Court File No. CV-16-11595-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

THE CATALYST CAPITAL GROUP INC.

Plaintiff

and

VIMPELCOM LTD., GLOBALIVE CAPITAL INC., UBS SECURITIES CANADA INC., TENNENBAUM CAPITAL PARTNERS LLC, 64NM HOLDINGS GP LLC, 64NM HOLDINGS LP, LG CAPITAL INVESTORS LLC, SERRUYA PRIVATE EQUITY INC., NOVUS WIRELESS COMMUNICAITONS INC., WEST FACE CAPITAL INC. and MID-BOWLINE GROUP CORP.

Defendants

MOTION RECORD OF THE DEFENDANT/MOVING PARTY WEST FACE CAPITAL INC. (VOLUME 3 OF 19)

December 7, 2016

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Court File No. CV-16-11595-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF

B E T W E E N:

THE CATALYST CAPITAL GROUP INC.

Plaintiff

and

VIMPELCOM LTD., GLOBALIVE CAPITAL INC., UBS SECURITIES CANADA INC., TENNENBAUM CAPITAL PARTNERS LLC, 64NM HOLDINGS GP LLC, 64NM HOLDINGS LP, LG CAPITAL INVESTORS LLC, SERRUYA PRIVATE EQUITY INC., NOVUS WIRELESS COMMUNICAITONS INC., WEST FACE CAPITAL INC. and MID-BOWLINE GROUP CORP.

Defendants

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This is Exhibit "9" referred to in the Affidavit of Andrew Carlson sworn December 7, 2016

Commissioner for Taking Affidavits (or as may be)

Meera Amanda Persaud, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 13, 2018.

Court File No.: CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

Plaintiff/Moving Party

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants/Responding Parties

RESPONDING MOTION RECORD OF THE DEFENDANT, WEST FACE CAPITAL INC.

(Returnable March 19, 2015)

VOLUME I OF IV

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Court File No.: CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

THE CATALYST CAPITAL GROUP INC.

Plaintiff/Moving Party

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants/Responding Parties

I N D E X

TAB A

Court File No. CV-14-507120

ONTARIO

SUPERIOR COURT OF JUSTICE

B E T W E E N :

THE CATALYST CAPITAL GROUP INC.

Plaintiff

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants

AFFIDAVIT OF ANTHONY GRIFFIN
(sworn March 7, 2015)

I, Anthony Griffin, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am one of four Partners of the Defendant/Responding Party West Face Capital Inc., a privately-held Toronto-based investment management firm with assets under management of approximately $2.2 billion.[1] I have been a Partner of West Face since the Fall of 2006, shortly after West Face was founded. I was the Partner who initially had primary responsibility for the WIND transaction (discussed below), and continued to be involved throughout the transaction. I was also the Partner with primary responsibility for West Face's research regarding Callidus Capital Corporation. As such, I have personal knowledge of the information set out in this Affidavit, except

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1 Unless otherwise indicated, all dollar figures are in Canadian dollars.

where such knowledge is based on information from others, in which case I have stated the source of the information and believe it to be true.

2. I am swearing this Affidavit in response to the motion by the Plaintiff/Moving Party The Catalyst Capital Group Inc., seeking two forms of relief against West Face. First, Catalyst seeks an injunction restraining West Face from participating in the management and/or strategic direction of WIND Mobile Corp., a company in which West Face has invested more than $150 million and in which funds controlled by West Face hold a 35.42% equity interest. Catalyst specifically seeks to enjoin West Face from participating in the advanced wireless services spectrum auction (the "**AWS-3 auction**")[2] that was recently conducted by Industry Canada. Second, Catalyst seeks an order authorizing an Independent Supervising Solicitor (an "**ISS**") to attend West Face's premises and create a forensic image of all of West Face's electronic devices, for the stated purpose of identifying whether West Face has misused any confidential information belonging to Catalyst.

3. Catalyst alleges that West Face misused confidential information disclosed to West Face by the Defendant/Responding Party Brandon Moyse. Mr. Moyse was a former junior employee of Catalyst who worked at West Face as a junior member of West Face's investment team for a three and a half week period in June and July 2014. On this motion, Catalyst alleges that Mr. Moyse disclosed, and that West Face has

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[2] The AWS-3 auction is the auction of spectrum licenses for Advanced Wireless Services in the bands 1755-1780 MHz and 2155-2180 MHz (AWS-3). This is not to be confused with the auction of spectrum licenses for Broadband Radio Services (BRS) in the 2500-2690 MHz Band.

misused or will misuse, confidential information belonging to Catalyst and relating to three subjects:

(a) the acquisition of WIND in September 2014 by a syndicate of investors that included West Face;

(b) the AWS-3 auction recently conducted by Industry Canada, in which WIND participated; and

(c) Callidus, a publicly-traded company owned 59.5% by Catalyst, and in particular the identity of companies to which Callidus has lent money.

4. None of these allegations is true. Catalyst has not identified any confidential Catalyst information in any way related to WIND, the AWS-3 auction, or Callidus that has been disclosed to West Face by Mr. Moyse. Further, as described below, the ISS appointed pursuant to a previous order of the court has conducted a review of Mr. Moyse's electronic devices, and found no evidence that Mr. Moyse disclosed to West Face any Catalyst confidential information in any way related to WIND, the AWS-3 auction, or Callidus.

<u>Overview</u>

5. West Face's interest in WIND dates back to at least November 2009, almost five years before Mr. Moyse joined West Face as a junior associate, and almost three full years before he was employed by Catalyst. Critically, the necessary deal elements for a successful bid to acquire WIND, including price, were not confidential to any particular bidder. Rather, VimpelCom Ltd. (WIND's principal equity-holder who controlled the sale process) and its financial advisor, UBS Investment Bank, had made it clear to all

interested purchasers, including West Face, that VimpelCom required an enterprise value of $300 million and a transaction structure that minimized the regulatory risks that could prevent or delay closing.

6. Before Mr. Moyse joined West Face on June 23, 2014, West Face had already engaged in negotiations with VimpelCom to acquire WIND, had formulated a strategy to acquire WIND in concert with others, and had assembled the majority of the critical deal components that ultimately allowed it to participate successfully in the acquisition of WIND:

(a) we had been in contact with Anthony Lacavera and Tennenbaum Capital Partners, both of which would ultimately form critical parts of the successful investor syndicate that acquired WIND as described below;

(b) we had accepted VimpelCom's demand for an enterprise value in the range of $300 million for WIND; and

(c) we knew from our communications with VimpelCom's financial advisor UBS that VimpelCom wanted to sell its entire interest in WIND quickly, while minimizing risk of regulatory approval.

7. Tennenbaum and Mr. Lacavera ultimately proved critical in assisting West Face and its partners to structure a transaction that was satisfactory to VimpelCom.

8. Mr. Moyse worked at West Face as a junior associate for three and a half weeks, from June 23, 2014 to July 16, 2014. Before he even arrived at the firm, West Face implemented a confidentiality wall to ensure that Mr. Moyse did not disclose any confidential Catalyst information he may have possessed to West Face relating to WIND or the AWS-3 auction.

9. Specifically with respect to WIND, during the short period in which Mr. Moyse worked for West Face, West Face was pursuing the WIND transaction with another strategic partner that ultimately declined to participate. In other words, while Mr. Moyse was at West Face, we were pursuing what proved to be a dead end, and even so, Mr. Moyse had no involvement in those negotiations.

10. On July 16, 2014, Mr. Moyse agreed to an interim consent order (the "**July 16 Consent Order**") precluding him from working at West Face. At that time, Mr. Moyse was immediately placed on indefinite leave by West Face. Since then, Mr. Moyse has performed no work for West Face and has had no involvement in any investment analysis or decision-making at West Face.

11. One week after Mr. Moyse was placed on leave by West Face, Greg Boland, West Face's CEO, was informed by UBS that VimpelCom had granted another party (which we now know to be Catalyst) exclusive rights to negotiate a binding agreement to acquire WIND. By that time, Mr. Moyse was on leave from West Face, and West Face was shut out from negotiations. However, Catalyst failed to reach a definitive agreement with VimpelCom to acquire WIND during its exclusivity window, which expired on August 18, 2014. As described below, Catalyst's failure to do so was entirely its own doing, and was in no way attributable to West Face, Mr. Moyse, or any alleged disclosure of confidential information.

12. After Catalyst's exclusivity period expired on August 18, 2014, West Face and its partners, including Tennenbaum and Mr. Lacavera, moved swiftly to conclude a deal with VimpelCom. West Face had been working on-and-off with those partners for

months before Mr. Moyse ever joined West Face, and Mr. Moyse had already been on indefinite leave from West Face for over one month by that point. The first phase of the WIND transaction closed on September 16, 2014, less than one month later, on a basis consistent with the previously disclosed deal parameters demanded by VimpelCom and UBS.

13. Mr. Moyse remains on indefinite leave from West Face today, and therefore was on leave for the entire period of the negotiation and consummation of the WIND transaction. No members of West Face's WIND deal team communicated at all with him about WIND during this period, and he played no role whatsoever in the WIND transaction.

14. Not content with this result, Catalyst has now attacked West Face on multiple fronts. It makes a bald allegation that the WIND acquisition was achieved as a result of West Face obtaining and misusing unspecified confidential information belonging to Catalyst. It has alleged that West Face misused further unspecified confidential Catalyst information on WIND's behalf in the AWS-3 auction, an allegation that would now appear to be not only incorrect but also moot, as WIND has been reported to have been the only bidder on spectrum set aside for new entrants in Ontario, Alberta and British Columbia, based on comments made by the Honourable James Moore, Federal Minister of Industry. Catalyst has also alleged that West Face misused unspecified confidential information of Catalyst relating to its subsidiary Callidus.

15. Catalyst makes these allegations in the face of the ISS's conclusion that there is no evidence on Mr. Moyse's electronic devices that he disclosed Catalyst confidential

information to West Face concerning WIND, the AWS-3 auction, or Callidus. Dissatisfied with that result, Catalyst now also attacks the conclusions of the ISS.

16. To repeat, none of Catalyst's allegations about misuse of confidential information is true. In fact, Catalyst has not and cannot specify what confidential WIND, AWS-3 auction, or Callidus information Mr. Moyse is alleged to have disclosed to West Face, let alone how that information could have given West Face an advantage.

17. West Face, WIND, and WIND's other investors will be seriously damaged if West Face is enjoined from participating in the management and/or strategic direction of WIND and its affiliates and related parties, and particularly in respect of the AWS-3 auction. Spectrum auctions only occur infrequently when deemed appropriate by Federal authorities. West Face currently has two nominees to WIND's ten member board of directors, and plays an important role in providing strategic advice, direction and support to WIND, as it continues to challenge Canada's three incumbent national wireless service providers. Furthermore, as an investment manager, West Face has a fiduciary duty to manage its investments, including WIND, in the best interests of its many third-party investors. As the owner of 35% of WIND's equity, West Face is the natural lead investor for the current syndicate of investors of WIND. Enjoining West Face from participating in the management and/or strategic direction of WIND would prevent West Face from fulfilling this duty, and would harm West Face and its investors.

18. Granting the requested injunction would also interfere with Industry Canada's stated policy of encouraging the growth and viability of a fourth national wireless service provider (and WIND is currently the only solvent national challenger to the three

incumbent national wireless providers). Wireless spectrum is the lifeblood of a wireless business like WIND, and it is essential that West Face, as the largest equityholder of WIND, be able to participate in that process.

19. Catalyst alleges in paragraph 90 of James Riley's Affidavit that West Face might harm "Catalyst's contingent interest in Wind". While there is no basis for Catalyst's claim that it is the beneficial owner of West Face's interest in WIND, to the extent that Catalyst now claims a constructive trust over West Face's interest in WIND, Catalyst's and West Face's interests are aligned. West Face has managed and will continue to manage its investment in WIND to maximize shareholder value.

20. Catalyst also appears to be trying to weaken WIND and disadvantage West Face by disseminating its allegations on this motion against West Face through the media. A National Post article dated November 24, 2014 quotes from Catalyst's Statement of Claim and quotes unnamed "people familiar with the sales process" for WIND, and based on my discussions with West Face's WIND deal team, none of them spoke to the media.[3] As explained in more detail below, Catalyst even appears to have arranged for the court file (which it claimed on the earlier motions included its confidential information) to be unsealed and open for public view so that third parties, including the media, could review its allegations on this motion in order to disseminate them against West Face more broadly. Further, Catalyst has repeated its allegations in this motion to investors in West Face managed funds and others who do business with West Face,

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[3] A copy of the National Post article dated November 24, 2014 is attached as Exhibit "1".

and encouraged them to withdraw their investments from investment funds managed by West Face and cease doing business with West Face.

About West Face

21. West Face is a Toronto-based investment management firm. It was founded in 2006. West Face employs 38 staff in Toronto (including two part-time employees), and manages a number of investment funds and accounts covering a broad range of investment strategies. West Face currently manages approximately $2.2 billion in assets on behalf of third parties that have invested in funds managed by West Face.

22. West Face is led by its Chief Executive Officer, Greg Boland, along with three other Partners: Peter Fraser, Thomas Dea, and me. The four Partners have, on average, over twenty years of experience in the financial industry and draw on a deep network of strong relationships to provide a unique pipeline of investment opportunities.

23. As part of its business, West Face monitors and researches potential investments for the funds that it manages, including potential investments in privately-owned entities like WIND and publicly-traded entities like Callidus.

Background to the WIND Transaction

WIND and the Regulatory Environment

24. WIND is a Canadian wireless telecommunications provider that was originally formed in 2008 pursuant to a joint venture between two parties: (1) AAL Corp., which was the holding company of Mr. Lacavera and the owner of Globalive Communications

Corporation, a Canadian telecommunications provider; and (2) Orascom Telecom Holding S.A.E., a large Egyptian multi-national telecommunications company.

25. Due to regulatory restrictions on foreign ownership of Canadian telecommunications operators that existed at the time, AAL held a majority of the voting interests in WIND even though Orascom held a majority of the total equity interests. In 2008, WIND paid $442 million for the rights to use a portion of wireless spectrum for a wireless telecommunications service in an auction held by Industry Canada. In December 2009, WIND commenced operations, providing mobile data and voice services in the Greater Toronto and Hamilton Area in Ontario, and in Calgary, Alberta.

26. Since that time, WIND has expanded into Ottawa and parts of southern Ontario, as well as Edmonton, Alberta, and Vancouver, Abbotsford, and Whistler, British Columbia. As of December 2014, WIND is Canada's fourth largest mobile operator, and the only solvent national challenger to the three incumbent national wireless companies (Rogers, Bell and Telus).

27. In 2011, VimpelCom acquired the majority shareholder of Orascom, giving VimpelCom a controlling interest in Orascom and, indirectly, Orascom's investment in WIND. VimpelCom is a publicly-traded mobile telephone operator headquartered in the Netherlands. Orascom and VimpelCom have also loaned significant funds to WIND to fund spectrum acquisitions, the build-out of WIND's network, and general operating needs. Through the combination of its debt, equity, and voting interests in WIND, VimpelCom effectively controlled WIND's access to capital, a significant control lever

given WIND's early stage of development, the capital requirements of the wireless industry, and the competitive nature of that industry.

28. Notwithstanding 2012 amendments that loosened certain restrictions on foreign control of smaller telecommunications service providers like WIND, foreign ownership of the wireless industry in Canada remains heavily regulated. Indeed, regulatory concerns had already prevented VimpelCom from carrying out a reorganization in 2013. VimpelCom therefore had experience with the challenges in Canada of regulatory approval for changes in ownership of WIND, and we at West Face knew that minimizing or eliminating any such risk would be crucial to a successful bid for VimpelCom's interests in WIND.

West Face Attempts to Acquire WIND Beginning in 2013

29. West Face and its partners have a long-standing interest and expertise in the telecom sector. Among other things, West Face or predecessor companies had previously invested in U.S. and Canadian telecom companies including Lightsquared, Clear Wire, TerreStar Corp., Cleveland Unlimited, Broadview Communications, DBSD N.A. (successor to ICO Global), Cogeco, Microcell Communications, and Rogers Communications. I believe that we would be a natural source of financing or investment for a telecom company like WIND.

30. I am informed by Tom Dea that West Face first explored making investments in debt securities of WIND in 2009. West Face met with the principals of WIND and their investment bankers Genuity Capital, entered into a non-disclosure agreement, received

a management presentation, and presented a term sheet to WIND's ownership.[4] Ultimately, West Face's offer was not acceptable. WIND solicited West Face's interest in alternative financing, but West Face was not interested and discussions went no further.

31. On November 4, 2013, I received a telephone call from Mr. Lacavera. I understand that Mr. Lacavera had received my name from Bruce MacDonald, a contact of Mr. Boland's at RBC. Mr. Lacavera advised that VimpelCom was interested in selling its debt and equity interests in WIND and in arranging for the repayment of WIND's third party debt. Following this conversation and subsequent conversations with VimpelCom's agent UBS, West Face delivered an expression of interest to VimpelCom and AAL.[5] On December 7, 2013, West Face entered into a confidentiality agreement with VimpelCom and Orascom (by then known as Global Telecom Holdings S.A.E.) to obtain access to VimpelCom's virtual data room and conduct financial due diligence on WIND.

32. Shortly after entering into the confidentiality agreement with VimpelCom and Orascom, West Face received access to the data room and then participated in a management presentation from WIND on December 18, 2013. By April 2014, discussions between West Face and VimpelCom had progressed to the point that West Face retained counsel and began to prepare term sheets for a transaction involving WIND. In late April 2014, West Face originally proposed a combination of debt

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4 A copy of the now-expired non-disclosure agreement with Globalive dated November 4, 2009 is attached as Exhibit "2". A presentation by Globalive dated December 24, 2009 is attached as Exhibit "3".

5 A copy of West Face's expression of interest dated November 8, 2013 is attached as Exhibit "4".

refinancing and equity investment that would allow VimpelCom to retain minority ownership of WIND. However, on May 1, 2014, West Face was advised by Jonathan Herbst or Francois Turgeon of UBS that VimpelCom was interested only in an outright sale of VimpelCom's debt and equity interests in WIND.

33. From this point forward, it was clear that the three essential deal elements for a successful bid to acquire WIND were as follows:

(a) a deal that could close quickly, without material representations and warranties by the vendor;

(b) a purchase price targeting an enterprise value of $300 million; and

(c) a transaction structure that allowed for the full exit of VimpelCom without any risk related to regulatory approval.[6]

34. On May 4, 2014, West Face sent VimpelCom a revised term sheet to address VimpelCom's required deal terms. This term sheet included a purchase of 100% of WIND's equity, based on the enterprise value that had been communicated to interested parties by VimpelCom and its agents. After accounting for the repayment or refinancing of approximately $160 million owed to WIND's third party lenders, VimpelCom would receive approximately $140 million for its debt and equity interests. This offer was, in fact, slightly higher than the price that West Face's investor group would ultimately pay, and the offer had been made to VimpelCom almost two months before Mr. Moyse began working at West Face.

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6 VimpelCom's $300 million asking price was common knowledge to the interested parties and, indeed, had even been referred to by the press in the Summer of 2014. For example, see the July 31, 2014 article from the Globe and Mail attached as Exhibit "5".

35. VimpelCom did not accept West Face's offer for a variety of different reasons unrelated to price, but indicated that it was willing to negotiate further. To this end, West Face requested that its counsel, Davies Ward Phillips & Vineberg LLP, also be given access to VimpelCom's virtual data room in order to conduct legal due diligence. Also around this early May time period, West Face hired a U.S. telecom consulting firm to advise West Face regarding WIND's business.

36. By June 12, 2014, and before Mr. Moyse joined West Face, West Face was considering two possible options for financing a transaction to acquire WIND:

(a) raising $100 million in debt through an investment bank, $100 million of senior equity contributed by West Face, and $100 million of subordinate equity from Mr. Lacavera and other investors with whom he had relationships; or

(b) joining a syndicate led by Tennenbaum, which at that time also included two other prominent U.S. private equity firms that did not ultimately participate in the purchase of WIND (the "**Tennenbaum Syndicate**").

37. While neither of these options ultimately resulted in a deal for WIND, the combination of relationships with Tennenbaum and Mr. Lacavera, the strategies to meet the conditions for a successful acquisition imposed by VimpelCom, the outlines of the agreements developed, and the significant due diligence conducted by that date, including the engagement of a third party consultant, all proved critical in completing the transaction several months later. Notably, all of this was accomplished before Mr. Moyse even started working at West Face and without any involvement by or information from him.

38. After considering its options, West Face determined that it did not, at that time, want to become a fourth member of the Tennenbaum Syndicate and instead, on June 19, 2014, decided to make another proposal to VimpelCom for the acquisition of 100% of WIND's equity based on an enterprise value of $311 million. During the period of June 20 to 22, 2014, West Face prepared a share purchase agreement for delivery to VimpelCom's financial advisor, UBS, and a list of outstanding legal due diligence items following its initial review. I emailed the draft agreement and supplemental due diligence request list to Francois Turgeon of UBS on the morning of Monday, June 23, 2014.[7]

Mr. Moyse's Hiring By West Face

39. In the meantime, I am informed by Mr. Dea that Mr. Moyse had contacted West Face in January 2014 seeking employment in response to a West Face press release announcing the launch of its Alternative Credit Fund. The communication between Mr. Moyse and West Face was initiated by Mr. Moyse and not by West Face. West Face happened to need a junior associate at the time of Mr. Moyse's contact because a previous potential hire had chosen to pursue a different opportunity. Mr. Dea met with Mr. Moyse in March 2014, reviewed his résumé, and checked Mr. Moyse's references (with respect to Catalyst, Mr. Dea spoke only to former Catalyst employees).

40. Contrary to paragraph (h) of Catalyst's Amended Notice of Motion, Mr. Dea has advised me, and I believe, that Mr. Dea did not ask Mr. Moyse to send "samples of his work at Catalyst". Rather, Mr. Dea asked Mr. Moyse to provide him with some writing

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7 A copy of this email, and Mr. Turgeon's response, is attached as Exhibit "6".

samples to demonstrate his written communication skills, and instructed him to redact any confidential information as necessary. Mr. Dea's request for writing samples from Mr. Moyse was not out of the ordinary and is a hiring practice that West Face has made use of in the past. Confidentiality is a common concern in the finance industry and Mr. Dea assumed that Mr. Moyse would not breach any confidentiality obligations.

41. I did not play a significant role in Mr. Moyse's hiring, and primarily left the matter in Mr. Dea's hands. I understand from Mr. Dea that the particular writing samples that Mr. Moyse provided did not play a material role in his hiring. Rather, Mr. Dea relied on Mr. Moyse's academic background in advanced mathematics, his demonstrated ambition and hard work, and a strong reference from a former employer of Mr. Moyse who was a friend of Mr. Dea.

42. West Face verbally offered Mr. Moyse a position as a junior associate, which Mr. Moyse verbally accepted on or around May 19, 2014. Mr. Moyse notified Catalyst that he was resigning on or around May 24, 2014. On May 28, 2014, Mr. Moyse told us that he had non-competition and confidentiality covenants with Catalyst, and gave us a redacted copy of his employment contract with Catalyst.[8] On May 30, 2014, counsel to Catalyst wrote to counsel to West Face and Mr. Moyse objecting to Mr. Moyse's new position at West Face.

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[8] A copy of Mr. Moyse's redacted Catalyst employment contract is attached as Exhibit "7", and a copy of his West Face employment contract is attached as Exhibit "8".

West Face Implements a Confidentiality Wall in Response to Catalyst Complaints

43. During the course of communications between counsel in advance of Mr. Moyse starting to work for West Face, counsel to Catalyst (Lax O'Sullivan Scott Lisus LLP) advised counsel to West Face (Dentons Canada LLP) that Catalyst was particularly concerned about Mr. Moyse's work on a "telecom deal". As set out in Dentons' letter dated June 19, 2014 to Lax O'Sullivan, West Face had implemented a confidentiality wall as set out in a memo dated June 19, 2014.[9] Pursuant to this confidentiality wall: (1) Mr. Moyse was forbidden from communicating with anyone at West Face about the ongoing WIND negotiations, and vice versa; and (2) West Face's IT group restricted access to all WIND-related documents so that Mr. Moyse could not access them.[10]

44. There was no need to restrict West Face's WIND deal team members from accessing any documents created by Mr. Moyse while at West Face because he had been clearly instructed that he would have no involvement with WIND-related matters and would thus not be creating any WIND-related documents. Such a restriction would have prevented WIND deal team members from accessing work done by Mr. Moyse on subjects entirely unrelated to WIND. Further, and with no disrespect to Mr. Moyse, at no time did I consider seeking his views on WIND-related matters. We had been deeply engaged in the matter since 2013, he was a junior associate, and, because he had just

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9 A copy of Dentons' June 19, 2014 letter is attached as Exhibit "**9**". A copy of West Face's confidentiality wall memo dated June 19, 2014 is attached as Exhibit "**10**".

10 A copy of an email from West Face's Chief Compliance Officer, Supriya Kapoor, to Mr. Moyse enclosing the confidentiality memo is attached as Exhibit "**11**". A copy of an email from West Face's Head of Technology, Chap Chau, dated June 20, 2014, confirming that Mr. Moyse had been excluded from the computer directory containing WIND-related documents is attached as Exhibit "**12**".

been hired, he had no track record on which I could assess his competence for an important and high profile matter such as WIND, even in the absence of the confidentiality wall.

45. The confidentiality wall memo was circulated to everyone at West Face who was working on the WIND transaction and others, namely:

(a) Greg Boland – Partner, Chief Executive Officer, and Co-Chief Investment Officer

(b) Peter Fraser – Partner and Co-Chief Investment Officer

(c) Thomas Dea – Partner

(d) Tony Griffin – Partner

(e) Yu-Jia Zhu – Vice-President

(f) John Maynard – Chief Operating Officer and Chief Financial Officer

(g) Stephen Miller – Chief Financial Officer, Funds

(h) Nora Nestor – Tax Controller

(i) Alex Singh – General Counsel and Secretary

46. In addition to the confidentiality memo, I am informed by Mr. Dea that he verbally informed the entire investment team at West Face that Mr. Moyse was not to be told anything about the WIND transaction. Further, once Mr. Moyse began working, the West Face WIND deal team only met in private, behind closed doors, and away from the trading floor area where Mr. Moyse sat.

47. To the best of my knowledge, neither Mr. Moyse nor anyone else at West Face has breached these confidentiality obligations as they relate to WIND.

No Disclosure by Mr. Moyse of WIND-related Information

48. As described above, Mr. Dea did receive, and circulate to the other West Face Partners and Yu-Jia Zhu,[11] writing samples from Mr. Moyse attached to an email dated March 27, 2014, which were marked as "Confidential" and "For Internal Discussion Purposes Only". As I mentioned previously, reviewing a potential employee's writing samples was not an unusual hiring practice at West Face.

49. In hindsight, it was a mistake for Mr. Dea to forward the March 27, 2014 email and it was a mistake for me and the other recipients to not immediately delete it. However, I am informed by Mr. Dea, Mr. Boland, Mr. Fraser and Mr. Zhu that none of them paid much attention to the contents of the writing samples. Mr. Dea scanned them, but did not find them noteworthy. Mr. Zhu read the memos, but recalled that they just summarized public information and did not provide any novel insight into the companies addressed in the writing samples. Mr. Boland does not recall even opening the writing samples, as he deferred the hiring decision of a junior associate to Mr. Dea. I believe I opened one of the attachments relating to a company called Homburg. Mr. Fraser has informed me that while he recalls opening the attachments, he only recalls that one was related to a company called Homburg. I do not recall opening the other attachments. In any event, none of the attachments related to WIND, the AWS-3 auction, the wireless telecommunications sector, or Callidus.

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11 Mr. Zhu has been involved in prior recruiting of analysts and associates.

50. I ultimately deleted my copy of the March 27, 2014 email in response to instructions I received from West Face's counsel, Andy Pushalik of Dentons. So did the other recipients of the email. The copy of the March 27, 2014 email has been provided to me for the purpose of swearing this Affidavit.[12] I understand that Catalyst no longer treats the contents of the March 27, 2014 email as confidential since, as described in more detail below, Catalyst appears to have requested or at least consented to the court staff unsealing the court file where a copy of the email and its attachments had been filed as Exhibit "L" of Mr. Dea's July 7, 2014 Affidavit.[13]

No Use of Catalyst Information Disclosed

51. West Face did not and has not used or relied on any of the writing samples attached to the March 27, 2014 email, other than to evaluate Mr. Moyse's job application. Moreover, I am advised by Mr. Singh, West Face's in-house counsel at the time, that prior to Mr. Moyse commencing work, Mr. Singh conveyed to Mr. Moyse that West Face takes matters of confidentiality very seriously and that, if Mr. Moyse wished to work at West Face, he was not to provide West Face with any information related to Catalyst's business. To the best of my knowledge, Mr. Moyse has not made any further disclosures of any of Catalyst's information.

52. Of the four writing samples, only one – concerning Arcan Resources Ltd. – addressed a company that was being followed by West Face and ultimately became the

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12 A copy of the March 27, 2014 email, including its attachments, is attached as Exhibit "**13**".

13 Indeed, in his email of March 27, 2014, Mr. Moyse explicitly stated that the writing samples regarding NSI, Rona, and Arcan Resources were based solely on public information. In addition, I note that, by March 27, 2014, Catalyst's interest in Homburg was public knowledge due to Catalyst's involvement in Homburg's CCAA proceedings.

subject of a transaction by West Face. That transaction was directed by me and was independent of Mr. Moyse's analysis for Catalyst. I had been following Arcan for several years and, at my direction, West Face had taken a position in two different series of Arcan's unsecured debentures between September 2012 and July 2013. While West Face had exited those positions by March 2014, I was already familiar with Arcan's business and financial circumstances long before Mr. Moyse's employment at West Face.

53. On June 23, 2014 (Mr. Moyse's first day as an employee of West Face) at 4:22 p.m., Arcan announced a strategic transaction with Aspenleaf Energy Limited pursuant to which Aspenleaf and Arcan would complete a plan of arrangement.[14] I concluded that the debentureholders should be able to negotiate a better deal for themselves than had been proposed under the plan of arrangement, and that if they could do so, the debentures would rise in value.

