income. For more information, see “Material U.S. Federal Income Tax Considerations.”

In connection with the REIT requirements, we intend to make regular quarterly distributions of substantially all of our REIT taxable income to holders of our common stock. Our REIT taxable income does not include any earnings of Thetis TRS or any other TRS that we choose to leave in that subsidiary. Any distributions we make will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations. Our actual results of operations and our ability to pay distributions will be affected by a number of factors, including the net interest income we receive from our mortgage loans, payments on our retained MBS, the revenue we receive from the sale of loans, the profits we may earn from the sale of REO, rental income we may receive on our REO, any distributions we receive from Thetis TRS in respect of our 19.8% equity interest in our Manager, our operating expenses and any other expenditures.

Management Agreement

On July 8, 2014, we entered into a 15-year management agreement with our Manager, or the management agreement. Under the management agreement, our Manager implements our business strategy and manages our business and investment activities and day-to-day operations, subject to oversight by our board of directors. Among other services, our Manager, directly or through Aspen affiliates, provides us with a management team and necessary administrative and support personnel. We do not currently have any employees and do not expect to have any employees in the foreseeable future. Each of our executive officers is an employee or officer, or both, of our Manager or the Servicer and is paid by our Manager or the Servicer.

Neither we nor our Manager may terminate the management agreement without cause during the first 24 months of its term. Following such 24-month period, we may either terminate the management agreement without cause or, at the expiration of its term, elect not to renew the management agreement upon the determination of at least two-thirds of our independent directors that (i) there has been unsatisfactory performance by our Manager that is materially detrimental to us, or (ii) the compensation payable to our Manager under the management agreement is unreasonable, unless our Manager agrees to compensation that at least two-thirds of our independent directors determine is reasonable. We will be required to pay our Manager a termination fee in the event that the management agreement is terminated as a result of (i) a termination by us without cause, (ii) our decision not to renew the management agreement, including for failure to agree on revised compensation, (iii) a termination by our Manager as a result of our becoming regulated as an “investment company” under the Investment Company Act of 1940, as amended,

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or Investment Company Act (other than as a result of the acts or omissions of our Manager in violation of investment guidelines approved by our board of directors), or (iv) a termination by our Manager if we default in the performance of any material term of the management agreement (subject to a notice and cure period). Following such 24-month period, our Manager may terminate the management agreement without cause by providing written notice to us no later than 180 days prior to December 31 of any year, and the management agreement will terminate effective on the December 31 next following the delivery of such notice. We may terminate the management agreement at any time for cause, as defined in the management agreement, without payment of any termination fee. The management agreement automatically terminates at the same time as the servicing agreement if the servicing agreement is terminated for any reason. See "Our Manager and the Management Agreement."

We pay our Manager fees and reimburse it for expenses as follows:

Base Management Fee

1.5% of our stockholders' equity per annum and calculated and payable quarterly in arrears. For purposes of calculating the management fee, our stockholders' equity means: (a) the sum of (i) the net proceeds from any issuances of