EJF Investments Limited
IFC5, St. Helier, Jersey, JE1
1ST Channel Islands

8 April 2025

Value Assessment

The UK Consumer Duty ("Duty") came into effect on 31 July 2023 to provide higher and clearer standards of consumer protection for retail customers across financial services and requires firms to put their customers' needs first. Whilst the Duty does not apply directly to the Company or the Manager, neither being regulated by the FCA, the Directors have considered the Duty's requirements and concluded that it would be helpful to provide a summary value assessment in the spirit of the Duty's requirements. This value assessment has not been prepared in accordance with the consumer duty requirements in the FCA's Principles for Business sourcebook of the FCA Handbook. Capitalised Terms in this document are as defined in the Annual Report and Audited Financial Statements 2024.

In deciding to provide a value assessment the Directors also considered that, whilst investing in the Company is only suitable for professional investors, it would be beneficial to provide a value assessment to supplement the Company's Key Information Document which can be found on the Company's website.

When assessing whether the Company's shares offer a fair value at fair price, consideration was given to:

- the Company's objective to provide shareholders with attractive risk adjusted returns primarily through exposure to a diversified portfolio of loans issued by financial institutions and related or similar assets in the US, UK and Europe;
- the depth of expertise and experience of the Manager;
- the nature of the Company's investment exposure which is primarily through Securitisation and Related Investments for which there exists no direct peer;
- other companies in The AIC's Structured Finance Debt sector ("AIC Sector");
- the availability of standard and recognised KPIs of Total Return, Ongoing Charges, Management Fees and performance fees;
- the level of service provided by service providers of the Company and the type of costs; and
- the impact of Share Price discount to NAV of the Ordinary Shares.

Long Term Performance

Total Return and Total Return since inception for 2024 are 9.80% and 96.89% respectively.

After a tumultuous 2023 in the public market for US banks, the Company's debt portfolio continued to display its resilience during 2024 (the "Year") which was reflected in the 9.80% Total Return for the Year in line with the Company's expectations as communicated in the 2023 Annual Report. The Company continued to meet its target dividend of 10.7 pence per share per annum (the "Target Dividend"). There have been no reported underlying defaults during the year, apart from the events around Republic First.

The recommended holding period for the Company, per its Key Information Document, is at least 3 years. Over the past 3 years, the Company has delivered a Total Return of 15.93% and met its Target Dividend. The Directors are also confident that the Manager continues to be best placed to generate attractive risk adjusted returns in the future.

Gearing and foreign exchange volatility [

The Company's underlying portfolio (most of which is USD denominated) is expected to be the principal driver of performance. However, the Company also employs additional levers to help it take advantage of range of investment opportunities as well as manage foreign exchange volatility. Key among these are the use of gearing which can amplify returns (both positively and negatively) and foreign exchange forwards (to partially manage foreign exchange volatility). In respect of gearing, the Company has issued 2025 ZDP Shares which mature in June 2025 with an original gross redemption yield of 7%. As at 31 December 2024, the Company had hedged approximately 53% of its USD exposure by entering into foreign exchange forwards.

Management Fee

The Company has in place a Management Agreement with the Manager, which is reviewed by the Management Engagement Committee on an annual basis, through which the Manager is entitled to receive a management fee of 1% of the NAV per annum. The average management fee paid by the other constituents of the AIC sector of the Company, at the time to writing this and where applicable, is 0.683%.[1]

The Manager is also entitled to charge an incentive fee, as detailed on page 80 of the Annual Report and Audited Financial Statements 2024 available on the Company's website. During the Year the Manger did not meet the hurdle rate so no incentive fee was paid. The Manager was last paid an incentive fee in 2019.

Further detail on both fees can be found on page 80 of the Annual Report and Audited Financial Statements 2024 available on the Company's website.

Given the technical and complex nature of the Portfolio and other opportunities that can arise from the Company being part of EJF's overall strategy the Directors believe that the management fee paid by the Company continues to offer good value for the services the Manager provides.

Ongoing Charges

The Company's ongoing charges as at 31 December 2024 were 1.9% per annum. The average for other constituents of the AIC Sector of the Company, at the time of writing this, is 1.35%. with a range of 0.45% to 1.93%.[1]

All ongoing costs of the Company are reviewed and approved on an annual basis and on appointment of any new significant service provider. In addition, consideration is given to variable costs and the impact should NAV increase. Currently, the Company has no significant variable costs other than management fees.

Therefore, the Directors have concluded that the ongoing costs of the Company remain fair and appropriate.

Quality of Service

On an annual basis, the Management Engagement Committee reviews the performance of all the service providers of the Company and their associated fees.

Annually, the Directors carry out due diligence of the Manager which in 2024, was held at the Manager's office in the United States. The Manager also updates the Board of any significant operational changes that might have occurred on a timely basis.

For the year ended 31 December 2024, the Company, being an investment entity, is not required to report on TCFD disclosures in its annual reports under the Listing Rules. However, it is the intention of the Directors to ensure compliance with such requirements in the Annual Report when required to do so.

The Directors have concluded that the quality of service provided by the Manager supports the long-term fair value of the Company.

Share Price Discount

The Company's shares are admitted to trading on the Specialist Fund Segment of the main market of the London Stock Exchange ('LSE'). As an investment company, the price at which shareholders are able to buy or sell shares may differ from the Net Asset Value ('NAV') of those shares. Accordingly, the Directors do not consider the share price discount to NAV of the Company reflects whether investors are receiving a fair value.

All of the Company's investments are fair valued on a mark to market basis with the Company's NAV being published on a monthly basis. On an annual basis, the auditors present their findings in respect of the audit (including an overview of the independent valuation work and methodology undertaken) to the Audit and Risk Committee. The auditors engage independent valuation specialists to assist in their

[1] Source: Data available on AIC website as at 24 March 2025

audit of the Company’s asset valuations. The Audit and Risk Committee were satisfied that the differences identified by the Auditor for the Year were within an acceptable level of deviation which provides support as to the fair value of the Portfolio.

Conclusion

In conclusion, based on the factors discussed above and as supported further in the Annual Report and Audited Financial Statements for 2024, the Directors believe that the Company's shares is delivering a fair value to shareholders. It is the intention of the Company to refresh this analysis annually around the time of issuance of Annual Report and Audited Financial Statements.