54. At 10:41 p.m. that evening, either forgetting or never having noticed that Mr. Moyse had provided Mr. Dea with a writing sample relating to Arcan from his time at Catalyst, I set out my analysis of Arcan in an email to Mr. Moyse.[15] Because he had just started at West Face that day and likely had little or no work, I thought he could get involved in the Arcan transaction if my investment proposal was approved. The next day, on my recommendation, West Face made an investment in Arcan's unsecured debentures, and continued to build that position over the next several days.

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14 A copy of the press release announcing the deal is attached as Exhibit "**14**".

15 A copy of this email is attached as Exhibit "**15**".

55. While I sent Mr. Moyse my analysis, he never gave me information or analysis about Arcan of which I was not already aware. I now understand that at some time between June 24 and 26, 2014, Mr. Moyse performed a financial analysis of Arcan's proposed deal with Aspenleaf and summarized Arcan's financials. He did not do so at my request, and I was not at the time provided with a copy of his analysis nor was I informed of its contents. I am informed by Mr. Singh and believe that in or around that time, Mr. Singh asked Mr. Moyse what he was working on, and when Mr. Moyse advised that he was performing a financial analysis of Arcan's proposed deal, Mr. Singh determined that Mr. Moyse's work was on a company that he had analyzed while at Catalyst, and told him to stop all work on the project, which he did. I only learned of Mr. Moyse's analysis in preparing this Affidavit.

56. In summary, the Arcan opportunity arose from a new transaction that was not announced until after Mr. Moyse had left Catalyst. West Face's decision to invest was based on my analysis of this new transaction and not on any work Mr. Moyse had performed at Catalyst or at West Face.

57. As it turned out, West Face lost money on the investment it made in Arcan debentures during this period. In short, West Face has derived no advantage from trading in Arcan's debentures, let alone from any of Mr. Moyse's analysis, which I never saw nor used.

Mr. Moyse's Brief Period of Employment at West Face

58. As set out above, Mr. Moyse began working at West Face on June 23, 2014, and approximately three and a half weeks later he was put on indefinite leave. Mr. Moyse

has not done any work for West Face since then. He has remained on a leave of absence due to these proceedings.

59. During his brief period of active employment with West Face, Mr. Moyse was the most junior member of West Face's investment team (other than West Face's summer intern, Alex Goston). As such, he was not informed of the positions held by West Face funds, was not a member of West Face's investment committee, and did not participate in senior management meetings or have the authority to make any investment decisions.

60. Much of Mr. Moyse's three and a half week period at West Face was spent in orientation and training in order to acclimatize him to the West Face working environment. Based on my recollection of Mr. Moyse's time at West Face and the work I asked him to do for me during this period, as well as on conversations with the other West Face Partners, I believe that during his brief time at West Face, Mr. Moyse's work was limited to performing some preliminary analyses on several potential investments that have nothing to do with WIND, the AWS-3 auction, or Callidus. In that regard, I have set out my knowledge and information of the work Mr. Moyse performed while at West Face in Appendix "A".

61. During his three and a half weeks at West Face, Mr. Moyse kept a physical notebook in which he took handwritten notes during meetings and phone calls. This notebook includes notes on a number of West Face projects or potential deals. I have reviewed a copy of Mr. Moyse's notebook and to the best of my knowledge, it contains

no confidential information belonging to Catalyst. Rather, it relates entirely to either public information, or information that was generated internally at West Face.[16]

62. In addition, together with our responding motion materials, West Face intends to deliver to counsel to Catalyst a USB drive containing all non-privileged emails found on West Face's email server that were sent to or from (including by way of "cc" and "bcc") Mr. Moyse's West Face email address or his known personal email addresses. These emails will be redacted only where necessary as a result of: (a) West Face's confidential information; and (b) personal confidential information belonging to Mr. Moyse such as banking passwords and other private information. West Face is also willing to produce to the ISS a USB drive containing documents created, modified or accessed by Mr. Moyse that can be retrieved from his West Face computer or West Face's computer servers, so that the ISS may determine whether they contain any information relating to WIND, the AWS-3 auction, or Callidus.

63. For the purposes of this motion, more important than the work Mr. Moyse did do while at West Face is the work he did not do. Mr. Moyse did not work on anything related to WIND (which was subject to a confidentiality wall as described above), the AWS-3 auction, or Callidus. Indeed, as described below, the AWS-3 auction was not even commenced until January 2015, some five months after Mr. Moyse was placed on indefinite leave.

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16 Copies of the pages from Mr. Moyse's notebook are attached as Exhibit "16". West Face confidential information in the notebook has been redacted, none of which relates to WIND, the AWS-3 auction, or Calllidus.

The Preservation of Mr. Moyse's Records

64. Catalyst ultimately commenced this action on June 25, 2014. Immediately upon commencing the action, Catalyst brought a motion seeking to enforce the restrictive covenants in Mr. Moyse's contract, including the non-competition provision and the confidentiality provision.

65. Under the terms of the July 16 Consent Order, Mr. Moyse was placed on indefinite leave and was denied all access to West Face's facilities. His computer access was terminated and his physical access cards were taken back from him on July 16, 2014. His work station was not re-assigned to any other person. Based on my discussions with West Face personnel, since July 16, no one at West Face has had any communications with Mr. Moyse, other than in respect of human resources matters and in response to personal trading approvals sought by Mr. Moyse from West Face's compliance department. I also understand that non-material emails were sent to Mr. Moyse's West Face email address, to which Mr. Moyse no longer had access, as part of mass emails to West Face employees or subsets thereof (for example, emails regarding fire drills, compliance training, daily market updates sent by West Face summer intern Alex Goston, the office holiday party, etc.)

66. Mr. Moyse and West Face also consented to an order to preserve and maintain all records in their possession, power or control, whether electronic or otherwise, that relate to Catalyst, and/or relate to their activities since March 27, 2014, and/or that relate to any of the other matters raised in this action, except as otherwise agreed to by Catalyst. Mr. Moyse agreed to turn over his personal computer and electronic devices

to his legal counsel so that a professional forensic firm agreed by the parties could create images of the data stored on the devices. The images were to be held in trust by Mr. Moyse's counsel pending the outcome of the interlocutory motion.

67. Given the allegations regarding breach of confidence made on the motion, the court file in the matter was also sealed (at Catalyst's request) pending the outcome of the interlocutory relief motion.

Mr. Moyse Played No Role in WIND Negotiations While at West Face

68. At the time that Mr. Moyse joined West Face, West Face was in fact beginning to explore a joint bid for WIND with a potential strategic partner. I am informed by West Face Partner Peter Fraser and believe that West Face made initial contact with this potential strategic partner through a pre-existing relationship with a board member of that company. West Face pursued this option throughout the three and a half weeks that Mr. Moyse was working at West Face, without any input from or discussion with Mr. Moyse.

69. Negotiations with this company continued through to July 18, 2014, two days after Mr. Moyse stopped working for West Face. On that day, the company advised West Face that it was withdrawing from the transaction for a number of reasons, including regulatory concerns, differences of opinion on the proposed business plan, timing of the transaction, and lack of board support. This demonstrated again the challenging regulatory environment in which the WIND negotiations were occurring.

70. In summary, during the time Mr. Moyse was at West Face, we had pursued what turned out to be a dead end, and we were no closer to a WIND transaction than when he joined the firm. Even so, and as described above, Mr. Moyse had no involvement in this or any other aspect of the potential WIND transaction as pursued by West Face.

Catalyst Wins the Right to Negotiate Exclusively with VimpelCom

71. At this time, West Face explored alternative financing options, including by reviving its former discussions with the Tennenbaum Syndicate, as well as discussions with other potential partners. As described above, West Face's discussions with Tennenbaum had pre-dated Mr. Moyse's employment at West Face. Before discussions with Tennenbaum could advance however, on July 23, 2014 (a week after Mr. Moyse went on leave), I learned from Mr. Boland that VimpelCom had granted another bidder an exclusive negotiating period to conclude a binding agreement for the acquisition of WIND. Mr. Riley has now disclosed in paragraph 44 of his February 18, 2015 Affidavit that Catalyst was the other bidder in question. This period of exclusivity was extended several times, ultimately to August 18, 2014.

72. During the period of exclusivity, VimpelCom was forbidden to, and in fact did not, negotiate with West Face. While we continued to work on refining our proposal, we could not receive any feedback from VimpelCom or its advisors nor could we receive any further information from WIND management as to whether our proposals would be satisfactory to VimpelCom. We had no insight into the status of Catalyst's negotiations and no ability to influence the outcome of these negotiations.

73. Ultimately, and despite having the benefit of an exclusive negotiating period, Catalyst was not able to conclude a deal with VimpelCom. Catalyst's period of exclusivity expired on August 18, 2014. Based on paragraph 45 of Mr. Riley's February 18, 2015 Affidavit, I understand that an inability to address VimpelCom's regulatory concerns of the kind I have already discussed, and which were widely known to all bidders from late 2013, was the reason Catalyst was unable to proceed. As described above, the wireless industry is a heavily regulated one in which Industry Canada exercises significant regulatory discretion. As will be described below, West Face and its fellow syndicate members were able to develop a structure that materially reduced or eliminated the regulatory risk to VimpelCom. Mr. Moyse had nothing to do with the development of this structure or how it was implemented. As noted above, he had been on indefinite leave from West Face since July 16, 2014. Further, and also as described above, West Face had the pieces of what ultimately became the winning bid long before Mr. Moyse began working at West Face on June 23, 2014.

74. On February 20, 2015, West Face's counsel Jeff Mitchell (of Dentons) wrote to Catalyst's counsel requesting that Catalyst produce the documentation substantiating Mr. Riley's assertion at paragraph 46 of his Affidavit that Catalyst and VimpelCom had been able to negotiate the terms of the potential sale of WIND to Catalyst subject to one exception. Mr. Mitchell reiterated this request in an email and letter sent February 26, 2015. That day, Catalyst counsel Andrew Winton (of Lax O'Sullivan) communicated Catalyst's refusal to produce the documents relating to its negotiations with VimpelCom

on the basis that such documents are not relevant to Catalyst's motion. Mr. Mitchell responded to Mr. Winton's letter on February 27, 2015.[17]

New Investor Syndicate Reaches Agreement to Acquire WIND

75. By early August 2014, Tennenbaum, West Face and LG Capital Investors (collectively, the "**New Syndicate**") began work on a proposal that would avoid the need for regulatory approval prior to the full exit of VimpelCom by leaving AAL in place as the majority owner of the voting shares of WIND, with the New Syndicate providing a majority of the financing to buy out VimpelCom. The New Syndicate would take non-voting shares and thereby largely assume the regulatory risk itself. WIND's existing third party debt would be refinanced by another investment firm with which Tennenbaum had a relationship.

76. The risk of this approach to the new investors was that AAL would have full voting control of WIND until regulatory approval was obtained, despite only contributing approximately 25% of the equity funding for the transaction. While AAL would commit to support a post-closing reorganization that would allow the New Syndicate members to acquire their proportionate shares of the voting interests in WIND, the reorganization would require regulatory approval. If that approval was denied, the members of the New Syndicate would have been required to remain in a non-voting equity position.

77. The advantage of this two-stage approach was to meet VimpelCom's need for a transaction that carried no regulatory risk to VimpelCom and that permitted VimpelCom

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17 Copies of these pieces of correspondence are attached as Exhibits "**17**", "**18**", "**19**" and "**20**".

to receive its consideration immediately upon signing of the purchase agreement, rather than waiting until after regulatory approval had been obtained. These advantages were only possible with the participation of AAL. West Face's relationships with AAL and Mr. Lacavera went back to at least November 2009, and had been more recently rekindled through my conversation with Mr. Lacavera on November 4, 2013, not from anything Mr. Moyse did or said. The New Syndicate submitted this proposal to VimpelCom on August 7, 2014, though we learned at that time that VimpelCom would not consider the proposal while it was engaged in exclusive negotiations.

78. However, also on August 7, 2014, AAL advised the New Syndicate that it had entered into a support agreement with VimpelCom and was required to cease discussions with the New Syndicate.[18] The deal remained in Catalyst's hands at that time, and we believed that our chances of proceeding with the transaction were essentially nil.

79. The exclusivity period expired on August 18, 2014, and the New Syndicate moved quickly to get a deal done. On August 21, 2014, VimpelCom agreed with West Face that it would not enter into another exclusivity arrangement with any party until August 25, 2014. West Face's understanding was that the New Syndicate needed to present an acceptable deal structure by that time if it wanted to be considered for exclusive negotiations on that date.

80. On August 23, 2014, West Face's counsel delivered a revised proposal on behalf of the New Syndicate that addressed certain concerns raised by VimpelCom with the

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18 A copy of Mr. Lacavera's email to this effect is attached as Exhibit "**21**".

transaction structure in the New Syndicate's proposal from August 7, 2014. On August 25, 2014, West Face's counsel delivered to VimpelCom's counsel an executed conditional financing commitment letter on behalf of the New Syndicate, AAL and two other investors who would be co-investing with AAL.[19] VimpelCom thereafter granted exclusive negotiating rights to the New Syndicate, and further negotiations continued. In particular, VimpelCom remained concerned that, notwithstanding the proposed two-stage transaction, Industry Canada would take the position that approval was required for the first stage. To alleviate VimpelCom's concerns, the New Syndicate gave a representation that no regulatory approval was required to close the first phase of the transaction (whereby VimpelCom would be paid), and also agreed to indemnify VimpelCom in the event this representation was wrong. Ultimately a definitive purchase agreement was signed and the transaction closed on September 16, 2014.[20]

<u>Events Subsequent to the July 16 Consent Order</u>

81. The interlocutory motion was ultimately heard on October 27, 2014 by Mr. Justice Lederer. The court issued its decision on November 10, 2014 (the "**November Decision**"), granting an interlocutory injunction enjoining Mr. Moyse from disclosing any confidential information belonging to Catalyst, or competing with Catalyst until December 22, 2014 (being the date six months after he left employment with Catalyst), and directing the ISS to review the image of Mr. Moyse's personal electronic devices.

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19 A copy of this letter is attached as Exhibit "22".

20 A copy of a press release announcing the deal is attached as Exhibit "23".

82. Following the November Decision, the parties negotiated and agreed to a protocol pursuant to which Mr. Moyse's forensic images were to be reviewed by the ISS. The protocol was signed by the parties on or about December 12, 2014 (the "**ISS Protocol**").[21]

83. As indicated in the ISS Protocol, West Face was not involved in the process leading up to the preparation of the ISS report. The only time that West Face was to become involved was if the ISS found in its report that Catalyst's confidential information was transferred to West Face, in which case West Face was entitled to disclosure of that portion of the report, and was entitled to seek further orders from the court for further productions of the report.

84.. The ISS Protocol contemplated that a draft report would be prepared by the ISS, for comment by Mr. Moyse. Before receiving even a draft report from the ISS, on January 13, 2015, Catalyst served the original Notice of Motion for this motion. At that time, the motion was based on the number of "hits" resulting from the very general search terms that Catalyst had put forward.

85. On February 6, 2015, we received a copy of Catalyst's Amended Notice of Motion in which it alleges that Mr. Moyse has acted in contempt of the July 16 Consent Order. West Face had no involvement in the imaging of Mr. Moyse's hard drive or his use of his home and personal devices, and until reading the allegations contained in Catalyst's Amended Notice of Motion, had no information or knowledge of the assertions being made against him.

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21 A copy of the ISS Protocol is attached as Exhibit "**24**".

86. On February 10, 2015, after it had served its motion materials, Catalyst's counsel provided a redacted version of the draft ISS report to our counsel. It appears from the draft ISS report that Catalyst's assertion that there were an "unexplainably large number of 'hits'" referenced in its Amended Notice of Motion and stated as the basis for the claim of misuse of confidential information is not accurate. In fact, it appears from the ISS report that the ISS advised Catalyst as early as December 16, 2014 that the ISS was concerned that Catalyst's list of proposed search terms "might generate an excessively large number of 'hits'", because the keywords were insufficiently distinctive and as such might return large volumes of irrelevant or duplicative data.[22]

87. The final ISS report was issued on February 17, 2015.[23] The ISS reviewed Mr. Moyse's hard drive, his smartphone and his iPad. The ISS found no evidence that Mr. Moyse had provided any of Catalyst's confidential information to West Face concerning WIND, the AWS-3 auction, or Callidus. The only evidence that the ISS found that Mr. Moyse had provided any kind of "confidential information" to West Face was an email in which Mr. Moyse provided West Face with his Catalyst employment contract, referred to in paragraph 42 of the ISS report. The ISS report also acknowledged at paragraph 43 that Mr. Moyse had previously sworn that he sent an email to West Face on March 27, 2014 (referred to above). Both of these transmissions occurred before Mr. Moyse was employed by West Face, were disclosed on the prior injunction motion, and they do not include any information about WIND, the AWS-3 auction or Callidus.

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22 A copy of the redacted version of the draft ISS report is attached as Exhibit "**25**".

23 A copy of the final ISS report is attached as Exhibit "**26**".

No Access to or Misuse of Catalyst Confidential Information in Spectrum Auction

88. In or around January 2014, Industry Canada announced that it would hold the AWS-3 auction in 2015. In December 2014, WIND announced that it planned to bid in the AWS-3 auction, and in addition would consider the purchase of spectrum from other companies that had excess capacity.

89. Industry Canada indicated that a significant portion of the spectrum put up for auction would be reserved for smaller wireless providers, such as WIND, rather than the existing major wireless providers (Rogers, Bell and Telus). As such, the AWS-3 auction represented a significant opportunity for WIND to increase its presence in the Canadian marketplace, and missing this opportunity would have caused an unrecoverable loss in competitive position.

90. On February 5, 2015, industry Canada released the initial list of qualified bidders that had provided the $65 million entry deposit for the AWS-3 auction. The qualified bidders were as follows:

(a) Bell Mobility Inc.;

(b) Bragg Communications Inc.;

(c) Mobilicity;[24]

(d) MTS Inc.;

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24 While Catalyst is a creditor of Mobilicity, it cannot and does not control or otherwise make management decisions for Mobilicity. In fact, a recent endorsement in Mobilicity's CCAA proceedings explicitly notes that Catalyst's counsel expressed concern about being excluded from the process that led to additional debtor-in-possession financing by Mobilicity's ad hoc group of lenders -- a group that excludes Catalyst. A copy of this endorsement is attached as Exhibit "27".

(e) Rogers Communications Partnership;

(f) Saskatchewan Telecom;

(g) TBay Tel;

(h) Telus; and

(i) WIND Mobile.

91. In the result, it has been reported that WIND was the only bidder for spectrum set aside for new entrants in Ontario, Alberta, and British Columbia, and was able to obtain this AWS-3 spectrum for the reserve price set by Industry Canada. Any Catalyst strategy or confidential information therefore could not have been relevant since WIND apparently did not, in the result, have to compete with any other bidder.[25]

92. Neither West Face nor any of its Partners or employees have accessed or used any confidential Catalyst information in relation to WIND's participation in the AWS-3 auction. The draft AWS-3 auction rules, which were necessary for developing an auction strategy, were only released on July 28, 2014. The final rules were released on December 18, 2014, and the auction itself commenced in January 2015. Mr. Moyse tendered his resignation to Catalyst on May 16, 2014, and was placed on indefinite leave with no business contact with anyone at West Face on July 16, 2014. Therefore he was not at either Catalyst or West Face when the draft rules came out, let alone many months later when the final rules were released and the auction began.

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25 A copy of the results of the AWS-3 auction from Industry Canada's website, and an article from the *Globe and Mail* reporting on these results, are attached as Exhibits "**28**" and "**29**" respectively.

93. Moreover, during the brief period that he worked in West Face's offices, Mr. Moyse had no involvement in the AWS-3 auction for the very simple reason that West Face did not yet own any interest in WIND. There was no point in developing a strategy for the spectrum auction until the WIND acquisition was complete, which did not happen until months after Mr. Moyse's departure on paid leave.

<u>Harm to West Face From Injunctive Relief Sought</u>

94. Catalyst seeks an injunction prohibiting West Face, or any entity related to West Face, from participating in the "management and/or strategic direction" of WIND, including specifically with respect to the AWS-3 auction. This relief would harm both West Face and WIND.

95. As the largest investor in WIND, West Face offers strategic advice and direction to WIND. In addition, West Face designates two of the ten seats on the board of directors of WIND. Greg Boland, West Face's CEO, currently sits on the board. West Face's other nominee is Peter Rhamey, a telecommunications consultant. As the appointee of two board members and the single largest shareholder, West Face plays an important role in WIND's governance and strategic direction.

96. To use the words of Catalyst's Mr. Riley in paragraph 4 of his Affidavit filed in Mobilicity's CCAA proceedings, the AWS-3 auction was a "unique, one-time, extremely valuable opportunity".[26] Given the limited opportunities to participate in a Canadian

[26] A copy of this Affidavit is attached as Exhibit "**30**".

spectrum auction, enjoining West Face from providing strategic direction to WIND could interfere with WIND's ability to compete in the Canadian wireless industry.

97. The unique opportunity presented by the AWS-3 auction means that interfering with West Face's participation poses a particularly imminent threat to WIND. WIND cannot effectively build and improve its business without additional spectrum. Moreover, anything that weakens WIND will strengthen its competitors, irrevocably interfering with the dynamics of future competition. Industry Canada's has emphasized the need for a fourth wireless service provider to compete in Canada, and WIND is currently the leading national contender for that role.[27] If WIND's ability to participate in a spectrum auction were interfered with, it could irreparably harm WIND's ability to fulfil that role.

98. West Face will be damaged immeasurably by being enjoined from managing a company into which we have invested a significant amount of the capital from our investment funds. In the case of WIND, West Face is not a passive investor. A significant amount of the value that West Face provides in respect of this particular investment is its active consultation in respect of the strategic decisions to be made by WIND. Granting the requested injunction could impair West Face's ability to deliver this value to the third party investors that have invested funds in the investment vehicles managed by West Face.

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[27] A screen-shot of Industry Canada's "Canada Wireless Policy" webpage emphasizing "more choice" for Canadian wireless services is attached as Exhibit "31".

99. Mr. Riley alleges at paragraph 90 of his February 18, 2015 Affidavit that Catalyst's contingent interest in WIND must be protected from West Face. West Face denies any such contingent interest. In any event, even assuming that Catalyst had a contingent interest, both parties' interests would be aligned – West Face wants to maximize WIND's value in the same way that Catalyst claims to want to do.

Callidus Capital Corporation

100. Callidus is a publicly traded company. It went public in April 2014 following an initial public offering. Catalyst (directly and/or through funds managed by Catalyst) owns approximately 59.5% of Callidus' outstanding common shares.[28] Until its IPO, Callidus' loan book had been 100% funded by Catalyst through a participating debenture.[29]

101. Callidus is a niche lender to distressed, and typically private, borrowers. It advertises itself as a "specialty debt fund that provides capital on a bridge basis to meet the financing requirements of companies that cannot access traditional lending sources".[30]

102. According to its IPO prospectus, Callidus' loans are "generally structured as demand, first lien (senior secured) facilities, on a fully collateralized basis",[31] and

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28 A copy of a Callidus press release dated December 23, 2014 disclosing Catalyst's interest in Callidus is attached as Exhibit "32".

29 This information is set out on page 5 of Callidus' IPO prospectus dated April 15, 2014 (the "**IPO Prospectus**"), a copy of which is attached as Exhibit "33". IPO Prospectus, p. 5.

30 A copy of the "About Callidus" page of Callidus' public website is attached as Exhibit "34".

31 IPO Prospectus, p. 1.

generally range in size from $5 to $50 million (with its largest loan commitment being approximately $75 million).[32] Unlike conventional lenders, however, Callidus' credit facilities have few, if any, financial covenants. In that regard, Callidus' IPO prospectus provided that Callidus' loans have "limited or no covenants",[33] and virtually every one of Callidus' press releases in 2014 contained the following passage:

> [Callidus] specializes in innovative and creative financing solutions **for companies that are unable to obtain adequate financing from conventional lending institutions**. Unlike conventional lending institutions who demand a long list of covenants and make credit-decisions based on cash flow and projections, **Callidus credit facilities have few, if any, covenants** and are based on the value of the company's assets, its enterprise value and borrowing needs.[34] (emphases added)

103. Based on Callidus' public disclosure, West Face understood that the typical Callidus borrower had limited to no access to capital markets or traditional lending institutions. West Face understood this to be the reason why Callidus has been able to lend at gross yields of approximately 20%.[35] Historically, based on my experience, loans to such risky borrowers at such high rates of interest suffer a relatively high rate of default and, sometimes, impairment of principal.

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32 IPO Prospectus, p. 2.

33 IPO Prospectus, p. 1.

34 See, for example, Callidus' press releases dated May 14, August 14, November 6, November 24, and December 23, 2014, copies of which are attached as Exhibits "35" to "39".

35 See, for example, IPO Prospectus, pp. 1, 4, 21, 24, 28.

<u>The Questionable Premium Trading Value of Callidus' Shares</u>

104. For its April 2014 IPO, Callidus offered its shares to the public at a price of $14.00 per share. At that time, Callidus' shares began trading on the Toronto Stock Exchange.

105. Almost immediately after its IPO, Callidus' shares began to rise in market value and, by the Fall of 2014, were trading at a significant premium to their IPO price. Even more significantly, Callidus' shares were trading at a substantial premium to their book value based on the assets and liabilities reported in Callidus' financial statements. For example, as at September 30, 2014, Callidus' share price was $22. As at that date, Callidus' most recently released financial statements[36] reported shareholders' equity (a common measure of book value) of $381 million and 48.69 million shares outstanding, resulting in a book value of $7.83 per share. The quoted share price of $21.65 therefore represented a ratio between market price and book value, or P/B multiple, of 2.81.

106. In other words, Callidus' shares were trading at more than twice their value if one were simply to take the book value disclosed in Callidus' financial statements. It appeared to me that this gap between book value and market value meant that the market perceived intangible value in Callidus' continuing ability to generate high yield loans that would not default. It therefore made sense to examine whether publicly-available information was consistent with Callidus being able to do so.

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36 Being Callidus' second quarter financial statements for the three and six months ended June 30, 2014 and June 30, 2013, which are attached as Exhibit "**40**".

107. Throughout 2014, Callidus disclosed tremendous growth in its loan portfolio. For example:

(a) on May 14, 2014, Callidus disclosed in a press release that, as at May 8, 2014, it had: (i) gross loans receivable of $480 million, with an aggregate committed amount of $588 million; and (ii) 22 loan commitments, with an average loan amount funded of $21 million. In the same press release, Callidus also disclosed that in the first quarter of 2014 (ended March 31, 2014), it had gross yields (*i.e.*, interest rate received before accounting for any losses) of 20.4% and an Adjusted EBITDA[37] margin of 79%;[38]

(b) on August 14, 2014, Callidus disclosed in a press release that, as at August 13, 2014, it had: (i) gross loans receivable of $605 million, with an aggregate committed amount of $755 million; and (ii) 26 loan commitments, with an average loan amount funded of $23 million. In the same press release, Callidus also disclosed that in the second quarter of 2014 (ended June 30, 2014), it had gross yields of 20.8%, and an Adjusted EBITDA margin of 79.4%;[39]

(c) on November 6, 2014, Callidus disclosed in a press release that as at November 4, 2014, it had: (i) gross loans receivable of $684 million, with an aggregate committed amount of $856 million; and (ii) 30 loan commitments, with an average loan amount funded of $23 million. In the same press release, Callidus also disclosed that in the third quarter of 2014 (ended September 30, 2014), it had gross yields of 20.0%, and an Adjusted EBITDA margin of 80.4%;[40] and

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37 Earnings Before Interest, Taxes, Depreciation and Amortization, a common measure of cash flow.

38 See Callidus' press release dated May 14, 2014, a copy of which is attached as Exhibit "**35**".

39 See Callidus' press release dated August 14, 2014, a copy of which is attached as Exhibit "**36**".

40 See Callidus' press release dated November 6, 2014, a copy of which is attached as Exhibit "**37**".

(d) On February 17, 2015, Callidus disclosed in a press release that as at January 31, 2015, it had gross loans receivable of $893 million, with an aggregate committed amount of $1.1 billion. In contrast to previous press releases, Callidus did not provide an update on its number of loan commitments, average loan amount, gross yields or Adjusted EBITDA margin.[41]

108. To put the growth of Callidus' loan book even more starkly, Callidus stated in a press release that as of December 31, 2013 it had $381 million of gross loans receivables.[42] A little over one year later, as of January 31, 2015, Callidus has claimed that its gross loan commitments totalled $1.1 billion, with $893 million advanced and outstanding.[43] This represents an increase of $512 million (134%) from December 31, 2013.

109. Looking further back, both Callidus' gross loans receivables and EBITDA had more than quadrupled since 2011, based on statements made in its public disclosure.[44] Yet Callidus had disclosed gross yields averaging more than 20% throughout this tremendous growth period.

110. In addition to these objective performance metrics, Callidus claimed in its IPO prospectus not to have "realized losses on principal on Callidus-originated loans".[45] Callidus went even further in its November 24, 2014 press release, in which it stated

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41 See Callidus press release dated February 17, 2015, a copy of which is attached as Exhibit "**41**".

42 See Callidus' press release dated November 24, 2014, a copy of which is attached as Exhibit "**38**".

43 See Callidus press release dated February 17, 2015, a copy of which is attached as Exhibit "**41**".

44 In 2011, Callidus' gross loans receivable were approximately $154 million and its EBITDA was approximately $14.7 million. See IPO Prospectus, p. 37.

45 IPO Prospectus, p. 1.

that "no loans in Callidus' loan portfolio are non-performing and there have been no realized loan losses" over the period from December 31, 2013 to November 24, 2014.[46] Similarly, in a conference call with investors on November 7, 2014 regarding Callidus' third quarter results, Mr. Glassman, Callidus' Executive Chairman and CEO, stated:

> So IFRS is a bit annoying. Technically, under IFRS, you have to allocate the [loan loss] provision on a loan-by-loan basis. So – and I think we went through this in the IPO, but just to remind people, we set up a separate watch list, which is the stuff that although performing – **because we don't have a single loan in the portfolio that's not performing, and just to remind again everybody, performing means current in interest and all obligations – so we don't have a single loan in our book that is nonperforming...**[47] (emphasis added)

111. In other words, Callidus claimed that it was rapidly adding extremely high-yield loans without suffering any defaults, or indeed any non-performance. Based on my experience with high-yield borrowers, Callidus' disclosure seemed too good to be true, and attracted our attention for a deeper review of Callidus (and in fact, as set out below, this was our view even before Mr. Glassman made the above-quoted statements).

