



Chimera Investment Corporation to Acquire Palisades Group

October 17<sup>th</sup>, 2024

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# ACQUISITION DETAILS

Overview	<ul style="list-style-type: none"><li>▪ Chimera is acquiring The Palisades Group and certain of its subsidiaries (“Palisades”).</li><li>▪ Palisades is a fee-based manager and investor in residential real estate assets across a broad spectrum of credit products.</li></ul>
Acquisition Consideration	<ul style="list-style-type: none"><li>▪ Consideration for this acquisition is approximately \$50 million.<ul style="list-style-type: none"><li>• Upfront Consideration: \$30 million cash consideration will be paid at closing.</li><li>• Earnout Alignment: \$20 million earnout, contingent upon achieving financial targets, with option to pay 50% in common shares, aligning interests with those of Chimera’s shareholders.</li></ul></li></ul>
Financing of Acquisition	<ul style="list-style-type: none"><li>▪ Chimera will fund the transaction with available cash on hand.</li></ul>
Corporate Structure & Governance	<ul style="list-style-type: none"><li>▪ Jack L. Macdowell, Jr., Co-Founder and Chief Investment Officer of Palisades, will become Chimera’s Chief Investment Officer.</li><li>▪ Palisades third-party Customized Solutions and Investment Advisory verticals will be fully integrated with Chimera’s operations.</li></ul>
Expected Financial Benefits	<ul style="list-style-type: none"><li>▪ Transaction is expected to generate low double-digit returns.</li><li>▪ Provides a diversified source of fee-based income.</li><li>▪ Additional opportunities for future growth.</li></ul>
Expected Closing	<ul style="list-style-type: none"><li>▪ The acquisition is expected to close in Q4 2024, subject to the satisfaction of customary closing conditions.</li></ul>



# STRATEGIC RATIONALE & BENEFITS TO CHIMERA'S SHAREHOLDERS

We expect Palisades' expertise will enhance Chimera's investment performance, increase our operational scale, improve upon existing technologies, and create a diversified source of revenue for shareholders.

## Attractive Fee-Based Business Model

- Diversifies Chimera's income streams.
- Ability to grow in a capital-light manner.

## Increases Size, Scale, & Market Presence

- Over \$30 billion of notional loans and real estate assets will be owned, advised, or managed on a combined basis.
- Adds investment and product expertise and expands sourcing channels.
- Brings strong partnerships with leading investment management and insurance company clients.
- Private credit funds add synergistic pool of investment capital alongside Chimera's permanent balance sheet capital.

## Highly Complimentary Teams

- Adds 36 professionals with a strong history in operational and loan risk management.
- Expands depth in all facets of investment and asset management activities.
- Further strengthens Chimera's ability to analyze and optimize residential loan portfolios.



Palisades Group, founded in 2012 and based in Austin, Texas, has two primary business lines with expertise in a variety of residential credit products.

## Palisades Business Units Integrating With Chimera

### Customized Solutions

Offers institutional investors and insurance companies turnkey solutions for acquiring, managing and optimizing value in residential credit-based loan portfolios

- ✓ Third-party transaction and asset management
- ✓ Servicer & Vendor Oversight
- ✓ Asset Level Risk Management
- ✓ Reporting & Analytics

### Investment Advisory

Institutional fund manager of residential credit-based investment strategies

- ✓ SEC registered investment advisor (“RIA”)
- ✓ Research & Strategy Development
- ✓ Asset Allocation & Portfolio Construction
- ✓ Investment Sourcing

\$19.5 billion, or 54 thousand loans, managed between both verticals in a variety of residential credit products <sup>(1)</sup>

(1) Information as of August 2024. Information is unaudited, estimated and subject to change.