112. As at November 25, 2014, Callidus' shares were trading at $21.60 per share, yet the average analyst target price for Callidus' shares was $28.89 per share, and 7 out of 7 analysts following Callidus recommended buying Callidus shares. Moreover, these same analysts predicted earnings-per-share ("**EPS**") growth of 100% through 2016.[48] Based on our review of Callidus' publicly disclosed financial information as summarized

46 A copy of Callidus' November 24, 2014 press release is attached as Exhibit "**38**".

47 A copy of the transcript from Callidus' November 7, 2014 call with investors is attached as Exhibit "**42**".

48 Screen-shots from Bloomberg showing analysts' target price and predictions of Callidus' growth are attached as Exhibit "**43**".

above, we believed that the investing community was excessively optimistic and this created an investment opportunity for West Face that was worth investigating further.

The Impetus Behind West Face's Research into Callidus

113. West Face had been monitoring Callidus' trading since its IPO. By September 2014, West Face's view was that the valuation at which the company was trading appeared to be exceedingly optimistic. Indeed, Callidus' trading multiples[49] appeared to be much higher than those of what West Face viewed as Callidus' most highly comparable businesses – even those businesses with stronger origination channels, higher levels of portfolio diversification, longer portfolio durations, and lower risk of material loan impairments than Callidus.[50] Moreover, these comparable businesses generally provide investors with attractive dividend yields, whereas Callidus had publicly disclosed its intention to not declare or pay dividends in the foreseeable future.[51]

114. While Callidus had consistently disclosed successful objective performance measures of its loan portfolio (such as the tremendous growth of its gross loans receivable, consistently high gross yields and Adjusted EBITDA, etc.), a review of Callidus' public disclosure (including its IPO prospectus) provided limited information about the actual composition of Callidus' loan portfolio.

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49 For example, the P/B multiple discussed above.

50 In West Face's view, the most closely comparable companies to Callidus are U.S. business development companies, such as American Capital, Apollo Investment Corporation, and Ares Capital Corporation. In some ways, Callidus may also be compared to specialty finance companies such as Accord Financial, Carfinco, and Chesswood Group Limited.

51 IPO Prospectus, at pp. 56.

115. For example, readers of Callidus' public disclosure had little information about the identities of Callidus' borrowers or the terms of the loans extended by Callidus. Callidus also did not report on the performance of individual borrowers, the degree to which the loan book or specific loans were over-collateralized by assets, or whether interest service payments were being met out of cash flow or by added funding draws under the Callidus facilities. Furthermore, because Callidus' loans have limited to no financial covenants, the quality of the assets against which Callidus' loans are secured is crucial to the strength of their loan book. By calling itself an "asset-based lender", Callidus was essentially representing that its loans were collateralized by its borrowers' most liquid assets (for example, accounts receivable and inventory).[52] However, there was also little disclosure about exactly what collateral was backing Callidus' loans.

116. As a result of this dearth of information, investors had very little information on which to base an assessment of the risks associated with Callidus' business or loan portfolio. To put Callidus' lack of disclosure in perspective, U.S. business development companies ("**BDCs**") (arguably Callidus' closest comparables) typically disclose, on a quarterly basis and for each of their loans outstanding: the name and industry of the borrower, interest rate, maturity date, book value, and estimated fair value of the investment.[53]

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[52] See Callidus' IPO Prospectus, p. 31.

[53] Samples of U.S. BDC disclosures are attached as Exhibit "**44**" and "**45**".

117. For these reasons, West Face questioned the premium trading value of Callidus' shares following the IPO. West Face decided to investigate why Callidus' shares were trading at such a premium and, more importantly, whether this premium was justified.

118. West Face believed that a detailed review of Callidus' business might illuminate whether its shares warranted such a high valuation by market analysts and in the public trading markets. That said, based on its experience in the industry, West Face was skeptical that this premium was warranted. Accordingly, another Partner at West Face, Peter Fraser, a Co-Chief Investment Officer of West Face along with our CEO Greg Boland, made the decision in October 2014 to begin short selling Callidus' shares on the basis of his (and West Face's) belief that Callidus' share price would decline due to what we perceived as its excessive valuation. After deciding to take a short position in Callidus, West Face pursued more detailed research into Callidus in order to determine whether to increase or reduce its short position. To be clear, the research was commenced and performed solely for investment purposes based on what we perceived to be unsustainable claims about tremendous high-yield loans growth without any material losses. West Face has previously done this kind of research on many potential investment targets.

119. West Face's first step in its research was to try to understand as much as possible of the specific composition of Callidus' loan book through public sources of information. More precisely, West Face sought to learn, through publicly available resources:

(a) who were the borrowers to whom Callidus had extended credit?

(b) what were the typical terms on which Callidus was lending (for example, commitment size, term to maturity, interest rates, covenants, etc.)?

(c) what collateral was backing the Callidus loans?

(d) how were the businesses of the borrowers performing, and specifically, were there any signs of problems or non-performance amongst these borrowers? and

(e) were the loans rolling off at their stated initial maturity dates, or rolling over at the same or different rates of interest?

120. I was the Partner at West Face tasked with primary responsibility over West Face's research into Callidus, the conclusions of which are summarized in a PowerPoint document (the "**Callidus Analysis**").[54] All of the analysis in the Callidus Analysis is based on facts that West Face obtained from publicly available information.

West Face's Research into Callidus

121. Callidus' IPO prospectus served as the starting point for West Face's research. The prospectus stated that, as at December 31, 2013, Callidus' loan book consisted of 19 loans. The prospectus summarized these loans in a chart showing the industry of the borrower, the origination date of the loan, the amount of the facility, and the amount drawn on that facility. Notably, this chart did not indicate the names of Callidus' end borrowers – instead it simply referred to them as "Company A", "Company B", etc.[55]

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54 A copy of the Callidus Analysis is attached as Exhibit "**46**".

55 A copy of this chart is attached as Exhibit "**47**".

122. We then resorted to other public sources of information to determine whether we could identify Callidus' end borrowers, and whether we could match those borrowers to the loans disclosed by Callidus in the IPO prospectus. While some of our research tools were proprietary and confidential to West Face, they all relied on public sources of information. Some were as simple as Google and Bloomberg. Others included searches of government records, public websites and promotional materials. The precise sources searched are as follows:

(a) the website of the Office of the Superintendent of Bankruptcy Canada, and in particular the CCAA records list (a list of all companies that have been granted protection under the CCAA since September 18, 2009);[56]

(b) websites of major Canadian and U.S. law firms who represented Callidus or one of its borrowers in a transaction and mentioned a transaction involving Callidus by name;

(c) websites of various accounting and advisory firms who typically serve as monitors or trustees in bankruptcy;

(d) the case dockets of ongoing bankruptcy proceedings; and

(e) public registries of security interest registrations maintained by various government agencies in Canada and the United States.

123. West Face's research methodology was based on its own internal methods, but none of it was based on confidential information of Callidus or anyone else.

124. As a result of our extensive research, we believe that we have been able to identify a total of 40 end borrowers of loans made by Callidus, 14 of which we

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56 <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/h_br02281.html>.

understand are still outstanding, and nine of which we believe match the loans disclosed by Callidus in its IPO prospectus. I have summarized West Face's research, and in particular the public sources of information about Callidus' loans, in Appendix "B".

125. As one can see from the Appendix, while West Face identified 40 suspected loans made by Callidus, we have only very limited information with respect to most of these loans. Indeed, for many of the loans, West Face's knowledge is limited to the name of the borrower only and the existence of some type of security agreement or interest (there are also likely dozens of loans that West Face was not able to identify).

126. On the other hand, for a few of the loans identified by West Face, West Face was able to obtain more detailed information. Of these, six were of particular interest: those being the loans to Xchange Technology, Arthon Industries, Leader Energy, North American Tungsten, Esco Marine, and Deepak International. Notwithstanding Callidus' representations that it had yet to suffer a loss of principal and that, in November 2014, none of its loans were non-performing, West Face found public information about these loans that raises significant concerns about the ability of the borrowers to ultimately repay their debts to Callidus.

127. The circumstances surrounding each of these six loans are set out in Appendix "C" of my Affidavit. In brief, however, these loans appear to be non-performing and/or insufficiently collateralized, and it appears very unlikely that they will be repaid in full. In aggregate, these six loans comprise 17.7% of Callidus' loan book as at February 11, 2015, and West Face estimates that, as of that date, Callidus could have had an impairment on these loans of up to $70 million, and definitely greater than zero.

128. Finally, West Face's research into Callidus had nothing to do with Mr. Moyse. As the Partner responsible for our Callidus research, I had no communications of any kind with Mr. Moyse about Callidus, and to the best of my knowledge, neither did anyone else at West Face. I am informed by Andrew Carlson of Davies Ward Phillips & Vineberg LLP, counsel to West Face, and believe that a search for the term "Callidus" in any of the over 1,000 emails sent or received by Mr. Moyse at his West Face email address retrieved only one email message.[57] As one can see, this email was sent by Alex Goston, a summer intern at West Face, to a number of individuals at West Face, including Mr. Moyse, on the day Mr. Moyse ceased working at West Face (July 16, 2014), and the only reference to Callidus in that email was public information about Callidus' market capitalization and stock price movement. The only reason why Callidus happened to be referenced in Mr. Goston's email is because, as part of his responsibilities as West Face's summer intern, Mr. Goston was tasked with sending out a daily email summarizing daily financial market news, including the top and bottom five performing North American stocks (in terms of price movement). Callidus happened to be one of the best performing stocks on that day.

Unsealing of Court File and Attacks on West Face and its Principals

129. As part of the July 16, 2014 Consent Order, the court file in this matter was ordered to be sealed until the conclusion of the injunction application. In fact, to the best of my knowledge the court file remained sealed following the conclusion of the injunction application on November 10, 2014. West Face never took any steps to

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57 A copy of this email is attached as Exhibit "48".

unseal the court file. However, I am informed by Ben Iscoe of Dentons, counsel to West Face, and believe that the index to the court file indicates that the court file was subsequently unsealed in January 2015, with reference to a Mr. Andrew Winton. Mr. Winton is one of Catalyst's external lawyers.[58]

130. Soon after the unsealing of the court file, a series of newspaper articles began to appear in the *National Post* and the *Globe and Mail* quoting from Catalyst's Notice of Motion and repeating the allegations to which I have responded in this Affidavit.[59] Neither West Face nor its counsel advised the media of the unsealing of the court file, suggested the media consult the court file, or otherwise instigated this newspaper coverage of the litigation. Instead, I am informed by Jeff Mitchell of Dentons, counsel to West Face, and believe that West Face received inquiries from the press about Catalyst's motion, and responded as indicated in the articles. Specifically, West Face denied the allegations and stated its belief that the relief had been sought against West Face for an improper purpose.

131. On February 9, 2015, counsel to Catalyst Rocco Di Pucchio (of Lax O'Sullivan) wrote to our counsel Mr. Mitchell (of Dentons) alleging that our counsel's quoted comments in the press denying Catalyst's most recent allegations, and stating our belief that the motion had been intended to harm West Face, were false and defamatory. Mr.

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58 A copy of the court index is attached as Exhibit "**49**".

59 Copies of these articles are attached as Exhibit "**50**".

Di Pucchio demanded an apology and retraction in relation to a newspaper article principally devoted to repeating Catalyst's allegations against West Face.[60]

132. Interference with the business of West Face, and not protection of confidential information, appears to be Catalyst's goal in bringing this motion. My belief about the motivation behind Catalyst's motion has been reinforced by my understanding from conversations that Greg Boland has had with other financial market participants that Newton Glassman of Catalyst has been repeatedly attacking the character and reputation of West Face and its principals. Mr. Glassman has stated that the Partners of West Face are untrustworthy and lack integrity, that investors should withdraw their investments from our funds, and on at least one occasion has directed individuals to review the court file in order to read Catalyst's Notice of Motion.

Catalyst's Demand to Image all West Face Devices

133. In its Amended Notice of Motion, Catalyst seeks an order allowing it to image all of West Face's electronic devices for inspection and review by the ISS. I am informed by Chap Chau, West Face's director of IT, that there are 122 distinct corporate-owned devices and likely in excess of 50 personally-owned devices used by West Face personnel. Accordingly, if granted, Catalyst's requested order would require the imaging of over 172 different devices, including desktop computers, laptop computers, computer servers, and both company-owned and employee-owned phones and tablets.

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[60] A copy of Mr. Di Pucchio's letter is attached as Exhibit "**51**". Our counsel's reply is attached as Exhibit "**52**".

<u>Conclusion</u>

134. Mr. Moyse only worked at West Face for approximately three and a half weeks, from June 23, 2014 until July 16, 2014, and played a very limited role at the firm. He played no role in West Face's actions with respect to WIND, the AWS-3 auction, or Callidus. In fact, West Face's interest in WIND pre-dated Mr. Moyse's arrival by five years, to November 2009, and West Face was thoroughly engaged in a potential WIND transaction before Mr. Moyse's arrival at West Face. The deal that West Face was pursuing during the time Mr. Moyse worked for West Face ultimately proved to be a dead end, and following Mr. Moyse's departure Catalyst had several weeks of exclusive negotiations with VimpelCom for the purpose of reaching an agreement to acquire WIND. Mr. Moyse could have had nothing to do with West Face's strategy for the AWS-3 spectrum auction, since the New Syndicate did not even acquire WIND until several months after Mr. Moyse's departure and Mr. Moyse has not been involved in West Face's business since July 16, 2014. West Face's research into Callidus arose not because of any input from Mr. Moyse, but because Callidus' rapid escalation in stock price and claims about an unimpaired loan book attracted, and ultimately could not withstand, West Face's scrutiny.

135. During Mr. Moyse's brief employment as a junior associate, West Face was aware of the dispute between Catalyst, Mr. Moyse, and West Face, and took steps to ensure that Mr. Moyse did not have any involvement in any files in which Catalyst was known to be involved, including WIND and Callidus. West Face did not access or use any confidential information belonging to Catalyst of any kind, including without limitation information relating to WIND, the AWS-3 auction, and/or Callidus.

136. I make this Affidavit in response to Catalyst's motion for an injunction and for no other purpose.

SWORN before me at the City of Toronto in the Province of Ontario this 7th day of March, 2015)	
Commissioner for Taking Affidavits, etc. ANDREW CARLSON	ANTHONY GRIFFIN

APPENDIX "A"

1. Based on my recollection of Mr. Moyse's time at West Face and the work I asked him to do for me, on conversations with the other West Face Partners, and a review of Mr. Moyse's emails by counsel to West Face, I believe that during his brief time at West Face, Mr. Moyse's work was limited to keeping West Face's "deal pipeline" document updated and performing preliminary analyses about potential investment opportunities. Based on a review of Mr. Moyse's West Face emails, I am advised by Andrew Carlson (of Davies), counsel to West Face, and believe that Mr. Moyse worked on the following matters while at West Face:

(a) Arcan Resources, discussed above;

(b) Unicaja, a Spanish savings bank providing retail banking services;

(c) NCSG Crane & Heavy Haul Corporation ("**Northern Crane**"), a privately held Canadian-domiciled rental and services company providing mobile cranes, tractors, trailers, a line of hydraulic platform trailers, and specialty cranes;

(d) CCC Investment Banking, a Canadian investment bank exploring financing options for an oil and gas services company whose name was not provided to West Face;

(e) Covenant Surgical Partners, a privately-held owner and operator of surgery centers based in Nashville, Tennessee;

(f) The Peregrine Trust (also referred to as the "**Buffalo Mine**" matter), a trust domiciled in British Columbia seeking a bridge loan for perfecting rights in an above-ground feed stock of gold, silver, and platinum group metals.

(g) Seven Generations Energy, a privately held Canadian-domiciled oil and gas exploration and production company;

(h) TransOcean, a publicly-traded provider of offshore contract drilling services for energy companies with a market capitalization of over US$15 billion; and

(i) Canadian International Oil Corp. ("**CIOC**"), another privately held Canadian-domiciled oil and gas exploration and production company.

2. As set out in the body of my Affidavit, West Face intends to deliver Mr. Moyse's West Face emails to counsel to Catalyst. That said, I will provide here a brief summary of Mr. Moyse's work on each of the foregoing matters.

3. I described Mr. Moyse's work on Arcan in the body of my Affidavit.

4. In regard to Mr. Moyse's work on Unicaja, on his first day at West Face, I invited him to join me on a conference call regarding an offering of Unicaja shares. Mr. Moyse participated on that conference call, and the following day, he emailed me his thoughts on the offering.

5. Mr. Moyse's work on Northern Crane began on or around Monday, July 7, 2014. At the time, Northern Crane was seeking financing through a secured credit facility. I sent an email to Mr. Moyse asking him to get the details on the transaction. That same day, Mr. Moyse provided to me a summary of the transaction, along with various reference materials, and an indicative term sheet.

6. Mr. Moyse's work with respect to CCC Investment Banking also began on or around Monday, July 7, 2014. On that day, Mr. Dea asked Mr. Moyse to call the Vice

President of CCC Investment Banking on his behalf to learn more about the proposed deal. A few hours later, Mr. Moyse provided Mr. Dea with his summary and analysis on CCC Investment Banking's proposal for financing an oil and gas services company.

7. Mr. Moyse' work on Covenant began on or around Tuesday, July 8, 2014. Mr. Dea emailed Mr. Moyse and asked him to look into a debt offering being made by the company. That same day, Mr. Moyse provided Mr. Dea with his analysis on the Covenant debt offering by reply email.

8. Mr. Moyse's work on the Buffalo Mine also began on or around Tuesday, July 8, 2014. Mr. Dea asked Mr. Moyse to retrieve some basic information on the project. On Thursday, July 10, 2014, Mr. Moyse provided Mr. Dea with a summary of the Buffalo Mine Project. As part of his work on this matter, Mr. Moyse was asked by representatives of the Buffalo Mine to create an account with Box.com, a company that provides online file storage and sharing services, in order to access the documents relevant to this project.[61]

9. Mr. Moyse's work on Seven Generations began on or around Thursday, July 10, 2014. Mr. Moyse was asked to track down the company's offering documents with respect to a debt offering it had made in 2013, and to prepare an analysis of comparable companies in the oil and gas sector, which he did. I used some of the information gathered by Mr. Moyse to prepare a term sheet with respect to a possible debt investment in Seven Generations by West Face.

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61 Copies of Mr. Moyse's emails relating to his Box.com account are attached as Exhibit "**53**".

10. Mr. Moyse's work with respect to TransOcean began on or around Monday July 14, 2014, two days before he stopped working at West Face. On that day Mr. Dea sent an email to Mr. Moyse asking him to start a new project looking at a short position of TransOcean. Among other things, Mr. Dea asked Mr. Moyse to review quarterly reports, presentations, and conference calls of major oil companies for certain indications of risk in the industry, as well as certain information on TransOcean itself.

11. Mr. Moyse's work on CIOC began on or around July 15, 2014. I wanted Mr. Moyse to perform a side-by-side comparison to Seven Generations. I do not believe Mr. Moyse performed any substantial work on this file prior to his departure.

12. As described in the body of my Affidavit, during his three and a half weeks at West Face, Mr. Moyse kept a physical notebook in which he took handwritten notes during meetings and phone calls. This notebook includes notes on the Arcan, Unicaja, Covenant, and Seven Generations files discussed above, as well as notes of various other West Face projects or potential deals that were part of West Face's deal "pipeline".[62] I do not believe Mr. Moyse performed any material work on any of those other projects.

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[62] Copies of the pages from Mr. Moyse's notebook were previously attached as Exhibit "16".

APPENDIX "B"

13. The following is a summary of the 40 Callidus end borrowers / loans that West Face identified using publicly available resources, together with the public information that West Face relied upon in identifying each loan:

1. *Loan to DEP Distribution Exclusive Ltée*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with DEP Distribution Exclusive Ltée, a wholesale seller of CDs and audio/video cassettes and related products, on or around December 11, 2007.[63]

2. *Loan to Total Security Management Services Inc.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Total Security Management, a company providing protective/security services and training, on or around June 2, 2008.[64] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in Total Security Management, and that the document pursuant to which this interest was obtained was executed on or around April 21, 2008.[65]

3. *Loan to Entertainment World Holdings Inc.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Entertainment World Holdings, a seller of vending machines, on or around May 5, 2008.[66]

4. *Loan to TPS Sports Group Corporation*: West Face learned of Callidus' loan to TPS Sports Group by searching on the public website Globe24h

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63 A print-out from CIPO's website showing this information is attached as Exhibit "**54**".

64 A print-out from CIPO's website showing this information is attached as Exhibit "**55**".

65 A print-out from the USPTO's website showing this information is attached as Exhibit "**56**".

66 A print-out from CIPO's website showing this information is attached as Exhibit "**57**".

CaseLaw,[67] a website that advertises itself as the largest database of Canadian case law. Specifically, through searches of this website, West Face retrieved the case of *Asset Engineering LP v. Pagotto*, which expressly refers to the loan by Callidus.[68]

5. *Loan to Satpanth Capital Inc. (formerly Bedford Furniture Industries Inc.)*: Through Google site searches of CIPO's website, West Face learned that Callidus registered two security agreements with bed/mattress company Satpanth Capital, the first on or around January 9, 2009, and the second on or around July 21, 2011. The CIPO website also indicated that Callidus assigned its security to another company on October 5, 2011.[69] Based on information from Bloomberg, West Face understands that Satpanth Capital is now doing business as King Koil Sleep Products.[70]

6. *Loan to Magnussen International Corp.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Magnussen International, a home furniture company, on or around April 22, 2009.[71] The CIPO website also indicates that TD Bank registered a security agreement with Magnussen International on or around June 3, 2010. Given that this was evidence that Magnussen had obtained a loan from a more conventional lender, West Face concluded that the company's loan from Callidus had been refinanced on or around that date;

7. *Loan to Blockbuster Canada Co.*: West Face learned of Callidus' loan to Blockbuster Canada through the public disclosure of its parent company, Blockbuster Inc. Specifically, through searches of the SEC's EDGAR

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67 <http://caselaw.canada.globe24h.com>.

68 A copy of this case is attached as Exhibit "**58**".

69 A print-out from CIPO's website showing this information is attached as Exhibit "**59**".

70 A print-out from Bloomberg showing this information is attached as Exhibit "**60**".

71 A print-out from CIPO's website showing this information is attached as Exhibit "**61**".

database, West Face retrieved a copy of Blockbuster Inc.'s Form 8-K dated May 14, 2009 setting out the key information about Callidus' loans. This disclosure stated that, on May 8, 2009, Blockbuster Canada had signed a credit facility with Callidus, which provided for a single advance non-revolving loan of $25 million, and a single advance non-revolving loan of up to $10 million.[72] West Face also retrieved a copy of Blockbuster Inc.'s Form 8-K dated October 5, 2009, which stated that, on October 1, 2009, the company had issued a series of senior secured notes and used the net proceeds to repay what West Face understood to be the Callidus facilities.[73]

8. *Loan to Great Slave Helicopters Ltd. (a subsidiary of the Discovery Air group of companies)*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Great Slave Helicopters Ltd., a charter helicopter company, on or around May 27, 2009.[74] In financial statements released shortly before Callidus registered its security interest with CIPO, Great Slave Helicopter's parent company, Discovery Air, announced that on April 9, 2009, it had obtained a new credit facility consisting of a demand operating line of credit to a maximum of $15 million, with increased availability of up to $25 million during the company's peak operating period. The company also disclosed that this facility bore an interest rate of 18%, had an initial term of 14 months, and was secured by first and second charges over certain accounts receivable and inventories.[75] That Callidus was the lender of this loan was essentially confirmed through a press release made by Discovery Air dated August 1, 2012. The press release announced that

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72 A copy of Blockbuster Inc.'s Form 8-K dated May 14, 2009 is attached as Exhibit "62".

73 An excerpt from Blockbuster Inc.'s Form 8-K dated October 1, 2009 is attached as Exhibit "63".

74 A print-out from CIPO's website showing this information is attached as Exhibit "64".

75 An excerpt from Discovery Air's financial statements dated April 30, 2009 are attached as Exhibit "65".

Discover Air had secured a new facility of up to $25 million with CIBC, which "replace[d] Discovery Air's demand operating facility with Callidus Capital Corporation".[76]

9. *Loan to Active Control Technology Inc.*: West Face learned of Callidus' loan to Active Control Technology, a mining services company, through the company's press releases. Specifically, on June 17, 2009, Active Control Technology, issued a press release on the CNW newswire website,[77] announcing, among other things, that it had signed a term sheet with Callidus for a revolving credit facility of up to $2,250,000.[78]

10. *Loan to Infinity Rubber Technology Group Inc.*: West Face learned of Callidus' loan to rubber manufacturer Infinity Rubber through at least two public sources:

    (i) One, a press release dated January 27, 2012 published on Bloomberg. Among other things, this press release described the history of an ongoing strike of United Steelworkers union members at Infinity Rubber's manufacturing plant in Toronto. The press release stated that Infinity Rubber's initial acquisition of the plant from Biltrite (which occurred during a CCAA process) "was financed with a high-interest mortgage from Callidus Capital Corporation, a company specializing in high-risk loans for those who can't get bank credit";[79] and

    (ii) Two, a press release dated March 8, 2012 published on the United Steelworkers website,[80] which also referred to the ongoing strike.

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76 A copy of this press release is attached as Exhibit "66".

77 <www.newswire.ca>.

78 A copy of this press release is attached as Exhibit "67".

79 A copy of this press release is attached as Exhibit "68".

80 <www.usw.ca>.

Among other things, this press release referred to a refinancing by BMO that had enabled the company to "repay an 18% loan it had previously negotiated with Callidus Corporation Inc. [*sic*]".[81]

11. *Loan to Synergex Corp.*: West Face learned of Callidus' loan to Synergex through two public sources. First, in a press release dated September 9, 2009, Synergex announced that it had executed a term sheet with Callidus for a $20 million credit facility.[82] Second, an article dated July 14, 2010 published on the RTT News website[83] stated that Synergex's subsidiary, Synergex Logistics Corp., had opened a new credit facility in the amount of $3 million after having "paid out its asset based lender, Callidus Capital Corp."[84] West Face also learned through a Synergex press release dated January 3, 2012 and published on the Market Wired website[85] that certain other Synergex subsidiaries had made an assignment in bankruptcy.[86]

12. *Loan to Encore Sales (formerly UWG Global Inc.)*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Encore Sales (then UWG Global Inc.) on or around May 12, 2008.[87] West Face learned many more details about this loan through the orders made and materials filed in Encore Sales' bankruptcy proceedings. These materials were (and remain) available to download from the public website of Farber Financial Group.[88] Among other details, these materials, and in particular the First Report of the

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81 A copy of this press release is attached as Exhibit "69".

82 A copy of this press release is attached as Exhibit "70".

83 <www.rttnews.com>

84 A copy of this article is attached as Exhibit "71".

85 <www.marketwired.com>

86 A copy of this press release is attached as Exhibit "72".

87 A print-out from CIPO's website showing this information is attached as Exhibit "73".

88 <http://www.farberfinancial.com/insolvency-engagements/bid/213397/Encore-Sales>. A screen-shot of this website is attached as Exhibit "74".

Proposal Trustee dated September 30, 2011, stated that: (i) Callidus was Encore Sales' principal secured creditor pursuant to a loan agreement dated December 15, 2009, and (ii) on August 3, 2011, Callidus made demand for payment of the outstanding indebtedness in the amount of approximately $16 million.[89]

13. *Loan to Roadtrek Motorhomes Inc.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Roadtrek Motorhomes Inc., a designer and manufacturer of motorhomes, on or around April 26, 2010, and that this security agreement was removed on or around June 29, 2011.[90] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in Roadtrek, and that the document pursuant to which this interest was obtained was executed on or around December 29, 2009.[91] West Face also learned through a press release published by the Gowlings law firm on April 15, 2011 that Roadtrek had completed a recapitalization transaction that involved the establishment of two credit facilities.[92]

14. *Loan to Educator Supplies Ltd.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Educator Supplies Ltd., on or around August 13, 2010.[93]

15. *Loan to Terrace Bay Pulp Inc.*: West Face learned of Callidus' loan to Terrace Bay through the following public sources of information:

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89 An excerpt from this report is attached as Exhibit "**75**".

90 A print-out from CIPO's website showing this information is attached as Exhibit "**76**".

91 A print-out from the USPTO's website showing this information is attached as Exhibit "**77**".

92 A copy of this press release is attached as Exhibit "**78**".

93 A print-out from CIPO's website showing this information is attached as Exhibit "**79**".

(i) First, West Face learned of the loan through a press release dated September 24, 2010 published on the website of the Aird & Berlis law firm. This press release stated, in part, that Aird & Berlis had represented Callidus in a $30 million loan to Terrace Bay, which had been in CCAA proceedings since March 2009, and that the financing closed on September 15, 2010;[94] and

(ii) Second, knowing that Terrace Bay had been involved in CCAA proceedings in 2009, West Face was able to locate the webpage maintained by Terrace Bay's court-appointed monitor, Ernst & Young Inc. ("EY"), regarding Terrace Bay's CCAA proceedings.[95] This webpage contained links to copies of all of the orders made and materials filed in Terrace Bay's 2009 CCAA proceedings, as well as all of the orders made and materials filed in Terrace Bay's subsequent 2012 CCAA proceedings. These materials were (and remain) available to download from EY's public website.

16. *Loan to T. Litzen Sports Limited (formerly Performance Sports, Inc.)*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with sports equipment company T. Litzen Sports Limited on or around November 18, 2010, and later assigned this agreement to another company on or around July 6, 2011.[96] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in T. Litzen Sports, and that the document pursuant to which this interest was obtained was executed on or around September 29, 2010. The website also indicated that Callidus later

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94 A copy of this press release is attached as Exhibit "**80**".

95 <http://documentcentre.eycan.com/Pages/Main.aspx?SID=102>. A screen-shot of this website showing all of the documents available to download is attached as Exhibit "**81**".

96 A print-out from CIPO's website showing this information is attached as Exhibit "**82**".

assigned this security interest through a document executed on or around April 15, 2011.[97]

17. *Loan to Tabi International Corporation*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Tabi, a retail women's clothing store chain, on or around January 19, 2011.[98] West Face learned further details of Callidus' loan to Tabi through the materials filed in connection with Tabi's bankruptcy. These materials were (and remain) available to download from the public website of Farber Financial Group.[99] Among other details of the loan, the First Report of the Proposal Trustee and Proposed Receiver dated February 17, 2011 stated that Callidus "advanced to Tabi a demand loan in a maximum amount of $5,000,000" pursuant to a loan agreement dated October 4, 2010.[100]

18. *Loan to Pon Bicycle I B.V.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with the then-current owner of Cervelo brand bicycles (now Pon Bicycle) on or around February 13, 2012.[101] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in the then-current owner of Cervelo, and that the document pursuant to which this interest was obtained was executed on or around October 6, 2010. The USPTO website also indicated that this security interest was released by Callidus on or around December 21, 2011.[102]

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97 A print-out from the USPTO's website showing this information is attached as Exhibit "**83**".

98 A print-out from CIPO's website showing this information is attached as Exhibit "**84**".

99 <http://www.farberfinancial.com/insolvency-engagements/bid/213412/Tabi-International-Corporation>. A screen-shot of this website is attached as Exhibit "**85**".

100 A copy of this report is attached as Exhibit "**86**".

101 A print-out from CIPO's website showing this information is attached as Exhibit "**87**".

102 A print-out from the USPTO website showing this information is attached as Exhibit "**88**".

19. *Loans to Forefront Innovative Technologies Inc.* ("**FIT**") *and Forefront Automation Inc.* ("**FAI**"): West Face learned of Callidus' loans to FIT and its subsidiary FAI through publicly filed reports of Schonfield Inc., the companies' trustee in bankruptcy. Schonfield's report on FIT stated that Callidus was the senior secured creditor of FIT, pursuant to a general security agreement dated October 15, 2010. The report also stated that as at March 1, 2011, Callidus was owed approximately $4 million on its loan to FIT, that the amount owing to Callidus as at FIT's bankruptcy was approximately $975,000, and that there was no expectation of full recovery of this amount to Callidus. Similarly, Schonfield's report on FAI stated that Callidus was also a senior secured creditor to FIT's subsidiary FAI, and was owed approximately $1.4 million at the time of bankruptcy, with no expectation of full recovery to Callidus. Both reports were obtained through searches on Schonfield's public website.[103]

20. *Loan to Sher-wood Hockey Inc.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with hockey equipment company Sher-wood Hockey Inc. on or around August 29, 2014.[104] West Face learned more about this loan through a press release dated September 9, 2014 published on the CNW newswire website announcing that Sherwood Athletics Group Inc. had acquired all of the assets and liabilities of Sher-wood Hockey Inc. from "Callidus Capital Inc."[105] Based on this information, West Face believed that this was the loan identified as being to "Company B" on the chart in Callidus' IPO prospectus, which stated the industry of the borrower as "Sports Supplies Manufacturing". West Face also believed that this was the same loan referred to in note 17 of the notes to Callidus' consolidated financial statements appended to its IPO prospectus. This note stated that during

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103 <http://www.schonfeldinc.com/>. Copies of these reports are attached as Exhibit "**89**".

104 A print-out from CIPO's website showing this information is attached as Exhibit "**90**".

105 A copy of this press release is attached as Exhibit "**91**".

2011, Callidus received 100% of the common shares of a borrower in exchange for a loan valued at $12.6 million, and that the borrower "distributes athletic equipment" and was "being held for sale".[106] Furthermore, note 18 of the notes to Callidus' third quarter 2014 financial statements, released in November 2014, provided that the assets of this borrower "were sold to a third-party in September 2014 for an amount equivalent to the carrying value...". This announcement corresponded quite closely to the announcement made by in the CNW press release.[107]

21. *Loan to Kaptor Group entities*: West Face learned the concerning details of Callidus' loan to certain entities within the Kaptor Group from three sources of information:

(i) One, an article published on the Weil Bankruptcy Blog referring to a January 5, 2012 judgment in the case of *Callidus Capital Corp. v. Carcap Inc.*, in which Callidus was successful in its application to appoint a receiver over a member of the Kaptor Group;[108]

(ii) Two, the website maintained by Crowe Soberman, the court-appointed receiver of certain Kaptor Group entities that had gone bankrupt.[109] All of the orders made and materials filed in this bankruptcy proceeding were (and remain) available to download from this website. Among other details of Callidus' loan, these materials indicated that on September 1, 2011, Callidus agreed to extend up to $15 million of credit to two Kaptor Group companies, namely CarCap Inc. and Car Equity Loans Corp. These companies

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106 IPO Prospectus, Appendix "D", at p. 32.

107 An excerpt from Callidus' third quarter financial statements is attached as Exhibit "92".

108 A screen-shot of this webpage is attached as Exhibit "93".

109 <https://www.crowehorwath.net/soberman/services/advisory/corporate_recovery_and_turnaround/court_mandated_files__management_centre/kaptor_and_Insignia/2025610_ontario_limited,_kaptor_financial_inc_,_and_insignia_trading_inc_.aspx>. A screen-shot of this webpage is attached as Exhibit "94".

were placed into receivership on December 14, 2011 and their assets were sold by order of the court on March 13, 2012. The proceeds of sale were used to repay Callidus in full;[110] and

(iii) Three, a report on Callidus published by Dundee Capital Markets on August 27, 2014.[111]

22. *Loan to Natura World Inc.*: West Face learned of Callidus' loan to mattress manufacturer Natura World through the orders made and materials filed in connection with Natura World's Notice of Intention to Make a Proposal pursuant to the BIA. These materials were (and remain) available to download from the website of Farber Financial Group.[112] In particular, the First Report of the Proposal Trustee dated January 5, 2012 disclosed that in or around December 2011, Natura World's then secured creditor assigned its debt and security to Callidus, and that the company filed for protection from its creditors on December 16, 2011. The report listed the debt to Callidus as being approximately $6,096,000.[113] Based on this information, West Face believed that this was the loan identified as being to "Company D" on the chart in Callidus' IPO prospectus, which stated the industry of the borrower as "Mattresses Manufacturer";

23. *Loan to Steels Industrial Products Ltd.*: West Face learned of Callidus' loan to Steels through the orders made and materials filed in connection with Steels' CCAA proceedings. These materials were (and remain) available to download from the website of Alvarez & Marsal Canada Inc.,

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110 See, for example, the excerpt from the Affidavit of Robert Grossman sworn April 2, 2012 in support of the appointment of Crowe Soberman as receiver, an excerpt of which is attached as Exhibit "**95**".

111 A copy of this report is attached as Exhibit "**96**".

112 <http://www.farberfinancial.com/insolvency-engagements/bid/213396/Natura-World-Inc>. A screen-shot of this website is attached as Exhibit "**97**".

113 An excerpt from this report is attached as Exhibit "**98**".

who was appointed as Steels' monitor.[114] In particular, the Second Report of the Monitor dated May 1, 2012 indicated the terms on which Callidus was prepared to extend a $12 million facility to Steels as debtor in possession financing.[115] The court approved this financing in its order dated May 4, 2012, and Callidus was subsequently paid out following the court's approval and vesting order of July 30, 2012.[116]

24. *Loan to Dynetek Industries Ltd*: West Face learned about Callidus' loan to Dynetek Industries through a press release dated March 29, 2012 published on the CNW newswire website.[117] Through the press release, Dynetek announced, among other things, that on March 23, 2012 it had closed a transaction with Callidus to refinance its previous credit facility held by a Canadian chartered bank. According to the release, the Callidus facility included a $7.0 million demand revolving loan, a $0.7 million demand non-revolving loan, and a $1.3 million demand non-revolving bridge loan.[118] On September 17, 2012, Dynetek announced in a press release that it had been acquired by Luxfer, a global materials technology company, pursuant to a plan of arrangement. West Face concluded that the loans from Callidus were terminated and/or repaid at that time.[119]

25. *Loan to Bluberi Gaming Technologies Inc.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered security agreements with video game company Bluberi Gaming on or around October 29, 2012 and November 28, 2013.[120] Based on this information, West Face believed that this was the loan identified as being to "Company

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114 <https://amdoc-web.sharepoint.com/steels/pages/index.aspx>.

115 An excerpt from this report is attached as Exhibit "**99**".

116 Copies of these orders are attached as Exhibit "**100**".

117 <www.newswire.ca>

118 A copy of this press release is attached as Exhibit "**101**".

119 A copy of this press release is attached as Exhibit "**102**".

120 A print-out from CIPO's website showing this information is attached as Exhibit "**103**".

F" on the chart in Callidus' IPO prospectus, which stated the industry of the borrower as "Gaming Technology". In that chart, Callidus also reported the origination date of the loan as August 31, 2012 and the amount outstanding as approximately $35.9 million.

26. *Loan to Xchange Technology Group LLC*: Through Google site searches of CIPO's website, West Face first learned that Callidus registered a security agreement with Xchange Technology on or around November 20, 2012.[121] West Face learned concerning details about Callidus' loan to Xchange Technology through the orders made and materials filed in its receivership proceedings. These materials were (and remain) available to download from the website of Duff & Phelps,[122] who acted as the company's receiver. Based on the information available to West Face, West Face believed that this was the loan identified as being to "Company G" on the chart in Callidus' IPO prospectus, which stated the industry of the borrower as "Computers and Accessories". Additional details about this loan are set out in Appendix "C".

27. *Loan to Viceroy Homes Limited*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Viceroy Homes Limited on or around April 7, 2014.[123] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in Viceroy Homes and that the document pursuant to which this interest was obtained was executed on or around December 21, 2012. The USPTO website also indicated that Callidus released this security interest through a document executed on or around March 10, 2014.[124] Based on Viceroy Homes' business, West Face

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121 A print-out from CIPO's website showing this information is attached as Exhibit "**104**".

122 <http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx?caseId=895>. A screen-shot of this website is attached as Exhibit "**105**".

123 A print-out from CIPO's website showing this information is attached as Exhibit "**106**".

124 A print-out from the USPTO's website showing this information is attached as Exhibit "**107**".

believed that this was the loan identified as being to "Company K" on the chart in Callidus' IPO prospectus, which stated the industry of the borrower as "Custom Home Engineering and Manufacturer". In that chart, Callidus also reported the origination date of the loan as December 21, 2012, and the amount outstanding as approximately $5.6 million.

28. *Loan to St. Raymond Veneers Inc. / The Penrod Company*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with St. Raymond Veneers on or around February 7, 2013, and that this registration was removed on or around January 10, 2014.[125] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in St. Raymond Veneers Inc. and that the document pursuant to which this interest was obtained was executed on or around December 31, 2012.[126]

29. *Loan to C&C Wood Products Ltd.*: Through Google site searches of CIPO's website, West Face learned that Callidus entered into a security agreement with C&C Wood Products on or around February 14, 2013.[127] West Face believed that this was the loan identified as being to "Company M" on the chart in Callidus' IPO prospectus, which stated that this borrower was part of the "Lumber Industry". Callidus has also published the details of its loan to C&C on the case studies section of its public website, indicating that it had provided C&C with $35 million in senior credit facilities.[128]

30. *Loan to Leader Energy Services Ltd.*: Callidus disclosed the details of its loan to Leader Energy on the case studies section of its public website.[129]

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125 A print-out from CIPO's website showing this information is attached as Exhibit "**108**".

126 A print-out from the USPTO's website showing this information is attached as Exhibit "**109**".

127 A print-out from CIPO's website showing this information is attached as Exhibit "**110**".

128 A print-out from this section of Callidus' website is attached as Exhibit "**111**".

129 A print-out from this section of Callidus' website is attached as Exhibit "**112**".

Callidus' loan to Leader Energy was also referred to in the August 27, 2014 report by Dundee Capital Markets.[130] Based on Leader Energy's business as a provider of well completion services (including coiled tubing and nitrogen services), West Face concluded that this was the loan identified as being to "Company O" on the chart in Callidus' IPO prospectus, which stated the industry of the borrower as "Coiled tubing and Nitrogen services". Moreover, knowing of the existence of this loan, West Face reviewed Leader Energy's public disclosure documents, and believed it found more information about this loan in Leader Energy's interim financial statements for the first quarter of 2014. In particular, note 8 to these financial statements provided, among other things, that in March 2013, Leader Energy finalized a credit facility with a "Canadian asset-based lender", with an initial term of 12 months with an option to extend for an additional six months, and an interest rate of 18%. Note 13 to these financial statements indicated that in May 2014, Leader Energy and its lender had combined certain loans into a single facility due September 6, 2014 with an outstanding balance of approximately $11.6 million.[131] More recently, Leader Energy disclosed in its interim financial statements for the third quarter of 2014 that the amounts outstanding as at September 30, 2014 amounted to approximately $14.4 million.[132] Additional details about this loan are set out in Appendix "C".

31. *Loan to Quality One Wireless, Inc.*: Through searches on the USPTO website, West Face learned that Callidus has a security interest in Florida-based wireless equipment and service provider Quality One Wireless, Inc., and that this interest was obtained on or around October 7, 2013.[133]

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130 The Dundee report was previously attached as Exhibit "**96**".

131 Excerpts from Leader Energy's first quarter 2014 financial statements are attached as Exhibit "**113**".

132 An excerpt from Leader Energy's third quarter 2014 financial statements is attached as Exhibit "**114**".

133 A print-out from the USPTO's website showing this information is attached as Exhibit "**115**".

Based on this information, West Face believed that this was likely the loan identified as being to "Company Q" on the chart in Callidus' IPO prospectus, in which Callidus identified the borrower as being a "Wireless Service provider";

32. *Loan to the Arthon Industries Limited*: West Face learned of Callidus' loan to Arthon Industries through the orders made and materials filed in its CCAA proceedings. These materials were (and remain) available to download from the website of A&M, who was appointed as monitor.[134] Based on the information available to West Face, West Face believe this to be the loan identified as being to "Company S" on the chart in Callidus' IPO prospectus, in which Callidus identified the borrower's business as part of the "Mining and Construction Industry". Additional details about this loan are set out in Appendix "C".

33. *Loan to Smardt Inc.*: Through Google site searches of CIPO's website, West Face learned that Callidus registered a security agreement with Smardt Inc., a seller of air conditioning and refrigeration chillers, on or around February 10, 2014.[135] Through searches of the USPTO website, West Face learned that Callidus recorded a security interest in Smardt, and that the document pursuant to which this interest was obtained was executed on or around January 31, 2014.[136]

34. *Loan to North American Tungsten Corporation Ltd.* ("**NTC**"): Callidus' loan to NTC was referred to in the Dundee Report.[137] West Face learned the details of Callidus' loan to NTC through NTC's public filings on SEDAR. In particular, NTC's financial statements for the three and nine months ended

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134 <http://www.alvarezandmarsal.com/arthon-industries-limited-et-al>. A screen-shot of this website is attached as Exhibit "**116**".

135 A print-out from CIPO's website showing this information is attached as Exhibit "**117**".

136 A print-out from the USPTO's website showing this information is attached as Exhibit "**118**".

137 The Dundee report was previously attached as Exhibit "**96**".

June 30, 2014 and 2013 provided that, on May 14, 2014, the company had executed an $11 million loan with Callidus.[138] More recently, NTC's financial statements for the three months ended December 31, 2014 and 2013 indicated that, on December 30, 2014, the company extended the maturity date of the Callidus loan to May 31, 2016, and borrowed additional funds of $3.65 million (raising the total balance to approximately $13.3 million).[139] Additional details about this loan are set out in Appendix "C".

35. *Loan to Manor Resources, LLC.*: Through reverse searches on the USPTO website, West Face learned that Callidus obtained a security interest in Manor Resources, LLC on or around August 18, 2014.[140] Callidus also disclosed the amount of its loan to Manor Resources on the case studies section of its public website, stating that it had provided Manor Resources with an operating line of credit of US$10 million.[141]

36. *Loan to Great Lakes Aviation, Ltd.*: West Face learned of Callidus' loan to Great Lakes Aviation through searches on the SEC's EDGAR database. Specifically, through these searches West Face obtained the company's recent Form 8-K, which stated that Great Lakes Aviation had entered into a loan agreement with Callidus on December 22, 2014, pursuant to which Callidus agreed to make available (i) a $25 million single advance term loan facility, (ii) a revolving loan facility with availability of up to $6 million and (iii) a second revolving loan facility with availability of up to $4 million. Further details about the loan are set out in the Form 8-K.[142]

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138 An excerpt from these financial statements is attached as Exhibit "**119**".

139 An excerpt from these financial statements is attached as Exhibit "**120**".

140 A print-out from the USPTO's website showing this information is attached as Exhibit "**121**".

141 A print-out from this section of Callidus' website is attached as Exhibit "**122**".

142 An excerpt from the company's Form 8-K is attached as Exhibit "**123**".

37. *Loan to Netricom Inc.*: Callidus disclosed the details of its loan to Netricom on the case studies section of its public website.[143] Specifically, Callidus stated that it provided a $28 million senior asset-based credit facility for Netricom's acquisition of Prestige Telecom of Montreal. West Faced also learned of Callidus' loan to Netricom through the public website of investment bank Thornhill Investments.[144] The website stated that in January 2012, the "acquisition of Prestige Telecom by Netricom [was] completed with the purchase of Callidus' position and the bank refinancing at cheaper cost".[145]

38. *Loan to Esco Marine*: West Face learned of Callidus' loan to Esco Marine Inc. through an article published on the Trade Winds News website. The article indicated that Callidus has commenced a proceeding against Esco in Southern Texas for $31 million, accusing it and several related companies and executives of "misappropriating collateral on a bridge loan".[146] More recently, West Face retrieved a news article about Callidus' lawsuit from the KRGV.com website.[147] West Face learned additional information about this loan from the documents filed in the Texas proceedings. Additional details about this loan are set out in Appendix "C".

39. *Loan to Midwest Asphalt*: West Face learned of Callidus' loan to Midwest Asphalt through an articled dated January 28, 2015 published on SW

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143 A print-out from this section of Callidus' website is attached as Exhibit "**124**".

144 <http://thornhillinvestments.com/en/news>.

145 A print-out from this webpage is attached as Exhibit "**125**". Additional articles related to Prestige Telecom's financial woes are attached as Exhibit "**126**".

146 A copy of this article is attached as Exhibit "**127**".

147 A copy of this article is attached as Exhibit "**128**".

News Media's website.[148] This article stated that Midwest Asphalt had completed a $17.6 million balance sheet recapitalization with Callidus.[149]

40. *Loan to Deepak International*: Finally, West Face first learned of Callidus' loan to Deepak International through Callidus' public filing on SEDAR. Specifically, on February 17, 2015, Callidus filed a document purporting to clarify the terms of the guarantee and indemnity obligations of certain of its funds. In this filing, Callidus referred to a loan by Callidus to Deepak International, and indicated that the current outstanding balance of this loan was approximately $2.6 million. Callidus also disclosed that the terms of this loan provide for interest and fees to accrue and that no cash flow is expected from the borrower until the completion of construction of some kind of facility.[150] West Face learned additional information about this borrower through an article posted on CBC news' website on the same day. That article stated that Deepak International had purchased two empty diamond cutting and polishing plants in Yellowknife, based on the financing received from Callidus. The article also indicated that Deepak International is being sued by the company who arranged for the financing by Callidus.[151] Additional details about this loan are set out in Appendix "C".

148 <http://www.swnewsmedia.com>.

149 A copy of this article is attached as Exhibit "**129**".

150 A copy of Callidus' February 17, 2015 public filing is attached as Exhibit "**130**".

151 A copy of this article is attached as Exhibit "**131**".

APPENDIX "C"

1. In this Appendix, I set out the details of six Callidus loans which in West Face's view are cause for concern to Callidus' investors.

Xchange Technology Group

2. As set out in Appendix "B", West Face learned the details of Callidus' loan to Xchange Technology through the orders made and materials filed in Xchange Technology's receivership proceedings. These materials remain available to download from the website of Duff & Phelps,[152] who acted as the company's receiver. From these materials, West Face learned the following facts.

3. Callidus advanced a one year loan of $22 million to Xchange Technology in October 2012. In February and May 2013, before maturity of the loan, Xchange Technology ran two separate capital raising processes with KPMG and Canaccord Genuity in an attempt to refinance the Callidus loan. Both processes failed. Notably, of the 56 parties contacted in the Canaccord process, only one party proceeded to the due diligence stage, and passed on the opportunity shortly thereafter. Subsequently, the company's founder offered to purchase the company for total consideration of $17 million, which Callidus rejected. This amount would not have permitted Xchange Technology to repay 100% of the principal amount due to Callidus, let alone accrued interest.[153]

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152 <http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx?caseId=895>. A screen-shot of this website was previously attached as Exhibit "**105**".

153 See the Report of Duff & Phelps as Proposed Receiver dated October 25, 2013, a copy of which is attached as Exhibit "**132**".

4. In October 2013, Callidus commenced a successful receivership application appointing Duff & Phelps as receiver and approving a "stalking horse" sales process for the sale of substantially all of Xchange Technology's business and assets.[154] In his Affidavit filed in support of Callidus' application, Callidus Vice-President Craig Boyer testified that, as part of its review of Xchange Technology's operations, Duff & Phelps prepared a liquidation analysis illustrating "that Callidus will incur a substantial shortfall on its advances ... should [Xchange Technology's] business and assets be liquidated".[155] Following its appointment as receiver, Duff & Phelps carried out the sales process. Of 88 prospective purchasers identified by Duff & Phelps, only three executed a confidentiality agreement and gained access to the data room, and no offers were submitted by any of those prospective purchasers.[156]

5. Callidus served as the stalking horse and "credit bid" on Xchange Technology in November 2013 (the purchase price to be paid was to be the Callidus debt less $3 million, plus priority payables).[157] At the time, Callidus was owed approximately $38 million, and Duff & Phelps reported that the Xchange group was "presently not generating sufficient cash flow to service its obligations to Callidus" and that "Callidus has continued to provide advances to the [Xchange Technology] debtors over the last several months".[158] Around the same time period, Triangle Capital, the second lien

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154 Report of Duff & Phelps as Proposed Receiver dated October 25, 2013.

155 See the Affidavit of Craig Boyer sworn October 25, 2013, at para. 56, an excerpt of which is attached as Exhibit "**133**".

156 See the First Report of Duff & Phelps as Receiver dated November 19, 2013, pp. 4 – 5, a copy of which is attached as Exhibit "**134**".

157 First Report of Duff & Phelps as Receiver dated November 19, 2013, pp. 5 – 7.

158 First Report of Duff & Phelps as Receiver dated November 19, 2013, p. 9.

creditor of Xchange Technology whose debt was subordinate to Callidus', wrote down their investment of $6.4 million to $0.[159]

6. In April 2014, Callidus completed its IPO, which was led by Canaccord Genuity (the same firm that had led Xchange Technology's refinancing process in May 2013). Callidus made no disclosure in its IPO prospectus about the difficulties regarding this loan, which by that time made up approximately 10% of Callidus' loan book.

7. The transaction still had not closed as at November 7, 2014, when Callidus Executive Chairman and CEO Newton Glassman stated that Callidus did not have a single non-performing loan in its portfolio.

8. Based on a Receiver's Certificate dated January 2, 2015, it appears that the transaction has now been completed.[160] Callidus now presumably owns 100% of the equity and is holding the asset for sale, yet as of the date of swearing this Affidavit, Callidus had not made any additional disclosure regarding this specific loan.

Arthon Industries

9. As set out in Appendix "B", West Face learned the details of Callidus' loan to Arthon Industries through the orders made and materials filed in its CCAA proceedings. These materials remain available to download from the website of Alvarez & Marshall

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159 See Triangle Capital Corporation Form 10-K filed February 26, 2014, p. 67, an excerpt of which is attached as Exhibit "**135**".

160 A copy of the Receiver's Certificate dated January 2, 2015 is attached as Exhibit "**136**".

("**A&M**"), who was appointed as monitor for Arthon.[161] These materials, and in particular the monitor's reports, set out the following facts.

10. Arthon Industries is the primary holding company for the operating entities of the Arthon Group.[162] While Arthon Industries has a number of subsidiaries and affiliated entities, its four main operating subsidiaries are: (1) Arthon Contractors; (2) Arthon Equipment; (3) Coalmont Energy; and (4) 84% of Sandhill Materials.[163] According to the principal of Arthon Industries, Arthon Contractors is the "active construction arm of the Arthon Group",[164] Arthon Equipment is the owner of the equipment used (and leased) by Arthon Contractors,[165] Coalmont Energy has the rights to operate a coal mine near Tulameen, British Columbia (the "**Coalmont Mine**"),[166] and Sandhill Materials has an acquired title to a major deposit of natural aggregate materials (primarily gravel and sand) in the process of development in Kitimat, BC.[167]

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161 <http://www.alvarezandmarsal.com/arthon-industries-limited-et-al>. A screen-shot of this website was previously attached as Exhibit "**116**".

162 See the Affidavit of Kerry Ning Leong sworn November 28 2013, para. 15, a copy of which is attached as Exhibit "**137**".

163 See, for example, the Second Report of the Monitor dated December 17, 2013, paras. 5.1 to 5.2, and Appendix "D" thereto, a copy of which is attached as Exhibit "**138**". See also the Affidavit of Kerry Ning Leong sworn November 28 2013, paras. 3 to 11.

164 Affidavit of Kerry Ning Leong sworn November 28 2013, para. 16.

165 Affidavit of Kerry Ning Leong sworn November 28 2013, para. 17.

166 Affidavit of Kerry Ning Leong sworn November 28 2013, para. 18.

167 Affidavit of Kerry Ning Leong sworn November 28 2013, para. 11.

11. In 2013, Arthon experienced a number of difficulties. Among others, there was a spill of filtercake slurry material from the Coalmont Mine, which resulted in the halt of development of the mine.[168]

12. At the time, the primary secured lender to Arthon was HSBC. Various HSBC facilities were secured and cross-collateralized within the Arthon Group. In late October 2013, HSBC served notices of its intention to enforce its security on the Arthon Group.[169] As a result, various entities within the group, including Arthon Industries, were forced to apply for CCAA protection. A&M was appointed as monitor for these entities on November 29, 2013.[170]

13. In December 2013, Arthon's $47 million loan from HSBC was assigned to Callidus, and Arthon and Callidus entered into a forbearance agreement.[171] Callidus also agreed to provide $5 million in interim financing.[172] Around the same time, MNP was retained to manage a sales process for the Coalmont Mine,[173] and HSBC agreed to provide a $10 million letter of credit in favour of Callidus, to be drawn upon if the Coalmont Mine and related assets of Coalmont Energy were sold for anything less than

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168 Affidavit of Kerry Ning Leong sworn November 28 2013, para. 62.

169 Affidavit of Kerry Ning Leong sworn November 28 2013, para. 25.

170 Second Report of the Monitor dated December 17, 2013, para. 1.

171 Second Report of the Monitor dated December 17, 2013, paras. 7.4 to 7.11. See also Third Report of the Monitor dated February 25, 2014, paras. 1.4(b) and 6.1, a copy of which is attached as Exhibit "139".

172 Second Report of the Monitor dated December 17, 2013, para. 7.7 to 7.9; Third Report of the Monitor dated February 25, 2014, paras. 6.1 to 6.8.

173 Second Report of the Monitor dated December 17, 2013, para. 8.1; Third Report of the Monitor dated February 25, 2014, paras. 1.4, and 7.1 to

net proceeds of $10 million.[174] Concurrently, Great West Equipment was retained to manage a parallel sales process to sell approximately 100 pieces of heavy equipment owned by Arthon, on a consignment basis. The equipment had been rendered "redundant" as a result of the inactivity of the Coalmont Mine.[175]

14. According to the Third Report of the Monitor dated February 25, 2014, 77 potential purchasers/investors were contacted by MNP with respect to the sales process of the Coalmont Mine, and non-binding letters of intent were received from certain interested parties.[176] However, A&M had conducted an analysis of possible asset values, and concluded that: "the two key assets that will impact the exposure of Callidus and HSBC are the Coalmont Mine and the Sandhill property" and that "it does not appear likely that [the Coalmont Mine] will generate sufficient proceeds to retire the claims of both HSBC and Callidus".[177] It appeared de minimis value was attributed to Arthon Contractors. Notably, by that time Callidus' advances to the Arthon Group totalled approximately $56.8 million.[178]

15. Arthon failed to negotiate a sale of the Coalmont Mine, and in April 2014 advised A&M that it planned to "revise the focus of its immediate restructuring efforts away from a sale of all or part of the Coalmont Mine".[179] Instead, the company turned its attention

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174 Second Report of the Monitor dated December 17, 2014, para. 7.5

175 Second Report of the Monitor dated December 17, 2014, paras. 9.1 and 9.2; Third Report of the Monitor dated February 25, 2014, paras. 7.7 to 7.9.

176 Third Report of the Monitor dated February 25, 2014, para. 7.2.

177 Third Report of the Monitor dated February 25, 2014, para. 8.10.

178 Supplement to the Third Report of the Monitor dated February 26, 2014, para. 3.1, attached as Exhibit "**140**".

179 Fourth Report of the Monitor dated April 11, 2014 at para. 1.6, attached as Exhibit "**141**".

to: (i) preserving the Coalmont Mine for potential operation or sale at a later date; (ii) continuing to sell the redundant equipment; and (iii) pursuing a refinancing and/or sale of all or part of Sandhill Materials.[180]

16. In that regard, in May 2014 the Arthon Group presented analyses to A&M indicating that Sandhill Materials would garner more value for its stakeholders if it was further developed rather than sold immediately in its then-undeveloped state. The company further advised that it was in advanced negotiations for the pre-sale of a large volume of aggregates to an international organization looking to develop a liquid natural gas terminal in Kitimat, British Columbia.[181] However, at the same time, A&M concluded that the "nature of the assets of Sandhill [Materials] pose significant challenges in estimating realizations that may be achieved depending upon the monetization approach and timelines adopted".[182] By that time, equipment sales totalled $5.6 million, and (following repayments to Callidus from the proceeds of such equipment sales), total amounts due to Callidus were approximately $48.2 million.[183]

17. The Arthon Group subsequently engaged MNP to assist with developing and monetizing Sandhill Materials. According to the Sixth Report of the Monitor dated July 22, 2014, MNP had identified 51 prospective investors, customers or purchasers, and had received confidentiality agreements from 11 parties (although letters of intent were

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180 Fourth Report of the Monitor dated April 11, 2014, at para. 1.6.

181 Fifth Report of the Monitor dated May 6, 2014, at paras. 6.4 to 6.9, attached as Exhibit "**142**".

182 Fifth Report of the Monitor dated May 6, 2014, at para. 6.19.

183 Fifth Report of the Monitor dated May 6, 2014, at paras. 7.2 and 9.8 to 9.9.

not yet due).[184] While equipment sales totalled approximately $6 million for the 25 pieces sold by that date, the company indicated that it would consider reducing the list prices of the equipment in order to expedite further sales and meet the scheduled principal repayments provided for in the forbearance agreement with Callidus. As at July 22, 2014, total amounts due to Callidus were approximately $52.5 million.[185]

18. Around the same time, Callidus drew down on the $10 million letter of credit issued by HSBC as a result of the failed sales process for the Coalmont Mine.[186]

19. Progress on MNP's efforts to develop and monetize Sandhill Materials was largely redacted from the Seventh Report of the Monitor dated October 29, 2014, although it appeared to West Face that some progress had been made on the pre-sale of aggregates. More concerning, however, was the status of equipment sales. By the end of October 2014, the equipment sales process had resulted in total net proceeds of $6 million, on sales of 28 pieces of equipment. The company advised that it would no longer focus on sales of equipment.[187] Total amounts due to Callidus at that time were approximately $44.6 million, although a further advance of $10 million to Sandhill Materials was being negotiated.[188]

20. In summary, in the Fall of 2014, Callidus had approximately $45 million due from the Arthon Group (with another $10 million advance being negotiated), yet the group's

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184 Sixth Report of the Monitor dated July 22, 2014, at paras. 6.3 to 6.4, attached as Exhibit "143".

185 Sixth Report of the Monitor dated July 22, 2014, at paras. 6.15 to 6.17.

186 Seventh Report of the Monitor dated October 29, 2014, at para. 8.5, attached as Exhibit "144".

187 Seventh Report of the Monitor dated October 29, 2014, at paras. 6.10 to 6.12.

188 Seventh Report of the Monitor dated October 29, 2014, at paras. 8.3 to 8.6.

only assets of value were two development stage projects: the Coalmont Mine and Sandhill Materials. As set out above, the sales process for the Coalmont Mine had failed, and Sandhill Materials required approximately $25 to $30 million in additional capital to develop.[189] By that time, Callidus had not made any disclosures regarding impairment of this loan.

21. More recently, in the Eleventh Report of the Monitor dated January 27, 2015, A&M reported that Arthon's debt to Callidus totalled $53.8 million at the time.[190]

<u>Leader Energy Services</u>

22. As set out in Appendix "B", West Face learned the details of Callidus' loan to Leader Energy from a variety of public sources, including Callidus' own website and Leader Energy's public disclosure. A review of the history of Callidus' loan to Leader Energy gives cause for concern.

23. According to its public website, Leader Energy provides well completion services in the Canadian energy sector.[191] This sector has been adversely affected by the recent precipitous decline in oil prices. Moreover, a review of Leader Energy's financial statements indicates that the company has generated little cash flow and EBITDA over the last several years.

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189 According to a District of Kitimat Investment Summary prepared by the district's Economic Development Department, a copy of which is attached as Exhibit "**145**".

190 Eleventh Report of the Monitor dated January 27, 2015, at paras. 1.7 and 4.11, attached as Exhibit "**146**".

191 <http://www.leaderenergy.com//index.php>.

24. On March 6, 2013, Leader Energy announced in a press release that it had "entered into a credit facility with a private Canadian asset-based lender". The release stated that the credit facility included a demand revolving facility of up to $4 million, and a one year demand non-revolving loan of up to $12 million. The release also noted that while the facility carried a "significantly higher borrowing cost than a conventional bank facility", it had "no financial covenants".[192] This information matched the other public sources of information set in Appendix "B", and West Face concluded that this was the loan from Callidus.

25. On October 31, 2013, Leader Energy announced in a press release that it had obtained an additional $1 million demand non-revolving single advance loan repayable January 31, 2014 from its "current lender". The company also announced that the terms of its demand revolving facility (of up to $4 million) and its demand non-revolving loan (of up to $12 million) had been extended for an additional six months to September 6, 2014.[193]

26. In March 2014, Leader Energy announced that it had increased the size of its demand revolving facility from $4 million to $5 million.[194]

27. On August 28, 2014, Leader Energy released its financial and operating results for the second quarter of 2014. According to its press release, the company was actively selling assets, and was being sued for $7 million following its default on a lease

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192 A copy of this press release is attached as Exhibit "**147**".

193 A copy of this press release is attached as Exhibit "**148**".

194 A copy of this press release is attached as Exhibit "**149**".

of a vacant facility in Alberta. The company also announced that it had combined its $1 and $12 million facilities into a demand non-revolving single advance term loan, and that the balance outstanding on this loan was $11.4 million, due September 6, 2014. Leader Energy further disclosed that it was "over advanced" on its demand revolving facility by approximately $0.85 million and was "working with its lender on a six-month extension".[195]

28. On February 19, 2015, Leader Energy filed a Notice of Intention to Make a Proposal pursuant to the BIA.[196] To my knowledge, Callidus has not provided any further disclosure on these facilities. In particular, Callidus has offered no information on when or how its outstanding and overdue loans to Leader Energy might be paid, nor has it disclosed any impairment or default on these loans.

North American Tungsten

29. As set out in Appendix "B", West Face learned the details of Callidus' loan to North American Tungsten through the latter company's public filings on SEDAR. These materials provide as follows.

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195 A copy of this press release is attached as Exhibit "**150**".

196 A copy of this press release is attached as Exhibit "**151**".

30. North American Tungsten is engaged in tungsten mining. Its primary assets are the Cantung mine in the Northwest Territories and the Mactung mineral property in Yukon.[197]

31. According to the company's most recently filed technical report on the Cantung mine (dated September 19, 2014), the mineral reserves of the Cantung mine support a mine life through to only 2017-2018.[198] The mine also faces significant reclamation liabilities related to anticipated closure costs of the mine.[199]

32. The Mactung property is a pre-development asset that has only recently passed its environmental assessment from the Yukon Environmental and Socio-economic Assessment Board. To date, North American Tungsten has been unable to develop strategic alternatives to finance the estimated capital cost of over $400 million to develop the project based on an April 2009 technical report.[200] The company has not conducted an updated feasibility study since April 2009.

33. North American Tungsten has historically not generated any free cash flow and its only operating asset, the Cantung mine, is approaching the end of its economic life. While Callidus' loan is secured, the security is over all assets of the company *excluding* the Mactung property, certain accounts receivable, and all mining and mineral leases,

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197 See, for example, North American Tungsten's Unaudited Interim Consolidated Financial Statements for the Three and Nine Months Ended June 30, 2014 and 2013, excerpts of which are attached as Exhibit "**152**".

198 See North American Tungsten Technical Report on the Cantung Mine, Northwest Territories (NI 43-101), at pp. 16-26 to 16-27, excerpts of which are attached as Exhibit "**153**".

199 North American Tungsten Technical Report on the Cantung Mine, Northwest Territories (NI 43-101), at pp. 20-1 to 20-2.

200 See North American Tungsten Technical Report on the Mactung Property, Yukon (NI 43-101), at p. 1-10, excerpts of which are attached as Exhibit "**154**".

claims and tenures.[201] In West Face's experience, North American Tungsten's assets over which Callidus has security would not realize full book value on a liquidation of the company.

Esco Marine

34. As set out in Appendix "B", West Face learned the concerning details of Callidus' loan to Esco Marine through public court proceedings between Callidus and Esco. These materials provide as follows.

35. Esco is a marine yard based in Brownsville, Texas. It specializes in recycling metals and the proper disposal of obsolete maritime vessels. According to Callidus' motion materials, Callidus and Esco entered into a loan agreement on June 30, 2014, pursuant to which Callidus agreed to lend up to a maximum of $34 million. The loan took the form of a borrowing base facility in conjunction with several other facilities. Because Esco was in severe financial distress, a "Blocked Account" was set up, into which Esco was obligated to deposit all funds from all sources. All funds deposited into the Blocked Account would be the property of Callidus.[202]

36. On the closing date of the loan, Callidus refused to advance $3.5 million of the total loan amount. Callidus also refused to advance amounts based under a borrowing

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[201] North American Tungsten's Unaudited Interim Consolidated Financial Statements for the Three and Nine Months Ended June 30, 2014 and 2013, at p.9.

[202] See Callidus' Motion for Temporary Restraining Order and Preliminary Injunction, pp. 1-4, a copy of which is attached as Exhibit "155".

base facility. According to Esco, this meant that it could not pay down the overdue payables, making it difficult for Esco to pay essential operating expenses.[203]

37. Eventually, in November 2014, Esco resorted to diverting funds away from the Blocked Account in order to pay amounts due to critical vendors and employees. Callidus alleges that this act constituted theft, and in December 2014, Callidus filed a temporary restraining order and preliminary injunction against Esco in order to protect its collateral.[204]

38. There are essentially two versions of the truth being alleged in the lawsuit: (a) Esco alleges that Callidus premeditatedly refused to advance the full loan amount in order to accelerate Esco's insolvency; (b) Callidus alleges that Esco was misappropriating funds.

39. As of February 11, 2015, Callidus' borrowing base facility had a collateral deficit of \$6 million, which has consistently grown more negative week to week.[205] Esco also currently has a negative shareholders' equity balance, which means that the net book value of its assets is less than debt outstanding to Callidus based on a Duff & Phelps report dated August 27, 2014.[206] In a liquidation, we are highly confident that Esco would be sold at a discount to the net book value of its assets, which would result in impairment in the Callidus loan.

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203 See Esco's Response to Plaintiff's Motion for Preliminary Injunction, at p. 5, a copy of which is attached as Exhibit "**156**".

204 Callidus' Motion for Temporary Restraining Order and Preliminary Injunction, pp. 1-4

205 See Callidus' Supplemental Update Regarding Plaintiff's Motion for Preliminary Injunction, a copy of which is attached as Exhibit "**157**".

206 A copy of the Duff & Phelps report is attached as Exhibit "**158**".

40. Regardless of which party's allegations are correct, it is apparent that Esco is in extreme financial distress. Indeed, Callidus itself has alleged that Esco is incapable of paying a monetary judgment.[207]

Deepak International

41. As set out in Appendix "B", West Face first learned of Callidus' loan to Deepak International through Callidus' recent public disclosure on February 17, 2015, as well as the CBC article which referred to the lawsuit against Deepak by the financial advisor who brokered the Callidus loan. West Face has since learned the following additional facts about this loan.

42. On January 7, 2013, the Government of the North West Territories ("**GNWT**") granted Deepak International with "Approved NWT Diamond Manufacturer" ("**ANDM**") status. This enabled Deepak to purchase a portion of the territory's rough diamond production. At the same time, Deepak was in the process of acquiring two GNWT-owned buildings in Yellowknife and the lease of related airport lands as the site of its diamond manufacturing operations.[208]

43. According to the Statement of Claim filed against Deepak by its financial advisor Chippingham Financial Group, on April 21, 2014, Callidus and Deepak sign a term sheet providing for a loan of up to $20.5 million.[209]

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207 See *Callidus' Emergency Motion for Reconsideration of Order Denying Temporary Restraining Order*, p. 3, attached as Exhibit "**159**".

208 A copy of a news article reflecting this information is attached as Exhibit "**160**".

209 A copy of this Statement of Claim is attached as Exhibit "**161**".

44. After 18 months, in June 2014, Deepak finally closed on acquiring the buildings in Yellowknife for $1.9 million.[210]

45. As set out in Appendix "B", on February 17, 2015, Callidus disclosed that it was owed $2.6 million by Deepak and that "no cash flow is expected ... until construction of a facility is completed". [211]

46. After more than 2 years after ANDM status was received, there is currently no timeline for when construction will begin, much less when the company will start to produce cash flow. The state of Deepak's website also suggests that the company may not have any operations.[212]

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210 A copy of a CBC news article disclosing this information is attached as Exhibit "**162**".

211 A copy of Callidus' February 17, 2015 public filing is attached as Exhibit "**130**".

212 A screen-shot of this website is attached as Exhibit "**163**".

THE CATALYST CAPITAL GROUP INC.
Plaintiff/Moving Party

and

BRANDON MOYSE and
WEST FACE CAPITAL INC.
Defendants/Responding Parties

Court File No. CV-14507120

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

AFFIDAVIT OF ANTHONY GRIFFIN
(Sworn March 7, 2015)

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– AND –

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Lawyers for the Defendant/Responding Party,
West Face Capital Inc.

TAB A-1

FP TECH DESK

Catalyst prepared to back Mobilicity spectrum bid, Newton Glassman says

SCOTT DEVEAU AND GERRIT DE VYNCK, BLOOMBERG NEWS | November 24, 2014 4:21 PM ET
More from Bloomberg News

This is Exhibit I referred to in the affidavit of Anthony Griffin sworn before me, this 3th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

"If Mobilicity does not participate in that auction, both the value of existing or pre-existing spectrum, and its position in any negotiation goes down," Catalyst's Newton Glassman said. Wayne Leidenfrost/Postmedia News

TORONTO — Newton Glassman's Catalyst Capital Group Inc. is willing to finance Mobilicity's bid for additional wireless airwaves, along with other willing creditors, in an effort to spur further consolidation among smaller Canadian carriers.

Participating in the federal government's auction of wireless airwaves next year is the only way to salvage value in Mobilicity, which is currently under creditor protection, Mr. Glassman said. Catalyst, Canada's second-largest private-equity firm, is one of Mobilicity's largest creditors.

The goal is to have Mobilicity in "as strong of a position as possible for what is the most likely outcome for a merger of two or more of these entities," Mr. Glassman said in an interview at his Toronto office.

The federal government announced earlier this year it will hold another wireless auction in a bid to create greater competition for Canada's three largest carriers — Rogers Communications Inc., BCE Inc. and Telus Corp.

Sixty percent of the airwaves, which are designed for data-heavy cellphone traffic, are set aside for new entrants and the government has been pushing for the creation of a fourth national carrier. The last spectrum auction earlier this year netted the government $5.27-billion from the country's wireless carriers when it sold spectrum ideal for sending data through dense urban areas.

Related

How Quebecor may steer toward Mobilicity after Wind Mobile's buyout deal

Follow

U.S. private equity fund sues feds for $1.2-billion in clash over Mobilicity

Carriers can only bid in regions they already operate in, according to the government's rules. As a result, Quebecor Inc. can bid in Eastern Ontario and Quebec while Mobilicity and Wind Mobile, the largest of Canada's upstart carriers, can bid in other provinces. Carriers have until Jan. 30, to sign up for the auction.

Mr. Glassman said he's looking at the auction as pure "game theory." Acquiring spectrum would make Mobilicity more attractive as a takeover target or potential partner for Wind or Quebecor. At the same time, competition for spectrum would force Wind to pay more than the bargain opening bid of $62-million for the regions it operates in.

"If Mobilicity does not participate in that auction, both the value of existing or pre-existing spectrum, and its position in any negotiation goes down," Mr. Glassman said.

Robert Sauer, a spokesman for Wind declined to comment. Martin Tremblay, a spokesman for Quebecor, didn't reply to phone and e-mail messages.

Mobilicity said in e-mail it continues to discuss alternatives with a number of potential partners.

"The company has not agreed to anything with Catalyst or anyone else at this time," the company said in the e-mail.

A potential partnership or merger between Mobilicity and Wind Mobile may be complicated by a lawsuit Catalyst has filed against one of Wind's largest shareholders, West Face Capital Inc., a Toronto-based hedge fund.

Earlier this year, West Face led a group of investors to purchase the outstanding stake in Wind Mobile, the brand name of Globalive Wireless Management Corp., that was held by Amsterdam-based VimpelCom Ltd. for about $300-million.

Both Catalyst and West Face were amongst the bidders for VimpelCom's stake in Wind, according to people familiar with the sales process.

Catalyst alleges in the lawsuit that a former employee, who left for West Face in July, may have relayed confidential information related to Wind Mobile and other potential investments, according to documents filed with the Ontario Superior Court of Justice.

Catalyst alleges in its recently unsealed statement of claim some of the documents may have been sent to West Face and circulated around the firm as part of the employee's résumé and writing samples.

None of the allegations have been proven in court. West Face denies any wrongdoing, and said in the court filings the employee had no involvement in West Face's bid for Wind Mobile. Greg Boland, West Face chief executive officer, declined to comment on the suit.

Bloomberg.com

TAB A-2

NON-DISCLOSURE AGREEMENT

THIS NON-DISCLOSURE AGREEMENT (this "**Agreement**") is made as of the 4th day of November, 2009.

BETWEEN:

GLOBALIVE COMMUNICATIONS CORP.
a corporation legally established and located at
48 Yonge Street, Suite 1200
Toronto, ON M5E 1G6

("**Globalive**")

This is Exhibit 2 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

AND:

West Face Capital Inc.
a corporation legally established and located at
2 Bloor Street East, Suite 810
Toronto, Ontario M4W 1A8

("**West Face**")

WHEREAS, Globalive and West Face desire to exchange information generally for the purpose (the "**Purpose**") of exploring potential business and/or investment opportunities.

WHEREAS, the purpose of this Agreement is to allow the parties to share certain technical and business information under terms that will protect the confidential and proprietary nature of the information.

WHEREAS, information will be disclosed to facilitate establishing the basis for discussions leading to a more formalized business relationship between the parties, it is the intent of the parties that this Agreement will remain in effect even in the event that the relationship between the parties becomes more formalized.

THEREFORE, for valid consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. In this Agreement, "**Confidential Information**" means all data and information whether in written, machine readable or other tangible form, or disclosed orally, that is of value to the disclosing party or the disclosing party's affiliates or subsidiaries, is not generally known to competitors of the disclosing party, and which is communicated to another party in contemplation of this Agreement. Confidential Information shall include, but not be limited to, information relative to the disclosing party's personnel, customers, suppliers, services, facilities, current or proposed business plans, marketing and roll-out plans, distribution channels, financial information, telephone calling pattern information, prices, trade secrets, know-how, formulae, processes, data, network configuration and rights-of-way, technical schema related to the design and function of telephony products and technology, drawings, proprietary information, customer lists, and any other non-public information which concerns the business and operations of the disclosing party or the disclosing party's affiliates or subsidiaries.

2. In consideration of the disclosure of the Confidential Information by either party (the "**Disclosing Party**") to the other party (the "**Recipient**") the parties agree that they shall:

   (a) use the Confidential Information only for the Purpose, and in connection with the performance of their obligations under this Agreement and, for greater certainty, not use Confidential Information for competitive purposes;

(b) hold such Confidential Information in confidence, with at least the same degree of care with which it protects its own confidential or proprietary information, and at a minimum in accordance with reasonably prudent standards;

(c) restrict disclosure of the Confidential Information solely to its employees with a need to know the Confidential Information for the Purpose and who are bound to maintain such Confidential Information in confidence under terms and conditions similar to, and no less stringent than, those set out herein and advise such persons of their obligations under this Agreement with respect to such Confidential Information. The Recipient hereby assumes responsibility for any disclosure of Confidential Information by any person to whom disclosure of Confidential Information is permitted under this Agreement. The Recipient shall take all reasonably necessary measures to restrain any person to whom disclosure of Confidential Information is permitted under this Agreement from unauthorized disclosure or use of Confidential Information;

(d) except in connection with the Purpose, not copy or duplicate such Confidential Information or knowingly allow anyone else to copy or duplicate such Confidential Information;

(e) promptly return to the Disclosing Party, upon its written request, or certify as destroyed Confidential Information in whatever form, including all electronic and magnetic copies and notes thereof, regardless of whether such Information was made or compiled by the Recipient or its employees, professional advisors or consultants or furnished by the Disclosing Party;

(f) notify the other upon discovery of any unauthorized or improper use or disclosure of any Confidential Information, or any breach of this Agreement, and will offer all reasonable cooperation to regain possession or to prevent further unauthorized use or disclosure of the Information; and

(g) segregate Confidential Information from other materials to prevent commingling.

3. The restrictions in this Agreement on use and disclosure of Confidential Information shall not apply to information that:

(a) shall become generally known through no act of the Recipient or is in the public domain or subsequently enters the public domain other than through unauthorized disclosure by the Recipient;

(b) was disclosed to the Recipient on a non-confidential basis by a third party having lawful possession and the right to make such disclosure, who was not under an obligation of confidence regarding the information, who was not identified to the Recipient as an agent of the Disclosing Party and provided that the Recipient would not reasonably expect that such third party had obtained such information in a confidential manner from the Disclosing Party;

(c) was in the legitimate possession of the Recipient prior to its disclosure hereunder, as evidenced by appropriate records;

(d) is independently developed by the Recipient in the future without use of the Confidential Information, as evidenced by appropriate records;

(e) is approved in writing by the Disclosing Party for release or other use by Recipient according to the terms set out in such written approval; or

(f) which is disclosed pursuant to a requirement or request of a government agency, subpoena or other legal proceeding if, in the opinion of the Recipient's legal counsel, nondisclosure would result in contempt proceedings against the Recipient; provided that if disclosure is requested, the

Recipient shall, if permitted by law, provide the Disclosing Party of such Confidential Information with prompt notice of such request to enable the Disclosing Party to seek a protective order and shall take such reasonable steps to limit the amount of disclosure. The parties recognize and agree, so as to permit the fullest of discussion and disclosure, that neither party will make use of the fact of these discussions or the Confidential Information to the detriment or adverse interest of the other party in proceedings of any nature whatsoever, public or otherwise.

4. Each party acknowledges that neither the other party nor any of its representatives makes any express or implied representation or warranty as to the accuracy or completeness of the Confidential Information disclosed by such other party, except as may be otherwise agreed in writing between the parties. Neither party nor its representatives shall have any liability to the other party, any of such other party's representatives, or any other person, relating to or arising from the use of the Confidential Information, or for any errors therein or omissions therefrom, and each party assumes full responsibility for all conclusions such party derives from the Confidential Information, except as may be otherwise agreed in writing between the parties. Each party agrees that it is not entitled to rely on the accuracy or completeness of the Confidential Information disclosed by the other party; provided that a Recipient shall be entitled to rely on the representations and warranties, if any, made to a the Recipient by the Disclosing Party in any other agreement. Nothing in this Agreement shall be construed as obligating a party to provide, or to continue to provide, any information to any person.

5. Subject to the terms and conditions of this Agreement, neither party shall have any obligation to begin or continue discussions or negotiations, to reach or execute any agreement, or to refrain from entering into or continuing any discussions, negotiations, and/or agreements at any time with any third-party, unless and until the parties mutually execute and deliver a formal, written, and definitive agreement, and only to the extent provided in such agreement. This Agreement does not constitute a joint venture or other such business agreement.

6. Except as otherwise provided in this Agreement, each party has the right to refuse to accept any information under this Agreement.

7. Notwithstanding anything herein, either party shall be free to disclose the Confidential Information to its Affiliates and employees thereof with a need to know the Confidential Information provided that such Affiliates and employees thereof agree to be bound by confidentiality obligations similar to, but no less stringent than those contained herein. The term "**Affiliate**" shall mean any person or entity directly or indirectly controlling, controlled by, or under common control with either party hereto.

8. The parties agree that an impending or existing violation of any provision of this Agreement would cause the Disclosing Party irreparable injury for which it would have no adequate remedy at law, and agree that the Disclosing Party shall be entitled to obtain from a court of competent jurisdiction immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it.

9. Each party acknowledges and agrees that nothing contained in this Agreement shall be construed as granting any rights, by license or otherwise, under any patent, copyright, trademark, trade secret or any other intellectual property rights in or concerning any of the Disclosing Party's Confidential Information.

10. Each party acknowledges and agrees that all copyrightable material, notes, records, documents, drawings, designs, inventions, improvements, developments, derivative works, discoveries and trade secrets (collectively, "**Inventions**") conceived, made or discovered by the Recipient based upon the Disclosing Party's Confidential Information or otherwise, solely or in collaboration with others, during the period of this Agreement which relate in any manner to the business of the Disclosing Party that the Recipient provides to the Disclosing Party, are the sole property of the Disclosing Party. The Recipient

further agrees to assign (or cause to be assigned) and does hereby assign fully to the Disclosing Party all such Inventions.

11. The Recipient shall not, and shall not permit its employees, professional advisors and consultants to, disclose to any person or entity, before the parties expressly agree to publicly announce a definitive agreement between the parties, (a) the fact that Confidential Information has been made available to the Recipient or (b) the fact that the parties have discussed or negotiated a possible business and/or investment opportunities; provided that each party may make such disclosure as such party determines, in good faith and upon the advice of counsel, is required by law or the applicable rules of any national securities exchange or other market or reporting system (in which event such party will use reasonable efforts to consult with the other party as early as possible in advance of any such disclosure regarding the nature, timing, extent, and form of such disclosure and to receive the confidentiality and non-use protections for Confidential Information to the greatest extent possible).

12. To the extent that Confidential Information may include material subject to the solicitor-client privilege, work product doctrine, or any other applicable privilege concerning pending or threatened legal proceedings or governmental investigations, the parties expressly understand and agree that they have a commonality of interest with respect to such matters and the parties' mutual desire, intention, and understanding is that sharing such material is not intended to, and will not, waive or diminish in any way the confidentiality of such material or the continued protection of such material under the solicitor-client privilege, work product doctrine, or other applicable privilege. All Confidential Information provided by a party that is entitled to protection under the solicitor-client privilege, work product doctrine, or other applicable privilege will remain entitled to such protection under these privileges, this Agreement, and under the joint defense doctrine. Nothing in this Agreement obligates any party to reveal to the other party material subject to the solicitor-client privilege, work product doctrine, or any other applicable privilege.

13. The parties agree that neither shall use any trademark, service mark or trade name or refer to the other party in any trade material or promotional material without first obtaining prior written consent to do so.

14. This Agreement shall be binding upon the parties and their respective heirs, successors and assigns. Neither party shall voluntarily or by operation of law assign, transfer, license, or otherwise transfer all or any part of its rights or obligations under this Agreement without the other party's prior written consent, which shall not be unreasonably withheld. Any attempt to make an Assignment in violation of this provision shall be null and void. Further, the parties agree to provide to each other written notice of any material change in ownership. No assignment shall release either party from its obligations under this Agreement.

15. Any notice, request, demand, consent or other communication provided or permitted under this Agreement shall be in writing and shall be deemed to be sufficiently given if personally delivered or sent by registered mail postage prepaid, to the party for which it is intended at its address first set forth above. Any notice so given shall be deemed to have been received on the date on which it was delivered in person or if sent by registered mail only (which method of service shall not be a valid form of providing notice during a postal strike), five (5) business days after the sending. Either party may, by notice in writing to the other party, designate a different address for notices to be sent to it.

16. This Agreement shall be governed, construed and applied in compliance with the laws of the Province of Ontario, and the laws of Canada applicable therein.

17. Any variation of the terms or conditions contained in this Agreement and any revisions or emendations thereto, may only be undertaken with the mutual consent of the parties, if those variations, revisions, emendations, or modifications of any sort, are in writing and signed by an authorized representative of each party.

18. No party's failure or delay in exercising any right, power, or privilege under this Agreement will constitute a waiver of such right, power, or privilege, nor will any single or partial exercise of such right, power, or privilege preclude any other exercise of such right, power, or privilege or the exercise of any other right power, or privilege under this Agreement.

19. Each party warrants that it is a corporation and has full corporate power and authority to enter into and do all things necessary for the performance of this Agreement. Each signatory to this Agreement warrants that he or she is authorized to sign on behalf of the corporation for whom he or she acts.

20. The Disclosing Party warrants that it has all necessary rights to lawfully disclose the Confidential Information and the Confidential Information has not been provided in breach of any other agreement or arrangement with third parties. The Disclosing Party indemnifies the Recipient against liability for third party claims on that basis.

21. This document contains the entire agreement between the parties as to the subject matter hereof and supersedes any previous oral or written understandings, commitments or agreements between the parties pertaining to the subject matter of this Agreement.

22. For the parties' convenience, any number of counterparts of this Agreement may be executed by the parties. Each such counterpart will be, and will be deemed to be, an original instrument, but all such counterparts taken together will constitute one and the same Agreement. A fax copy, an electronically-mailed PDF copy, or any other electronic or written version of this Agreement and/or any signatures on this Agreement in any such format shall be deemed as originals for all purposes, so long as the signatures on this Agreement can be seen.

23. If any provision of this Agreement becomes or is declared by a court with competent jurisdiction to be invalid, illegal, or unenforceable, then all remaining provisions of this Agreement shall continue in full force and effect without such provision and without affecting the remaining portions of this Agreement. In any such case, the parties agree to negotiate a valid, legal, and enforceable substitute provision that most closely approximates the parties' intent in entering into this Agreement, as reflected in this Agreement's original terms.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

GLOBALIVE COMMUNICATIONS CORP.
Per:

Name: ~~Simon Lockie, Chief Legal Officer~~
BRICE SCHESCHUK, CFO
A duly authorized representative of Globalive.

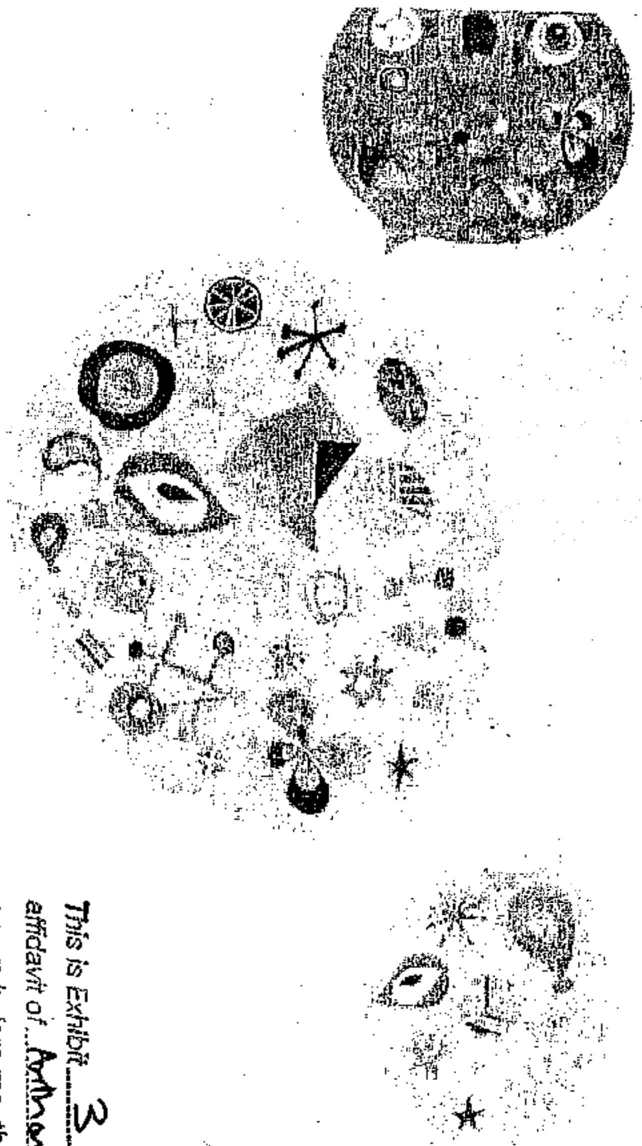
WEST FACE CAPITAL INC.
Per:

Name: Thomas P. Dea, Partner

A duly authorized representative of West Face.

TAB A-3

HIGHLY CONFIDENTIAL
DO NOT DUPLICATE OR DISCLOSE



Globalive Wireless Overview

December 24, 2009

This is Exhibit 3 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

WIND

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NON-DISCLOSURE OBLIGATIONS

- **This document and the information contained herein constitutes "Confidential Information"** as such term is defined in the Non-Disclosure Agreement which you have executed (the "NDA"). As a result, you have agreed that (except as expressly permitted by the NDA) you will:
  - Hold such information in confidence and to use it ONLY for the purpose of exploring potential business and/or investment opportunities with GWMC
  - Restrict disclosure of such information solely to your employees, professional advisors and consultants who need to know and who are bound to keep the information confidential as described in greater detail in the NDA
  - Not duplicate such information except as expressly permitted by the NDA
  - Return GWMC's Confidential Information or certify that it has been destroyed upon request by GWMC
  - Segregate GWMC's Confidential Information from other materials

WIND

AGENDA

- Introduction & Financing Proposal
- WIND Market Approach
- Business Model Detail

INTRODUCTION
GLOBALIVE WIRELESS/WIND MOBILE FUNDAMENTALS

- Spectrum license granted March 13, 2009; approval to launch operations on December 11, 2009
- First new entrant to launch commercially (December 16, 2009)
- Aggressive network roll-out continues with 80% of licensed population covered within 5 years
- Targeting 2.6M Voice Subscribers, 300K Mobile Broadband Subscribers and $1.4B in Service Revenue by 2014
- Shareholders (Globalive & Orascom) are experienced telecom operators
- Strong wireless management team in place
- Seeking USD$500-750M (with CDNs tranche inclusive) in High Yield Debt Financing
- Shareholder loans, vendor financing and planned debt issue result in a fully funded business plan

WIND

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INTRODUCTION
WIND MANAGEMENT TEAM

Anthony Lacavera
Chairman

- Chairman of Globalive and WIND
- Chairman of e-Time Energy, Yak, ICS, Canopco and OneConnect, Director of Lingo Media and ECHOage
- Canada's Top 40 under 40, 2006
- BASc, University of Toronto, Faculty of Applied Science & Engineering

Ken Campbell
CEO

- CEO of Bite Group, Vodafone partner in Baltic states
- CMO with TIW and Vodafone Romania and a member of the Marketing Board of the Vodafone Group
- Senior Executive with Mobinil (Egypt) and Tunisiana (Tunisia)
- Management Consultant, A.T. Kearney, Washington DC
- MBA, London Business School and BA, Carleton University

Heather Gomes
CFO

- CFO of Virgin Mobile Canada
- Numerous positions at Bell Canada/Bell Mobility/Bell Distribution (VP, Finance, Controller, VP, Merchandising & Logistics)
- CA, B.Comm, McMaster University

Chris Robbins
CCO

- CMO of Vodafone Czech Republic
- Senior Director, Strategic Planning & Analysis with Rogers
- MBA, McMaster University

Marius Armeanca
CTO

- CTO of Mobilink (Pakistan) Banglalink (Bangladesh), and Iraqna (Iraq)
- Graduated from University of Electronics and Telecommunications in Bucharest, Romania

Andrea Wood
CLO

- General counsel of Globalive [illegible]
- Head of Bennett Jones' [illegible] practice
- LLM, London School of Economics, LLB, Osgoode Hall Law School

A Canadian team with a Global perspective

WIND

GLOBALIVE DEBT FINANCING OVERVIEW

- Globalive is looking to raise US$500 - US$750 million in debt financing during Q1 2010. We are interested in a C$ tranche as part of the raise (included within the range specified)
- Use of proceeds is to fund operating losses and capex
- Globalive is looking for pitches from investment banks the week of January 11, 2010 with respect to the proposed debt raise. Final schedule to be determined as soon as possible
- This presentation provides up to date information on Globalive's wireless business plan. Note that the capital structure assumptions are crude and include vendor financing as well as a generic loan at 18% interest. This is not an accurate representative capital structure and we would like your views on how to optimize the capital structure
- Please contact Brice Scheschuk at (416) 204-0240 with any questions about the presentation or process

WIND

GLOBALIVE DEBT FINANCING MATERIALS

- Include the following in the pitch materials:
  - General overview of the debt and equity (public and private) markets
  - Overview of the high yield / leveraged debt as well as public and private equity markets for new entrant wireless and other comparable companies
  - Specific bank experience with North American and non-North American new entrant wireless and emerging telecom high yield / leveraged debt as well as equity deals. Recent experience is critical. Case studies would be useful
  - Bank experience with Weather and Orascom high yield / leveraged debt deals and other relationship experience
  - C$ high yield / leveraged debt experience and case studies
  - Other relevant experience and case studies
  - Aftermarket performance of recently completed deals
  - Thoughts on Globalive capital structure evolution
  - Deal size, indicative terms and structuring considerations
  - Investor universe
  - Process, timelines, data room and materials required
  - High yield/leveraged debt calendar for Q1 2010

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GLOBALIVE DEBT FINANCING FURTHER CONSIDERATIONS

- Other considerations:
  - First lien / second lien
  - US$ exposure and swap/hedge capabilities
    - Collateral requirements from borrower
  - C$ tranche and Canadian investor group
  - Cash pay versus PIK
  - Impact on existing vendor financing and anticipated refinancing of vendor debt with ECA's:
    - Current maturity of vendor debt is August 2012 and we intend to refinance with ECA's in mid 2010 and extend the maturities
  - Impact on Orascom shareholder loans:
    - Expected size of Orascom shareholder loans at Dec. 31, 2010 will be approx. C$800 million
    - Current maturity of Orascom debt is [illegible] August 2014
    - Interest is PIK'ed to maturity
    - Ability to refinance shareholder debt
    - Other considerations
  - U.S. and Canada registration requirements, timing, Sarbanes Oxley requirements, CEO/CFO certification, etc.
  - Research and aftermarket
  - Additional financing for fixed line to offer facilities based triple play (and eventually quad play) bundle

WIND

AGENDA

- Introduction & Financing Proposal
- **WIND Market Approach**
- Business Model Detail

WIND

SIGNIFICANT OPPORTUNITY FOR MARKET DIFFERENTIATION

Market fundamentals...

1. Canadian wireless market is highly-priced and under-served

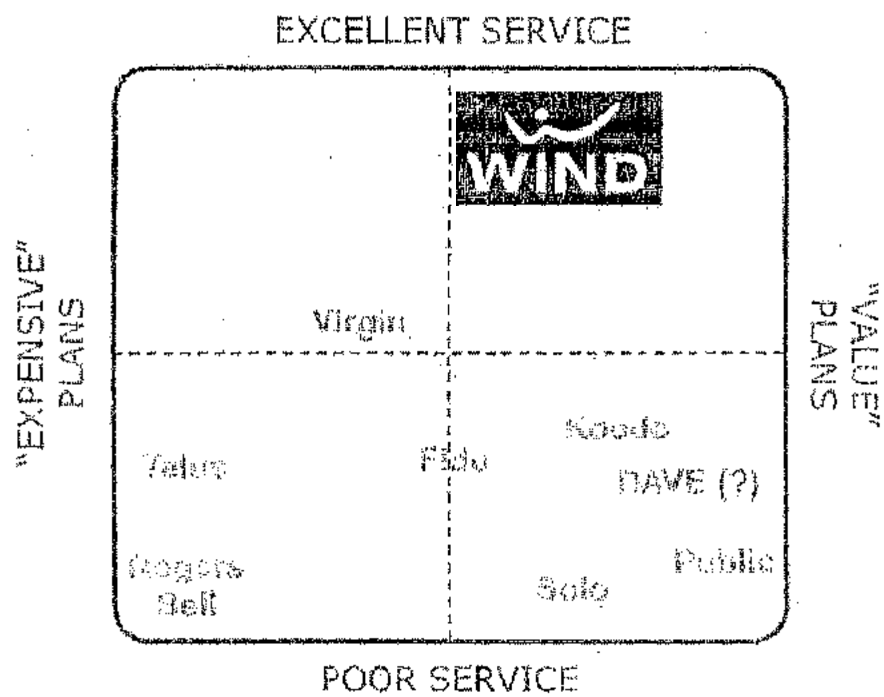
+

2. Consumers—particularly socially-connected segment and new Canadians—realise they are poorly served and are looking for change

...Meaning...

3. WIND has significant market opportunity if it can affordably offer both Service <u>AND</u> Value

...A "white space" opportunity for WIND



WIND can deliver global perspective on Service and Value to an insular Canadian market

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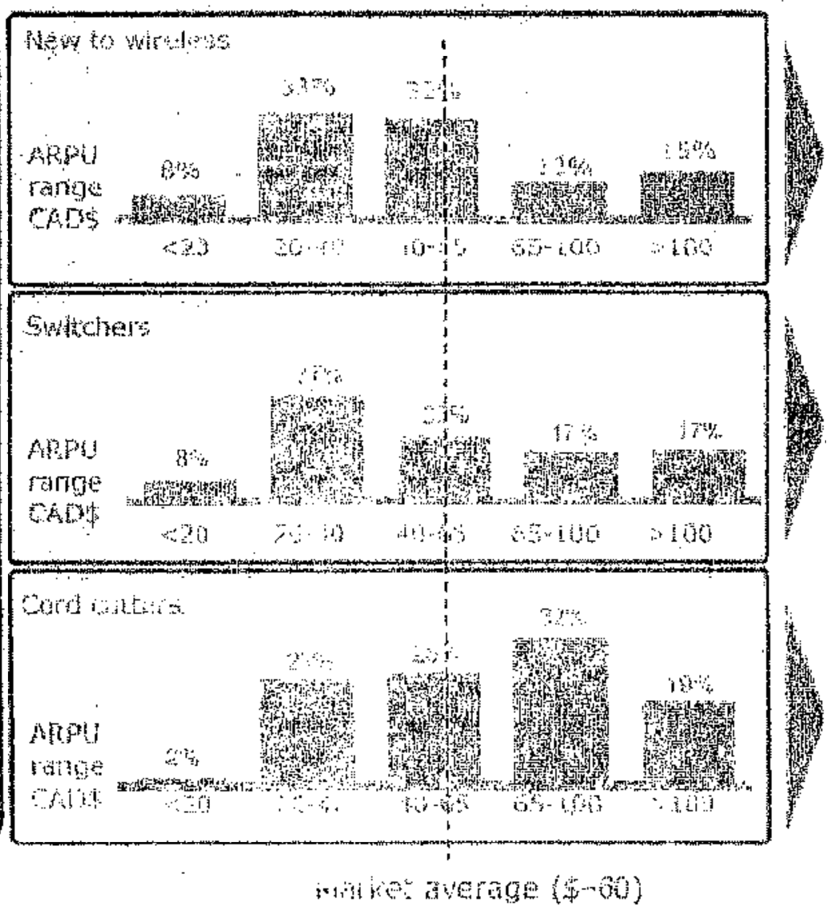
THE KEY AREAS OF MARKET OPPORTUNITY

Oligopolistic competition and a laggard market

- Low wireless penetration, low wireless use
  - ~35% non-users
  - Usage at ~50% of US levels
- Low satisfaction, driven by poor price/value
  - Price/value 50% greater driver of CSAT in Canada vs. US
  - High prices, complex plan structure
- Most major markets market are local duopolies

Entry opportunities for an innovative new player



- ~60% [illegible] ARPU
- Unlike US and Europe, [illegible] generating good ARPU

- ~35% [illegible] with above average [illegible]
- Need range of price points to attract switchers

- ~50% [illegible] above average ARPU
- Willing to pay more to replace total telecom spend

WIND

Source: McKinsey Canadian Wireless Panel Survey

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OUR APPROACH TO MARKET SEGMENTATION

Users

- Use voice and data intensely
- Lawyer, ad exec

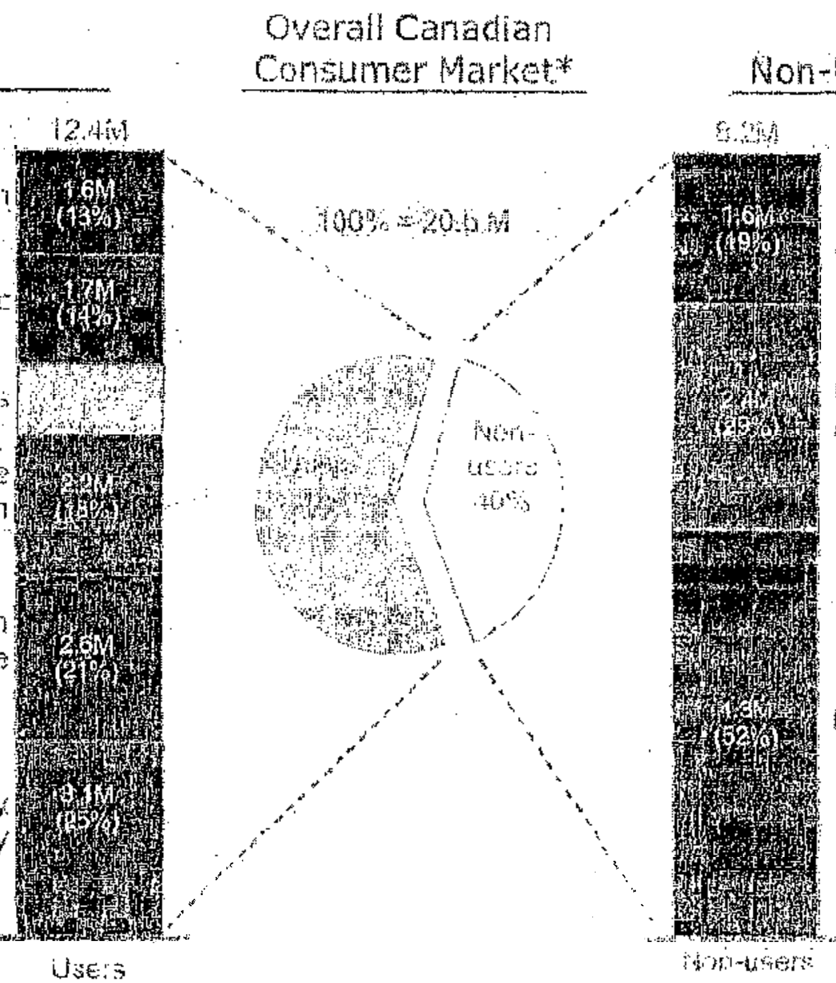
- Use only voice intensely
- Plumber, taxi driver

- Phone a key to planning social life
- College student

- Phone is a toy right now
- Executive assistant, young workforce

- Rarely use phone, but have high standards
- Soccer moms

- Rarely use phone and rarely contact carrier
- Grandparents, non-mobile profs



Non-Users

- No particular demographic pattern (age, income, gender)

- Generally young (18-34 years old)
- Low income bracket (high incidence of <$30K income)
- Female skewed

- High income families (more than $75K HH income)
- Skewed towards other segments

WIND

* Excluding [illegible] business users

Source: Yankee Group 2008; McKinsey Canadian Wireless [illegible] Survey, Stats Canada; [illegible]

USERS:
CANADIAN INCUMBENTS ARE REGARDED AS "DISSERVICE PROVIDERS"

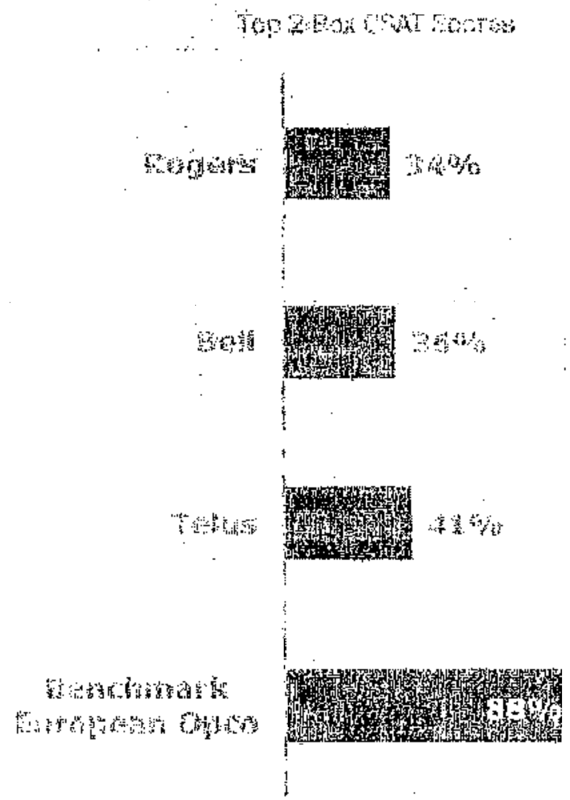
Majority of customers feel current providers offer more of a *disservice* than a service in Canada..

- Consumers are extremely dissatisfied with the relationship they have with their provider but unsure what other options they have

Consumer dissatisfaction appears to be driven by 3 factors:

- **Careless Customer Service** – Lack of Concern
- **Poor Plans** – Lack of Affordability
- **Controlling Contracts** – Lack of Flexibility

...A feeling which is manifest in poor Customer Satisfaction scores across all incumbents



Source: [illegible] Wireless customer ethnographic research 2009; [illegible] Wireless Panel Survey; "Top 2 Box" [illegible] very satisfied/satisfied customers

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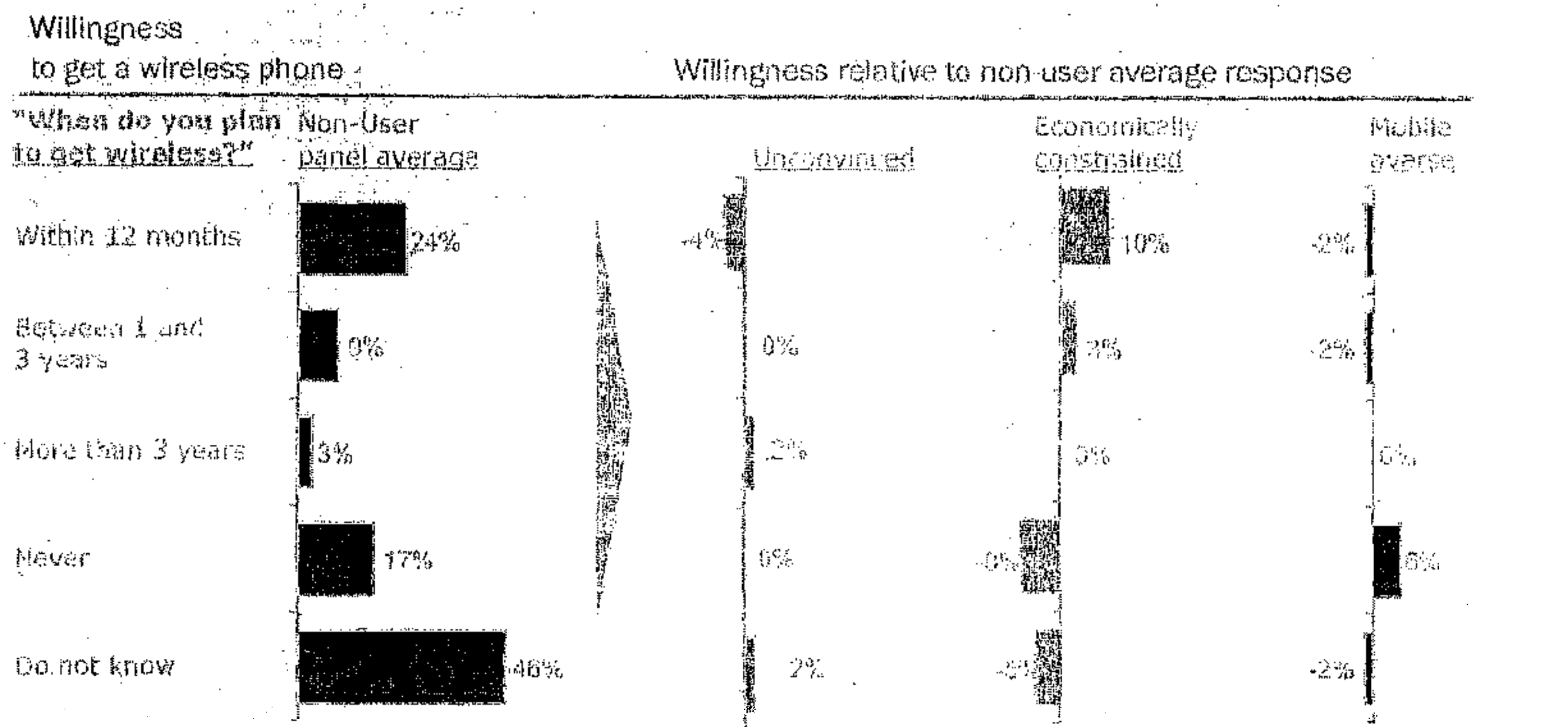
NON-USERS:
ECONOMICALLY-CONSTRAINED ARE MOST EAGER TO TRY WIRELESS



- Most people are uncertain about their future actions
- Do not have a clear point of view
- Most open to consider wireless
- Strong minded, negative attitude

Two keys to gaining share via non-users:
A. Designing offers that accommodate some economic constraints
B. Building in enough simplicity to allow those unconvinced an easy path to try out wireless

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Source: McKinsey Canadian Wireless Panel Survey

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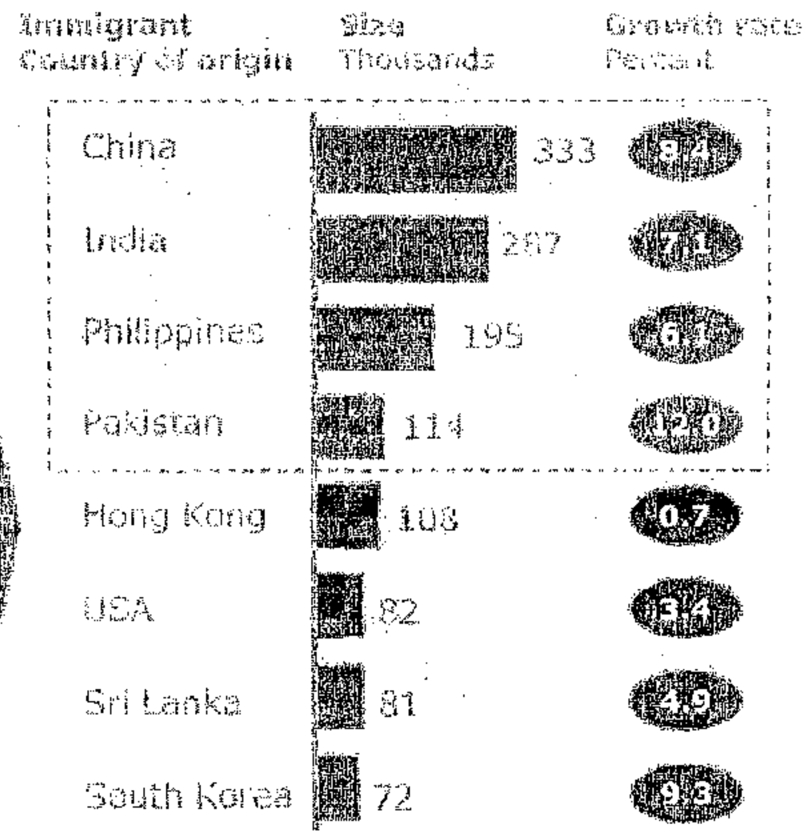
OPPORTUNITY TO OFFER BETTER VALUE TO LARGE AND GROWING ETHNIC COMMUNITY

Ethnic communities in Canada are . . .

1. **Big** – Almost 3 million immigrants since 1991 from more than 100 countries
2. **Growing** – More than 6% growth rate for top 4 ethnic groups (China, India, Philippines and Pakistan), comprising 18% of Canadian population growth
3. **Concentrated** – More than 65% of top 5 ethnic groups reside in Toronto and Vancouver, making up ~60% of these cities' growth
4. **Dissatisfied** – Limited offers from telcos with significant price umbrella; other industries just starting to "crack the code"



A SIMPLE SET OF PLANS FOR LAUNCH TO ADDRESS MARKET OPPORTUNITY

PLANS

	CHAT ($15)	ALWAYS TALK ($35)	ALWAYS SHOUT ($45)
Unlimited Features	WIND 2 WIND calling across Canada Incoming Text Call Management	Province-wide calling from Home Zone WIND 2 WIND calling across Canada Incoming Text Call Management	Canada-wide calling from Home Zone WIND 2 WIND calling across Canada Incoming/Outgoing Text Voicemail Call Management
Home Zone Minutes	100 Province-wide	Unlimited Province-wide	Unlimited Canada-wide
Outgoing Text	50	50	Unlimited

INFINITE LAPTOP ($55)

Unlimited data via USB data stick (Fair Usage >5GB)

DATA ADD-ONS

	SOCIAL BLACKBERRY ($10)	INFINITE MOBILE/BB ([illegible])
Unlimited Features	Unlimited Facebook/ MySpace, IM	Unlimited data (Fair Usage>5GB)

MORE ADD-ONS

- Unlimited Canada or US calling ($10 each)
- Voicemail ($5)
- Unlimited Text ($5)
- MyCountry ($5)
- US & Int'l Roaming

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HOW OUR OFFERS ARE DIFFERENTIATED IN A CROWDED MARKET

Key offer points...	...And how they stand out in the market
No Contracts	• Incumbents have distanced core brands from pre-paid (and in fact have become dependent on contracts)... • ...But, flankers are being somewhat positioned to respond to "no contracts" threat
Payment Agnostic	• Significant innovation for the Canadian market • Unclear competitors have systems and processes in place to match this component or that they would want to (i.e. "pre-paid-averse")
Calling Rules	• All of our plans will consider in-province (if not in-country) calls to be "local minutes" • This feature would be very painful for Incumbents to match (some recently reduced local calling areas, in fact)
Unlimited Voice	• Flankers likely to follow this feature, ultimately • New Entrants will have this feature
Unlimited Data	• Incumbents will be very challenged to match this component without meaningful repricing • New entrant strategies appear to diverge in data market

Four keys to all WIND plans:
• Familiarity • Certainty • Simplicity • Transparency

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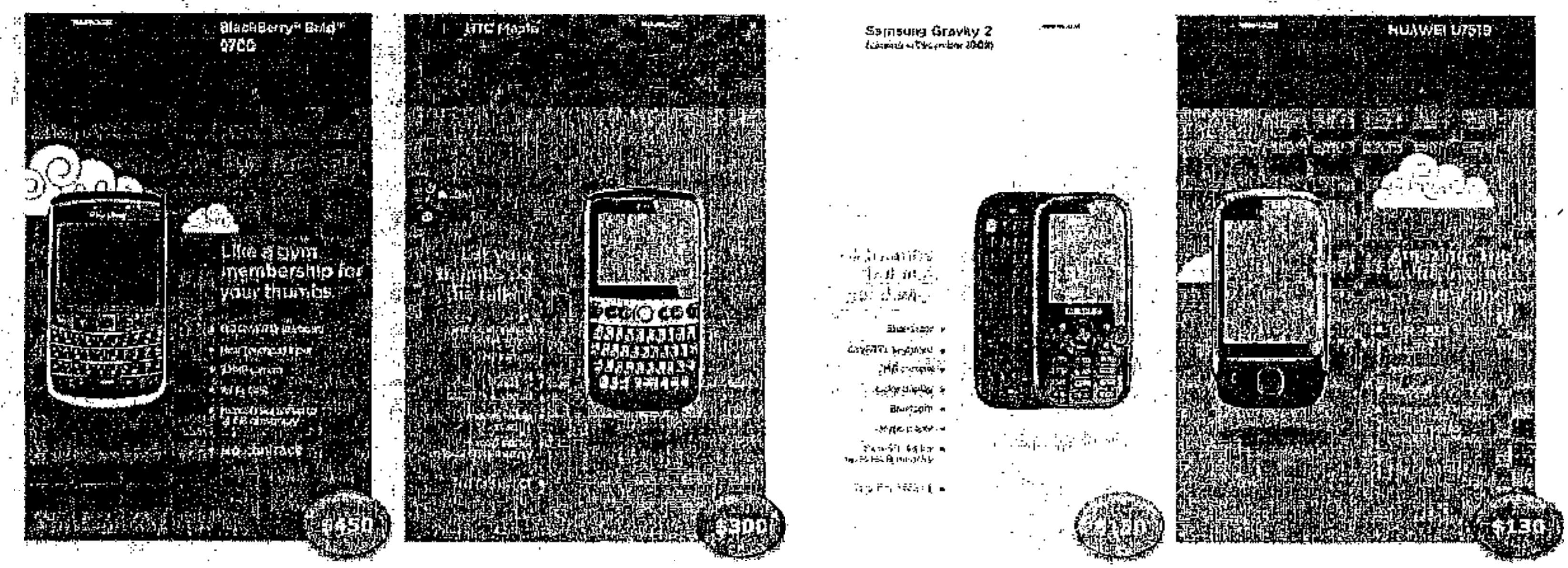
OUR INITIAL HANDSET LINE-UP



Launched with attractive range of handsets across key price points (plus data stick for Mobile Broadband) – Handset roadmap sees further expansion of range over 2010

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WIND OFFERS CUSTOMERS A TRUE, AFFORDABLE ALTERNATIVE FOR MOST/ALL THEIR COMMUNICATIONS NEEDS

Heavy Voice-Only User Scenario

	WIND Always Shout	CityFIDO 4000	
Local Calling Area	Canada-wide	Local	
On-net calling across Canada	unlimited	$10	
Long-distance Canada-wide calling	unlimited	$10	
Incoming calls from any network	unlimited	N/A	
Incoming & Outgoing Text (CA/US)	unlimited	$10 (for US)	
Voicemail	included	Included	
Caller ID, Missed Call Alerts, Call FW	included	$10	
Monthly Fee	$45	$60	
Total Monthly	$45	$100-110	
36-month cost	$1,620	$3,960	
Handset costs	Samsung Gravity	LG XENON	
	No Contract	No Contract	2-yr. contract
	$150	$225	$50
Total 3y total expenditure	$1,770	$4,185	$4,010
TOTAL SAVINGS WITH WIND over 3 years		$2,415	[illegible]

Heavy Voice and Data User Scenario

	WIND Always Shout	Rogers $45	
Local Calling Area	Canada-wide	Local	
On-net calling across Canada	unlimited	$15	
Long-distance Canada-wide calling	unlimited	$25 (500 min CA/US)	
Incoming calls from any network	unlimited	not offered	
Mobile data package	WIND Infinite Mobile	Flex 1GB-5GB	
Mobile data monthly fee	$35	$35 (for 1GB..ultimately 5GB for $85)	
Incoming & Outgoing Text (CA/US)	unlimited	Included	
Incoming calls from any network	included	Included	
Voicemail	included	$7	
Caller ID, Missed Call Alerts, Call FW	included	Included	
Voice Monthly Fee	$45	$45	
Total Monthly	$80	$127	
36-month cost	$2,880	$4,572	
Handset / Scenario 1	HTC (Windows Mobile)	Samsung 6410 (Windows Mobile)	
	No Contract	No Contract	3yr. - contract
	$300	$449.09	$24.99
Total 3y total expenditure	$3,180	$5,022	$4,597
TOTAL SAVINGS WITH WIND [illegible]		[illegible]	[illegible]
Handset / Scenario 2 Blackberry	Blackberry 9700	Blackberry 9700	
	No Contract	No Contract	3yr. - contract
	$450	$550.90	$249.99
Total 3y total expenditure	$3,330	$5,622	$4,847
TOTAL SAVINGS WITH WIND [illegible]		[illegible]	[illegible]

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WIND ALSO OFFERS BETTER VALUE FOR LITE/SAFETY USERS AND "NICHE" SEGMENTS LIKE DATA-ONLY

Lita Voice-Only/Safety User Scenario

	WIND Chat	Koodo $15
Inclusive minutes	100	50
Local Calling Area	Provincial	Local
Incoming & Outgoing Text (CA/US)	50	$0
On-net calling across Canada	Unlimited	$5
Caller ID	Included	$6
Monthly Fee	$15	$15
Total Monthly	$15	$26
36-month cost	$540	$936
Handset costs	Huawei No Contract $150	Samsung 6410 Tab $50
Total 3y total expenditure	[illegible]	$986
TOTAL SAVINGS WITH WIND over 3 years [illegible]		

Heavy Data-Only User Scenario

	WIND Chat	Telus - Smart 65 PDA	
Local Calling Area	Provincial	Local	
Inclusive Minutes	100	450	
Incoming & Outgoing Text (CA/US)	50	unlimited	
Unlimited Text (CA/US)	$5	included	
On-net calling across Canada	Unlimited	not offered	
Voicemail	$5	included	
Caller ID	Included	$6	
Data Allowance	Unlimited	3GB	
Data Monthly Fee	$35	included	
Voice Monthly Fee	$15	$100	
Total Monthly	$60	$106	
36-month cost	$2,160	$3,816	
Handset / Scenario 1	HTC (Windows Mobile) No Contract $300	HTC Snap (Windows Mobile) No Contract $299.99	 3yr. - contract $0.00
Total 3y total expenditure	$2,460	$4,116	$3,816
TOTAL SAVINGS WITH WIND [illegible]			
Handset / Scenario 2 Blackberry	Blackberry 8700 No Contract $450	Blackberry 9700 No Contract $649.99	 3yr. - contract $199.99
Total 3y total expenditure	$2,610	$4,466	$4,016
TOTAL SAVINGS WITH WIND [illegible]			

Supported by a message emphasising Transparency – and backed up by the exclusion of any "Made up" fees (from Day 1) like SAF, Gov't/Reg Recovery Fee, 911 fee, Activation Fee

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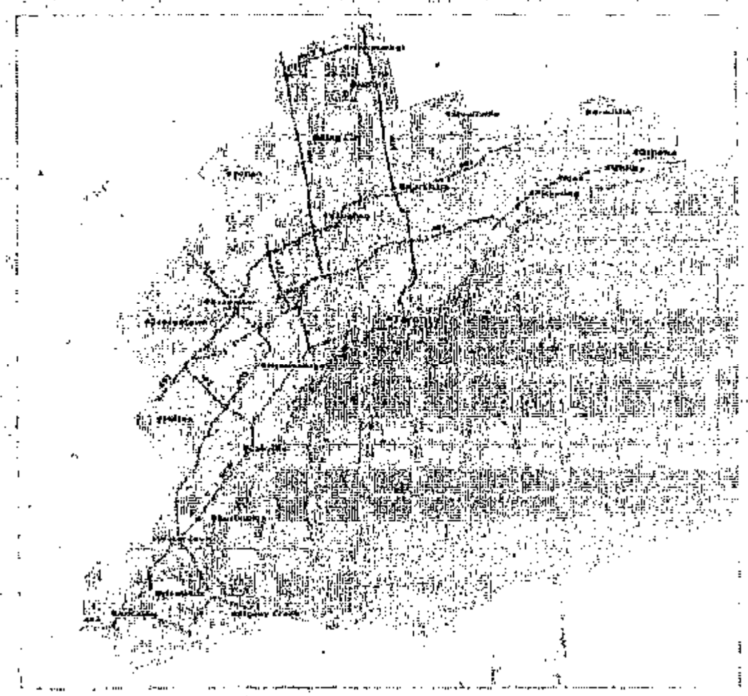
OUR LAUNCH COVERAGE

Example of WIND's approach to coverage: Toronto "HOME Zone"



Launch coverage and extensions in 2010

Toronto	6.2M
Calgary	1.1M
Edmonton	0.9M
Ottawa	1.1M
Vancouver	2.2M
'10 Extensions	2.1M
Ending 2010 Coverage	13.6M

Unlike other "unlimited" operators like MetroPCS, WIND is launching with "AWAY" coverage via a controlled, affordable national roaming solution

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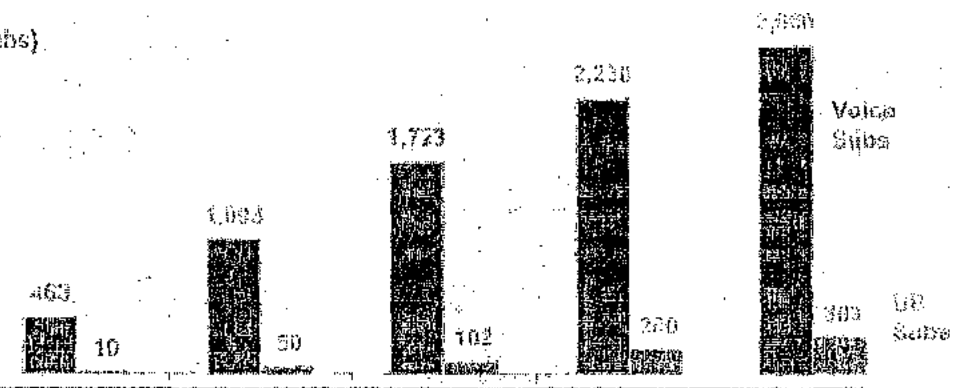
WIND'S SUBSCRIBER GROWTH MIRRORS NEW ENTRANTS THAT HAVE TARGETED SIMILAR SEGMENTS

2009-2014 WIND Mobile Annual Subscriber Plan

(000 Subs)



	2010	2011	2012	2013	2014
Licensed Population	26,296	26,619	26,947	27,278	27,614
Covered Population	13,621	16,894	20,553	22,208	22,467
% Covered of Licensed Population	52%	63%	76%	81%	81%
Market Penetration of License Population	67%	72%	76%	80%	85%
Market Penetration of Covered Population	77%	82%	87%	92%	97%
WIND Voice Gross Adds	537	908	1,136	1,217	1,309
WIND Average Voice Subscribers	202	761	1,382	1,944	2,406
WIND Average Mobile Broadband Subscribers	4	29	74	148	247
WIND Penetration of Licensed Population	1.8%	3.9%	5.7%	6.8%	7.6%
WIND Penetration of Covered Population	3.4%	6.5%	8.4%	10.0%	11.8%
WIND Share of Covered Population	4.4%	7.9%	9.7%	10.9%	12.2%

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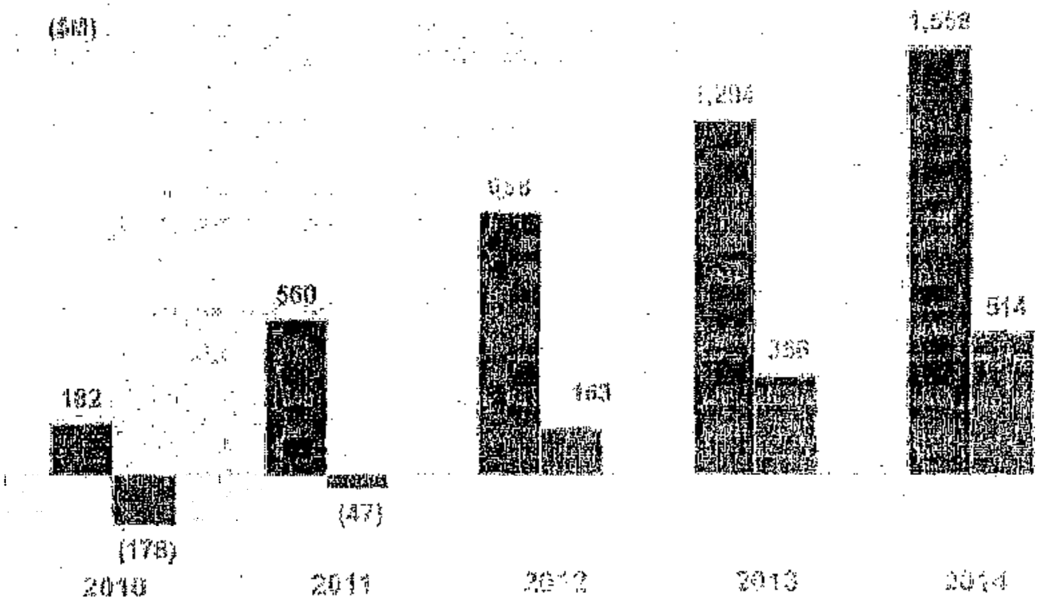
WIND WILL FOCUS ON LOW COST OPERATIONS TO DRIVE QUICKLY TO POSITIVE EBITDA

2009-2014 WIND Mobile Annual Revenue and EBITDA



	2010	2011	2012	2013	2014
Gross Margin	16%	47%	53%	[illegible]	67%
EBITDA Margin	(98%)	(8%)	17%	28%	33%

Considerations

- Focus on building low cost model, emulating best-in-class operators like MetroPCS, Tele2
- Drive to EBITDA breakeven in 2012
  - Compare to MetroPCS EBITDA positive after 18 months in similarly-sized population
- Targeting run rate EBITDA margin of mid-30s
  - Canadian incumbents in mid-40s
  - MetroPCS at high 40s in similarly-aged markets

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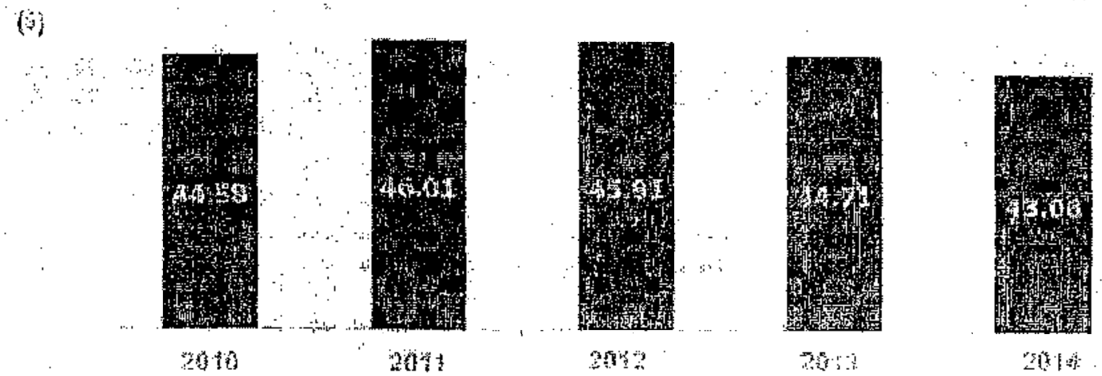
WIND'S "VALUE FOCUS" IS REFLECTED IN ARPUs LOWER THAN CANADIAN INCUMBENTS

Overall WIND Mobile ARPU*



	2010	2011	2012	2013	2014
"Social" Voice ARPU	56	54	52	50	47
"Safety" Voice ARPU	22	21	20	19	19
Data as % of Service Revenue**	16%	16%	17%	18%	20%
MOU	752	821	868	902	926
ARPMin	0.04	0.04	0.04	0.03	0.03

Considerations

- Forecast includes 5% price declines across all services from 2010 onwards
- Voice ARPU composed of two segments: high usage "Social" segment and low-usage "Safety" segment
- Mobile Internet/Browsing and Mobile Broadband forecasts both shift higher proportion of subscribers into larger plans in out years

WIND

Notes: *Overall Service Revenue (Voice Data + Mobile BB Subs). **Data ... SMS, Mobile [illegible]

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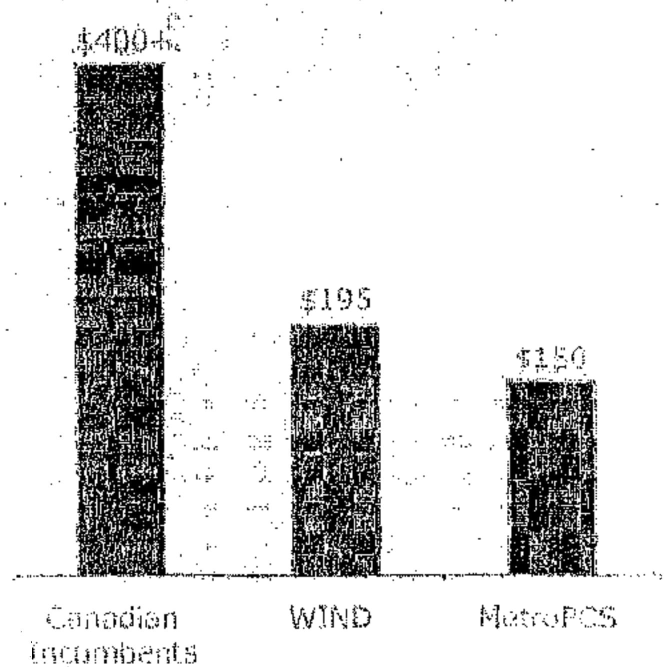
BUILDING A LOW COST POSITION IS KEY TO OUR APPROACH

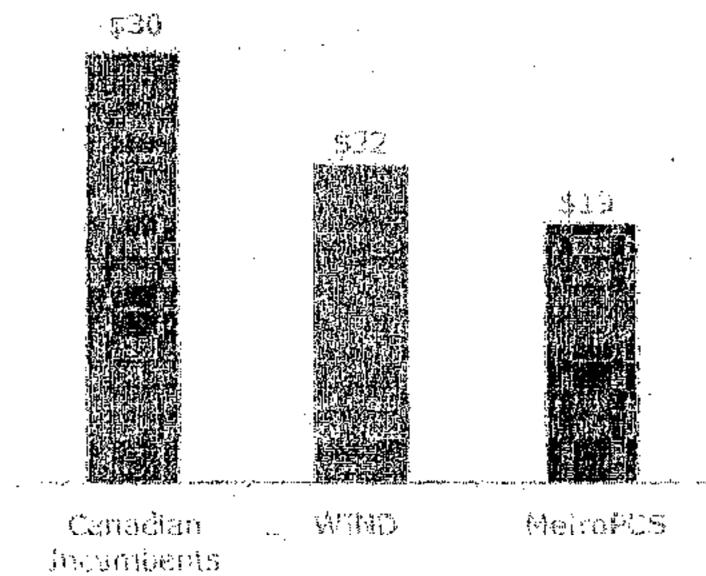
WIND will be more efficient at getting customers...

Cost of Acquisition (COA)



...And Serving them

Cost per User (CPU)



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Source: Annual reports/Analyst reports   Notes: WIND's 2012 [illegible] used for metric comparisons; MetroPCS CPU [illegible] figures CAD

WIND'S MORE EFFICIENT AND EFFECTIVE APPROACH TO THE CUSTOMER EXPERIENCE CYCLE

Customer Experience Lifecycle	Branding & Communicating				
	Selling	**Activating**	**Billing/ Recharging/ Paying**	**Serving**	**Retaining & Upselling**
WIND Approach	• Sale process light touch • Low handset subsidy • No residuals • Real online sales channel • No contracts, no credit checks always available	• Few plans = easier process • Over-the-air, online and pre-activated services	• No free paper bills • Call detail online • Limited bad debt • Over-the-air recharge	• Offer simplicity minimises calls • Focus on issue resolution, not just handling time • Emphasis on self care	• Retention spending effectively capped at relatively low handset subsidy level
Traditional Incumbent Approach	• Handset-driven sale —high subsidy in exchange for 2 or 3 year contract • Complicated sale process with many plan options • Residual challenges	• A high touch process • Most activations require call to customer care • Credit check required for post-paid (80%+ of gross adds)	• Legacy billing systems, increasingly tied in with wireline • Cumbersome and costly to change • Lots of hard copy	• Constant balancing between level of care and managing care costs • Overage rates and plan confusion generates substantial [illegible]	• Retention programs largely unclear to subscribers until they threaten to leave • High subsidy repeated through customer lifecycle

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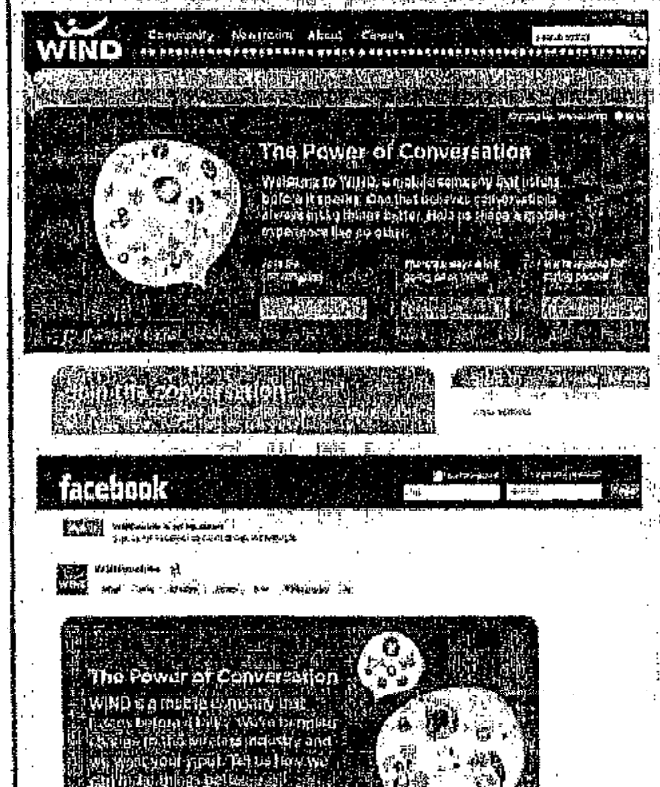
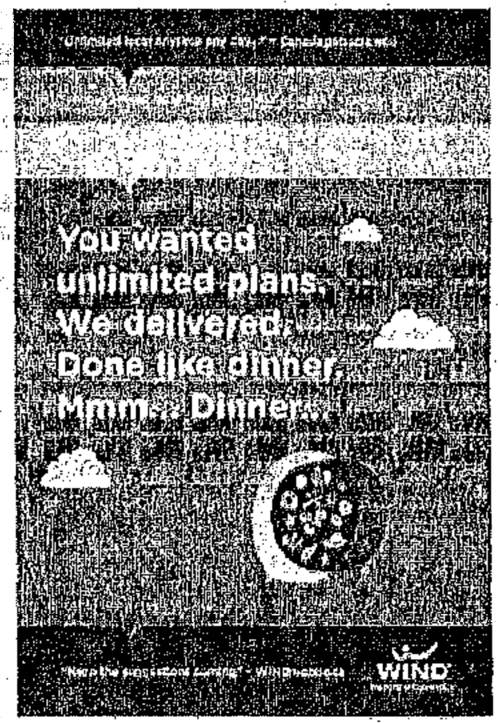
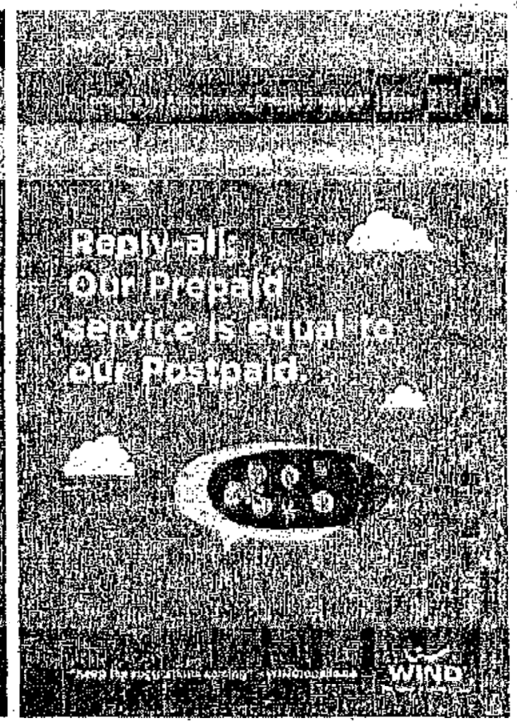
CUSTOMER EXPERIENCE: BRAND
A COMPANY THAT LISTENS FIRST

WIND is having a conversation with customers across many platforms...



...And bringing their ideas to life





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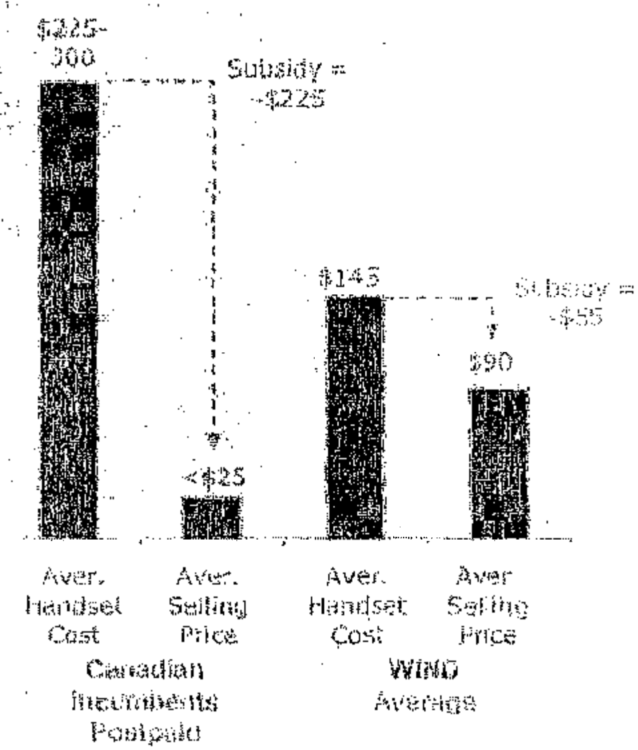
CUSTOMER EXPERIENCE: SELLING
A MORE EFFICIENT DISTRIBUTION APPROACH

WIND'S model enables lower cost distribution...

Handset Costs



...Because it is simple to sell, buy and activate

- Efficient distribution, not simply maximum "number of doors"
  - Wireless is not an impulse purchase (yet some "A" malls have 20+ wireless POS)
- Hybrid approach for both sales & care mixing direct and indirect distribution
  - For unassisted sales, a "grab & go" model with the first branded interaction when the customer is online activating
  - For assisted sales, a focus on sales & care training and branded alignment
  - For overall care, ambition is to have 90% of customer transactions executed through self-care channels (online, IVR, handset)
  - Our online presence will include real time care chat, click2call, and co-browsing
  - For phone based live care, outsourced resources for scalability for non-critical functions

CUSTOMER EXPERIENCE: SERVING A LOW COST POSITION IS NOT INCONSISTENT WITH AN EXCELLENT CUSTOMER EXPERIENCE...

Among other things, being low cost means keeping things simple...

Offers

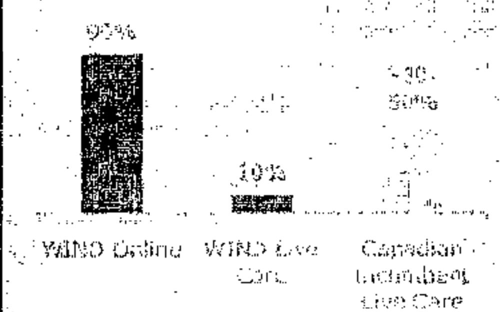
- Limited offers; easy to buy, sell and activate
- Limits servicing time by ensuring customers are on right plan the first time
- Limited subsidization on handsets

Processes

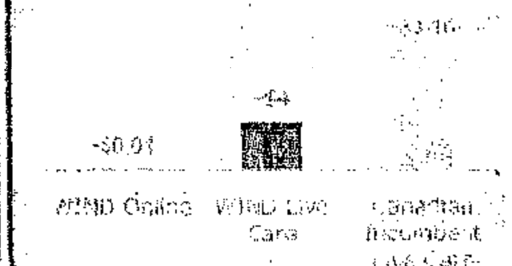
- All processes designed through "Customer Experience" lens to keep things simple...
- ...i.e., Novel approaches like remote, web-enabled handset repair service in store to avoid costly reverse logistics

...Enabling customers to largely serve themselves ...

Targeted Proportion of Care Transactions



Cost per Care



...And focusing resources where they have the biggest potential impact

- ... play"
- ...
- ... approach...
- ... roaming minutes

In fact, an excellent customer experience can help achieve a low cost position

WIND

CONSIDERING OPPORTUNITIES AND RISKS

Opportunities

Increased Outsourcing

- Plan includes some outsourcing of call centre and indirect sales through dealers...
- ...But there could be opportunities to push the envelope further, mindful of possible customer experience impacts
  - More dealers faster (i.e., a more holistic "franchise" model), outsourced technical functions (NOC, O&M)

Unlock Capital

- Plan takes conservative approach to including more radical changes to traditional wireless operations
  - Wholesale outsourcing of OSS/BSS (IT), network sharing, spectrum transactions, more aggressive [illegible] rates

Wholesale & Business

- Plan does not include wholesale opportunities at related or third-party companies
- Plan does not include business segment sales

Risks

Competitive Intensity

- Plan includes a market-by-market view of new entrant activity ...
- ...But some wireless-only new entrants may have improved staying power
  - Easier access to foreign capital by virtue of Globalive ruling, DAVE just secured $75M

Commercial Acceptance

- WIND is bringing a new business model to market—low subsidies ("full" price handsets), no contracts, value-priced plans...
- ...While MetroPCS and similar have demonstrated market acceptance of these principles, they have yet to be really tested in the Canadian market
  - Churn at 3% in plan is higher than Canadian average, but lower than MetroPCS; ARPU at low $40s is 30% lower than average, but could come under pressure in a price war; COA is higher than MetroPCS, but could be forced to respond to higher subsidies from incumbents

Model assumes consistent competitive structure (i.e., no assumption of consolidation among new entrants or incumbents) and does not include new spectrum acquisitions

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AGENDA

- Introduction & Financing Proposal
- WIND Market Approach
- Business Model Detail

HIGH LEVEL

PLAN HIGHLIGHTS		2014
EOP Subscribers		
Voice	000	**2,660**
Voice % covered market EOP		12%
Mobile Broadband	000	**303**
MBB % covered market EOP		10%
TOTAL Revenue	$m	**1,557.8**
Service Revenue	$m	**1,370.9**
EBITDA	$m	**513.5**

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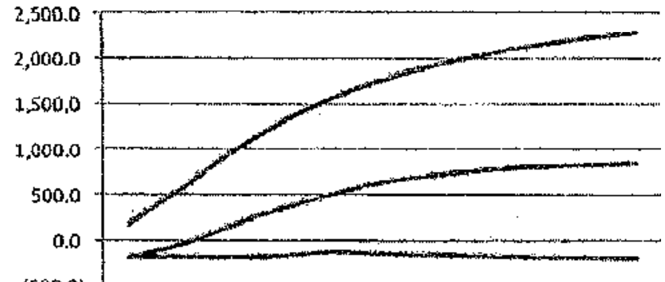
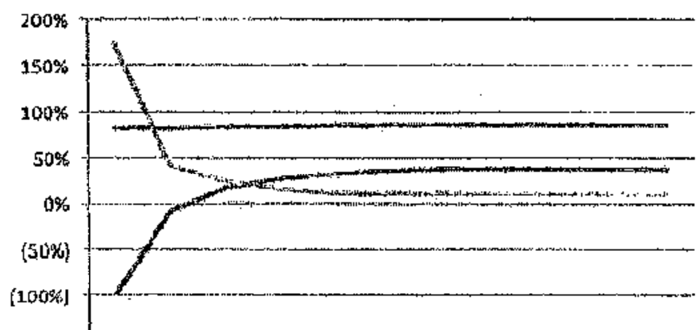
SUMMARY FINANCIALS

Plan Financial Highlights



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Revenue	331.5	560.1	959.1	1,293.5	1,557.1	1,765.3	1,920.7	2,042.4	2,145.0	2,225.2	2,285.[illegible]
EBITDA	(173.7)	(96.6)	162.6	355.8	513.5	651.4	719.4	783.6	816.4	837.6	856.5
Capex	(190.3)	(179.8)	(184.8)	(172.4)	(130.7)	(151.8)	(168.0)	(177.1)	(186.8)	(194.3)	[illegible]

Percent of Revenue Metrics



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Service Margin	82%	81%	84%	84%	85%	86%	86%	86%	86%	85%	85%
EBITDA Margin	(98%)	(5%)	17%	28%	33%	37%	38%	38%	38%	38%	37%
Capital Intensity	173%	41%	23%	15%	10%	10%	10%	10%	10%	10%	10%

- EBITDA
  - Positive in 2012
  - Increases to $513.5M in 2014
- First five years' capex peaks in 2012, falls to $130.7M by 2014
- Service Margin stabilizes around 85% by 2014
- 2014 EBITDA Margin - 33%
- 2014 Capital Intensity - 10%

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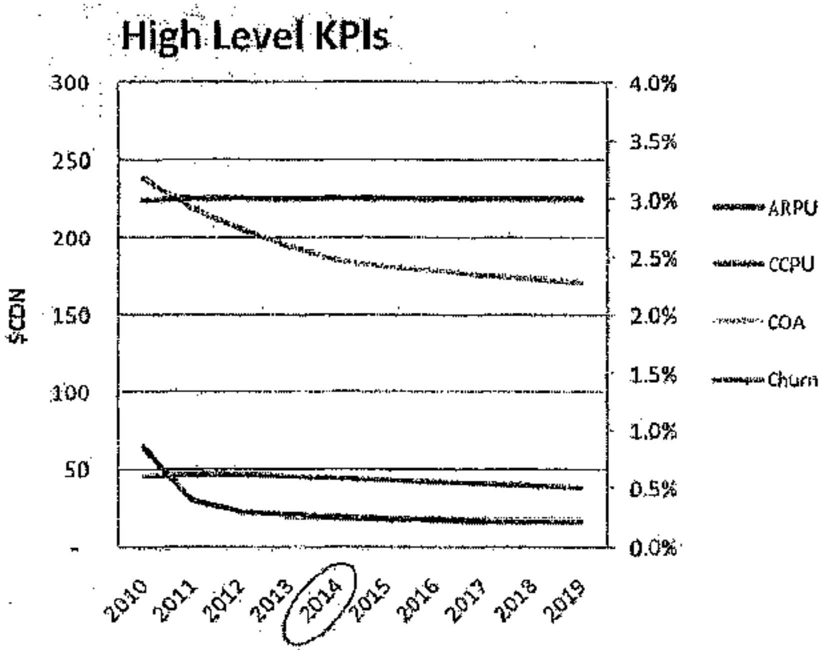
KEY PERFORMANCE INDICATORS



- Key Metrics trend favourably to 2014
  - ARPU begins at $45, decreasing over time to $43 (in 2014) and $38 (in 2020)
  - COA (SAC) decreases with scale to $185 in 2014
  - CCPU decreases to $18 (2014)
  - Churn flat at 3% monthly throughout the plan

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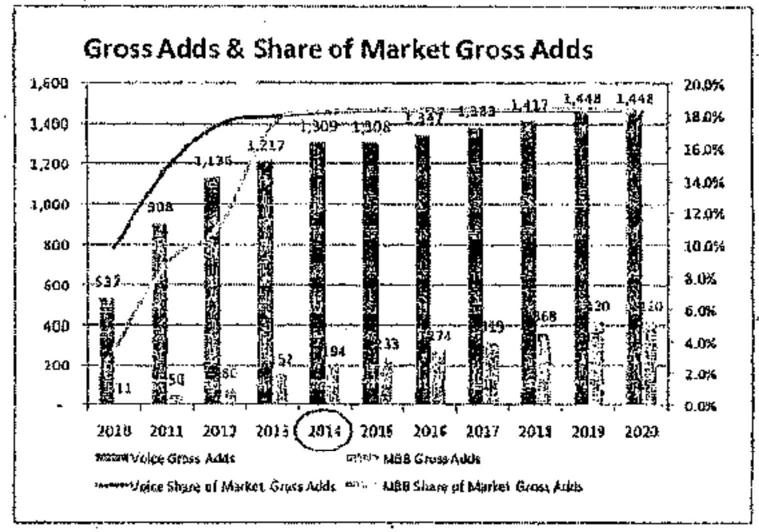
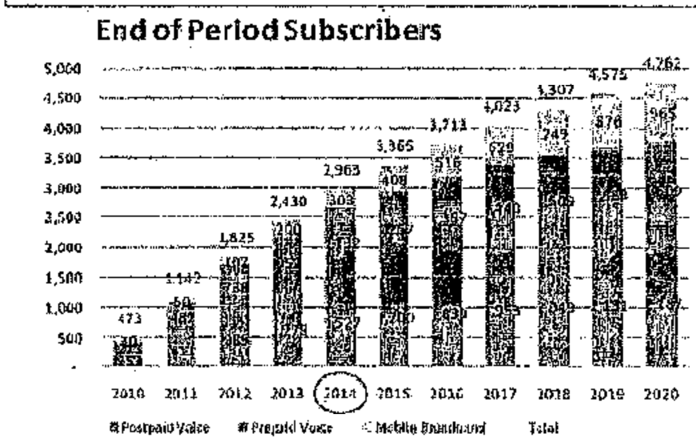
SUBSCRIBERS

- By 2014 Gross Adds stabilize at 18% of Market Gross Adds (in Covered Area) for Voice and MBB
- MBB Gross Adds begin at 2% of Voice and rise to 15% in 2014
- 2.6M EOP Voice Subscribers and 300K EOP Mobile BB Subscribers in 2014
  - 52% Postpaid Voice
  - 38% Prepaid Voice
  - 10% Mobile Broadband





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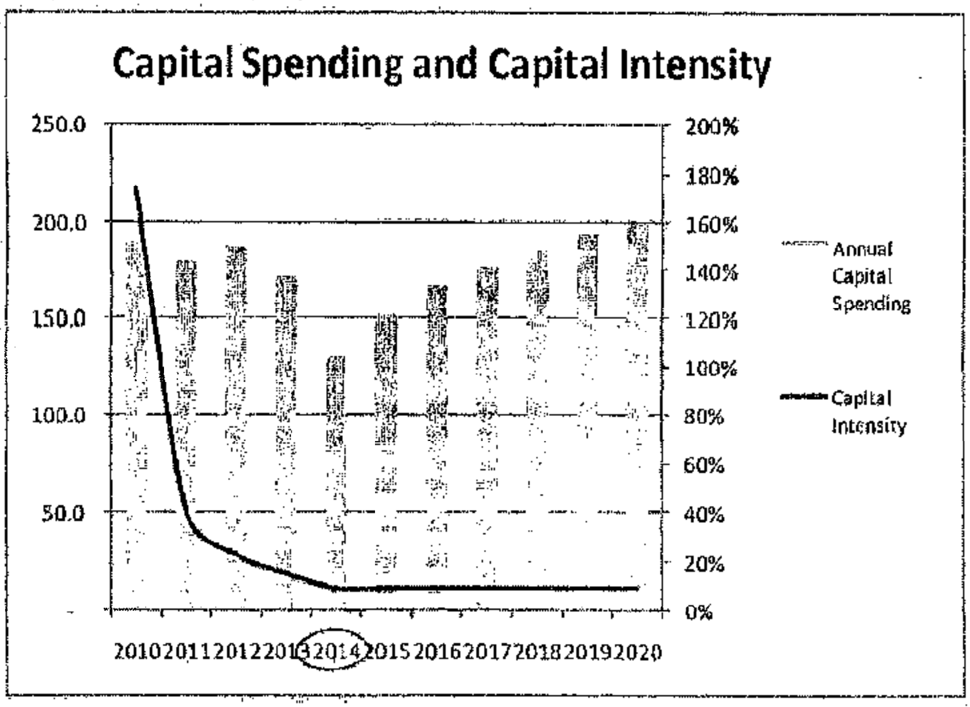
CAPITAL SPENDING



- Network Capital represents 91% of cumulative capital spending to 2014
- 2014 Highlights:
  - Network Coverage
    - Peaks at 80% coverage
    - 22.5M addressable population
  - Capital Intensity settles at 10% of Service Revenue

USES OF CASH

Funding (required for) / Available from	up to 2009	2010	2011	2012	2013	2014	[illegible]	[illegible]	[illegible]
Operations (excluding interest)									
EBITDA and change in working capital	146.6	(231.9)	(259.5)	136.3	332.7	488.4	(208.5)	612.7	4,364.4
Capital Spending	(748.7)	(190.7)	(179.8)	(186.9)	(172.3)	(130.7)	(1,306.2)	(1,609.2)	(2,685.9)
Subtotal	(602.1)	(422.6)	(439.3)	(50.6)	160.4	357.8	(1,514.6)	(996.4)	1,678.5
Cum. Funding (required)/ available from operations less capx	(602.1)	(1,024.7)	(1,464.0)	(1,514.6)	(1,354.2)	(996.4)	(1,514.6)	(996.4)	1,678.5

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SOURCES OF CASH

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash advances / (payments)											
Current Shareholder Financing	188.2	-	-	-	-	-	(75.0)	(435.8)	(457.9)	(478.7)	(471.7)
Incremental Financing Required	198.2	397.9	19.4	(187.9)	(306.5)	(432.5)	(320.1)	-	-	-	-
Vendor Financing	27.3	41.4	31.1	27.5	(51.3)	(3.6)	(16.3)	(3.3)	1.9	9.2	7.9
Cash advance (payment) re Financing	411.7	439.2	50.6	(160.4)	(357.8)	(436.2)	(410.3)	(439.1)	(456.1)	(469.4)	(463.8)
Year-end Balances											
Current Shareholder Financing											
Cum. Operating Requirement	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0
Cum. Accrued Interest	205.0	385.9	599.4	851.2	1,148.5	1,499.2	1,903.1	2,344.1	2,784.5	3,220.2	3,649.1
Cum. Repayments	-	-	-	-	-	-	(75.0)	(510.7)	(968.7)	(1,447.3)	(1,919.1)
Total Shareholder Loan	1,005.0	1,185.9	1,399.4	1,651.2	1,948.5	2,299.2	2,828.1	2,633.4	2,615.8	2,572.9	2,530.0
Incremental Financing Required											
Cum. Operating Requirements	198.2	596.1	615.5	615.5	615.5	615.5	615.5	615.5	615.5	615.5	615.5
Cum. Accrued Interest	22.5	109.6	246.4	391.9	516.8	598.7	631.6	631.6	631.6	631.6	631.6
Cum. Repayments				(187.9)	(494.4)	(927.0)	(1,247.1)	(1,247.1)	(1,247.1)	(1,247.1)	(1,247.1)
New Term Facility TBD	220.7	705.7	861.9	819.5	637.9	287.3	-	-	-	-	-
Vendor financing	100.0	141.3	172.5	200.0	148.7	145.1	129.8	126.5	128.4	137.6	145.5
Year-end Term Debt	1,325.7	2,032.9	2,433.8	2,670.7	2,735.1	2,731.5	2,757.9	2,759.9	2,744.2	2,710.5	2,675.6

- Additional Financing Required $615.5M, repaid in full in 2016
- Maximizing utility of available vendor financing; 5% interest, 5-year term

DASHBOARD

			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market	Network Coverage %	%	52%	63%	76%	81%	81%	80%	80%	80%	80%	80%	80%
	Population Coverage	m	13.6	16.9	20.8	22.2	22.5	22.5	22.7	23.0	23.3	23.5	23.8
	Total Wind Penetration in Cov. Area	%	4%	8%	10%	11%	12%	13%	14%	14%	14%	14%	15%
Subs	WIND Gross Adds	000	547.8	958.1	1,215.2	1,369.0	1,503.1	1,540.6	1,621.6	1,702.2	1,784.2	1,867.4	1,867.4
	WIND EOP Subs.	000	472.8	1,142.2	1,825.2	2,430.0	2,963.3	3,265.2	3,712.8	4,022.6	4,307.2	4,575.5	4,761.6
	WIND Churn	%/mo	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Postpaid Voice Gross Adds	000	292.6	512.7	686.4	699.9	753.9	753.2	776.2	787.0	816.4	834.4	834.3
	Postpaid Voice EOP Subs.	000	252.3	610.7	985.0	1,278.2	1,527.5	1,699.9	1,839.1	1,953.3	2,049.1	2,130.8	2,187.4
	Postpaid Churn	%/mo	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Postpaid % of total Wind GA		53%	54%	54%	51%	50%	49%	48%	47%	46%	45%	45%
	Prepaid Voice Gross Adds	000	244.0	395.0	475.2	517.3	555.6	554.4	571.1	586.1	600.2	613.2	613.4
	Prepaid Voice EOP Subs.	000	210.6	481.8	738.1	951.7	1,132.5	1,256.9	1,357.4	1,439.9	1,509.1	1,568.2	1,609.3
	Prepaid Voice Churn	%/mo	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Prepaid % of total Wind GA		45%	41%	39%	38%	37%	36%	35%	34%	34%	33%	33%
	MBB Gross Adds	000	11.3	50.4	79.6	152.1	193.6	232.9	274.2	319.0	367.5	419.8	419.8
	MBB EOP Subs	000	9.8	49.6	102.1	200.1	303.3	408.4	516.4	629.4	749.0	876.4	964.8
	MBB Churn	%/mo	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	MBB % of total Wind GA		2%	5%	7%	11%	13%	15%	17%	19%	21%	22%	22%
KPIs	Postpaid ARPU	$	53.23	55.47	54.93	53.45	51.75	50.75	49.72	48.57	47.44	46.28	45.41
	Prepaid ARPU	$	34.13	34.66	35.01	34.43	33.32	32.80	32.19	31.48	30.79	30.03	29.41
	MBB ARPU	$	45.00	40.78	38.67	36.72	34.88	34.53	34.18	33.84	33.50	33.16	32.82
	WIND ARPU	$/mo	44.58	46.01	45.91	44.71	43.06	42.15	41.22	40.21	39.24	38.25	37.48
	CCPU	$/mo	63.54	28.75	22.23	18.93	18.10	17.20	16.87	16.54	16.39	16.24	16.19
	COA (SAC)	$/mo	238.91	219.33	206.66	194.30	185.20	181.30	178.18	175.46	173.01	170.28	170.62
	MOU/Voice Sub/mo	MOU/mo	752	821	868	903	926	949	972	994	1,016	1,039	1,062
	MB/Voice Sub/mo	MB/mo	15.3	17.6	20.1	23.0	26.5	30.5	35.0	40.3	46.3	53.3	61.3
	MB/MBB Sub/mo	MB/mo	1,173	1,349	1,551	1,784	2,052	2,359	2,713	3,120	3,588	4,126	4,745
Financial	Service Revenue	$m	110.0	436.0	802.2	1,122.2	1,370.9	1,575.7	1,723.9	1,838.4	1,932.0	2,008.3	2,069.1
	Service Margin	$m	90.6	354.7	671.0	947.2	1,171.0	1,356.5	1,479.1	1,578.1	1,663.9	1,715.6	1,765.5
	Service Margin %		82%	81%	84%	84%	85%	86%	86%	86%	86%	85%	85%
	Equipment Margin	$m	(61.1)	(90.7)	(113.8)	(123.0)	(131.0)	(132.7)	(137.9)	(142.8)	(148.0)	(152.6)	(151.0)
	EBITDA	$m	(177.7)	(46.6)	162.6	355.5	513.5	653.4	729.4	783.6	816.4	837.6	856.5
	EBITDA Margin %		-98%	-3%	17%	28%	33%	37%	38%	38%	38%	38%	37%
	Interest Expense	$m	215.2	251.6	339.0	388.9	418.7	427.7	436.2	433.2	431.7	426.7	419.8
	Capital Spending	$m	190.7	179.6	186.0	172.3	130.7	151.8	166.6	177.1	186.6	194.3	200.1
	Capital Intensity (Capx/svc rev)		173%	41%	23%	15%	10%	10%	10%	10%	10%	10%	10%
	Annual Free Cash	$m	(645.7)	(707.3)	(400.9)	(238.9)	(64.4)	3.6	(28.4)	(2.0)	15.6	33.7	35.0
	Shareholder & Term Debt	$m	1,225.7	1,891.6	2,261.3	2,470.7	2,586.4	2,586.5	2,628.1	2,633.4	2,615.8	2,572.9	2,530.0
	Vendor & Other Financing	$m	100.0	141.3	172.5	200.0	148.7	145.1	129.8	126.5	128.4	137.6	145.5
	Long Term Debt	$m	1,325.7	2,032.9	2,433.8	2,670.7	2,735.1	2,731.5	2,757.9	2,759.9	2,744.2	2,710.5	2,675.5

WIND

OPERATIONAL P&L

$million CDN	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Voice & Data Revenue	107.8	421.8	767.7	1,057.0	1,267.5	1,430.8	1,537.3	1,609.5	1,659.3	1,690.0	1,711.9
Mobile Broadband	2.2	14.2	34.5	65.2	103.5	144.9	186.5	228.9	272.6	318.3	357.1
SERVICE REVENUE	110.0	436.0	802.2	1,122.2	1,370.9	1,575.7	1,723.9	1,838.4	1,932.0	2,008.3	2,069.1
EQUIPMENT REVENUE	71.5	124.1	155.9	171.7	186.8	189.6	196.9	204.0	211.0	216.9	216.3
TOTAL REVENUE	181.5	560.1	958.1	1,293.9	1,557.8	1,765.3	1,920.7	2,042.4	2,143.0	2,225.2	2,285.3
TOTAL COST OF SALES	152.1	296.1	400.8	469.8	517.8	541.6	579.6	607.1	637.0	661.9	670.9
TOTAL GROSS MARGIN	29.4	264.0	557.3	824.2	1,039.9	1,223.8	1,341.2	1,435.3	1,506.0	1,563.3	1,614.4
Overall Gross Margin	16%	47%	58%	64%	67%	69%	70%	70%	70%	70%	71%
COMMERCIAL	71.0	122.8	151.1	174.7	190.4	198.2	207.7	216.6	225.0	232.8	238.0
CUSTOMER OPERATIONS	17.1	40.6	63.3	84.0	103.1	118.1	129.5	138.9	146.9	153.9	159.3
TECHNICAL	70.0	94.7	117.2	136.4	150.8	166.6	181.9	197.2	212.5	227.9	243.7
TOTAL G&A	49.0	52.6	63.1	73.3	82.1	87.4	92.6	99.0	105.1	111.1	117.0
Total Operating Expenses	207.1	310.6	394.6	468.3	526.4	570.4	611.7	651.7	689.5	725.7	758.0
EBITDA	(177.7)	(46.6)	162.6	355.8	513.5	653.4	729.4	783.6	816.4	837.6	856.5
Interest	215.2	251.6	339.0	388.8	416.7	427.7	430.2	433.2	431.7	426.7	419.8
Depreciation & Amortization	97.7	163.4	213.6	250.7	274.1	265.2	234.0	223.0	224.2	231.3	188.9
Taxes	1.8	0.0	0.0	0.0	0.0	48.7	141.7	160.7	169.9	173.9	191.6
Net Income	(492.3)	(461.5)	(390.0)	(283.7)	(179.3)	(86.3)	(76.4)	(33.3)	(9.4)	5.7	56.3

WIND

CASH FLOW STATEMENT

$million CDN	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash from Operations											
Net Income	(492.3)	(461.5)	(390.0)	(283.7)	(179.3)	(88.3)	(76.4)	(33.3)	(9.4)	5.7	56.3
Accrued Interest	213.4	256.9	342.6	390.2	417.0	426.5	430.0	433.9	432.9	427.9	420.8
Depreciation & Amortization	97.7	163.4	213.6	250.7	274.1	265.2	234.0	223.0	224.2	231.3	188.8
Operating Cash Flow	(181.3)	(41.2)	166.1	357.2	511.8	603.4	587.6	623.6	647.7	664.9	665.9
Change in Working Capital	1.8	(136.7)	(19.8)	(22.9)	(18.8)	(17.7)	(12.3)	(8.6)	(5.9)	(2.0)	(2.6)
Cash from Operations	(179.5)	(177.9)	146.3	334.3	493.0	585.7	575.3	615.0	641.8	662.9	663.3
Cash Invested											
Inc/(decr) in AP for Capital	52.4	81.6	9.9	1.6	4.6	(2.3)	(1.6)	(1.1)	(1.1)	(0.8)	(0.6)
Fixed Assets	170.7	169.8	174.7	157.7	114.4	134.3	147.6	167.3	166.0	172.6	177.7
Intangible Assets	20.0	10.0	12.3	14.6	16.3	17.6	18.7	19.8	20.8	21.7	22.5
Cash Invested	243.1	261.4	196.8	173.9	135.2	149.5	165.0	175.9	185.7	193.5	199.5
Financing											
Shareholder Loan and New Term Debt	384.4	397.9	19.4	(187.9)	(306.5)	(432.5)	(395.1)	(435.6)	(457.9)	(478.7)	(471.7)
Vendor Financing	27.3	41.4	31.1	27.5	(51.3)	(3.6)	(15.3)	(3.5)	1.9	9.2	7.9
Financing	411.7	439.2	50.5	(160.4)	(357.8)	(436.2)	(410.3)	(439.1)	(456.1)	(469.4)	(463.8)
Net Change in Cash	(10.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending Cash Balance	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
Funding (required for) / Available from Operations excluding Interest, less Capital	(422.8)	(439.3)	(50.6)	160.4	357.8	436.2	410.3	439.1	456.1	469.4	463.8
Cumulative Subtotal	(1,024.7)	(1,464.0)	(1,514.6)	(1,354.2)	(996.4)	(560.3)	(149.9)	289.2	745.2	1,214.7	1,678.5

WIND

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Do Not Duplicate or Disclose

BALANCE SHEET

$million CDN	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ASSETS											
Cash (Bank Overdraft)	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
Accounts Receivable	8.7	29.8	64.1	96.6	124.3	145.2	162.2	174.5	184.1	191.6	197.3
Inventory	26.0	36.1	41.2	45.1	46.1	48.6	50.9	53.4	55.9	55.6	55.4
Prepaids & Other	21.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Assets	73.7	83.5	122.9	159.2	188.1	211.4	230.7	245.5	257.6	264.8	270.3
Fixed Assets	479.0	659.8	842.2	1,007.0	1,126.6	1,267.0	1,421.6	1,586.0	1,759.6	1,940.0	2,125.7
Accumlated Depreciation	40.3	141.1	287.0	466.8	674.4	872.6	1,037.9	1,191.0	1,344.1	1,503.3	1,671.0
Net Fixed Assets	438.6	518.7	555.2	540.2	452.2	394.4	383.6	395.0	415.5	436.7	454.8
Intangible Assets	549.7	559.7	571.9	586.5	602.8	620.4	639.1	658.9	679.7	701.4	723.8
Accumulated Amortization	58.3	121.1	188.7	259.6	326.1	393.2	461.9	531.8	602.9	675.0	696.2
Net Intangible Assets	491.3	438.6	383.3	326.9	276.7	227.2	177.2	127.1	76.8	26.4	27.6
TOTAL ASSETS	1,003.7	1,040.9	1,061.3	1,026.4	917.0	833.1	791.6	767.6	749.9	727.9	752.7
LIABILITIES & SHAREHOLDERS' EQUITY											
Total Current Liabilities	289.4	81.0	90.5	102.4	107.9	115.8	124.4	131.7	139.0	145.1	148.6
Shareholder and New Term Debt	1,225.7	1,891.6	2,261.3	2,470.7	2,586.4	2,586.5	2,628.1	2,633.4	2,615.8	2,572.9	2,530.0
Vendor and Other Financing	100.0	141.3	172.5	200.0	148.7	145.1	129.8	126.5	128.4	137.6	145.5
Long Term Debt	1,325.7	2,032.9	2,433.8	2,670.7	2,735.1	2,731.5	2,757.9	2,759.9	2,744.2	2,710.5	2,675.5
TOTAL LIABILITIES	1,615.1	2,113.9	2,524.3	2,773.1	2,843.0	2,847.3	2,882.3	2,891.6	2,883.2	2,855.6	2,824.1
Shareholders' Equity											
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings	(611.4)	(1,073.0)	(1,463.0)	(1,746.7)	(1,926.0)	(2,014.3)	(2,090.7)	(2,124.0)	(2,133.4)	(2,127.7)	(2,071.4)
Total Shareholders' Equity	(611)	(1,073)	(1,463)	(1,747)	(1,926)	(2,014)	(2,091)	(2,124)	(2,133)	(2,128)	(2,071)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1,003.7	1,040.9	1,061.3	1,026.4	917.0	833.1	791.6	767.6	749.9	727.9	752.7

- Capital structure assumptions are for modeling purposes only and include vendor financing as well as a generic loan at 18% interest. This is not an accurate representative capital structure (will seek to optimize)

WIND

TAB A-4

WEST FACE

Alexander A. Singh, General Counsel & Secretary
t: 647-724-8917
f: 647.724.8910
e: alex.singh@westfacecapital.com

This is Exhibit 4 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

November 8, 2013

Augie K. Fabela II
Chairman Emeritus and Co-Founder, VimpelCom Ltd.
Claude Debussylaan 88, 1082 MD
Amsterdam, The Netherlands

Anthony Lacavera
Chairman and CEO, AAL Corp
48 Yonge St., Suite 1200
Toronto, Ontario, Canada

Dear Sirs,

Following our recent discussions with Mr. Lacavera, West Face Capital Inc. ("West Face") is pleased to submit this letter as a formal Expression of Interest in participating in a potential transaction which would result in the acquisition of all interests in Globalive Investment Holdings Corp. and its subsidiaries (including Globalive Wireless Management Corp., doing business as WIND Mobile) held directly or indirectly by VimpelCom Ltd. and/or AAL Corp. We understand that the currently contemplated Enterprise Value for such a transaction is between $450 to $550 million, comprised of $150 million of third party debt and an equity value of between $300 to $400 million.

West Face is a Toronto-based investment manager with approximately $2.6 billion in assets under management, that focuses on distressed, event-driven, opportunistic and special situations investments. West Face has a track record of investing across the capital structure in public and private opportunities in both domestic and international markets. We have also formed special purpose vehicles to make private investments open to our investors, which increases our purchasing power.

In order to conduct due diligence, West Face will require entry to the dataroom and reasonable access to management. We are prepared to execute a mutually agreeable Non-Disclosure Agreement to proceed in that regard, are confident that our diligence process can be completed in a timely manner, and that we can subsequently close on a transaction shortly thereafter.

This letter is provided on a confidential basis and reflects a proposal being considered by West Face on behalf of Funds it advises, and for the avoidance of doubt it shall not give rise to any legally binding or enforceable obligations on any party. No contract or agreement providing for any transaction shall be deemed to exist unless and until satisfactory due diligence is completed and final definitive agreements have been executed and delivered.

We are pleased to have the opportunity to participate in this transaction and we look forward to working with you. Please feel free to contact us with any questions you may have.

Sincerely,

WEST FACE CAPITAL INC.

Alexander A. Singh
General Counsel & Secretary

cc: Anthony Griffin, Partner
Yu-Jia Zhu
West Face Capital Inc.

TAB A-5

This is Exhibit 5 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 2015 753 146

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

THE GLOBE AND MAIL

Quebecor among potential buyers circling Wind Mobile

CHRISTINE DOBBY
TELECOM REPORTER — The Globe and Mail
Published Thursday, Jul. 31 2014, 6:27 PM EDT
Last updated Thursday, Jul. 31 2014, 6:43 PM EDT

Wind Mobile's foreign owner has ~~put~~ a $300-million price tag on the startup wireless carrier, but with a number of players circling the asset, the ultimate outcome may depend on Ottawa's efforts to encourage the consolidation of new entrants in the cellular industry.

New York-based private equity giant Blackstone Group LP is one of the financial firms that have considered an investment in Wind Mobile, according to several sources with knowledge of the matter.

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- CRTC finds 'unjust discrimination' in Rogers' roaming agreements
- Quebecor's plans for wireless expansion to be in spotlight as firm unveils results

Meanwhile, Quebecor Inc., which recently acquired valuable spectrum licences, said Thursday it is still in talks over financial and strategic arrangements that could culminate in it playing a role in a consolidated fourth national wireless carrier.

"Everything is on the table. ... We continue to meet with several potential partners to assess their interest in partnering with us should we decide to consolidate the industry following positive regulatory developments," Quebecor CEO Pierre Dion said on a conference call after the company reported quarterly results.

The Montreal-based telecom and media company wants to know it can count on regulator-mandated low rates to roam on its competitors' national networks. That certainty is not likely to come until Canada's telecom regulator rules on the matter later this year or in early 2015.

A bid from Quebecor might not arrive soon enough for Wind's foreign owner, Amsterdam-based VimpelCom Ltd., however. VimpelCom has long wanted to sell its Canadian asset and has now set a reserve price of just $300-million to purchase the company, including both its debt and equity, sources with knowledge of the matter said.

In addition to considering roaming rates, Ottawa is also taking other steps to make wireless consolidation an attractive prospect. On Monday, Industry Canada revealed the proposed structure for an auction of cellular airwaves next March, which includes a set-aside of 60 per cent of the AWS-3 spectrum for new entrants.

Since Mobilicity (which is under creditor protection) and Wind are the only new entrants operating in Ontario, British Columbia and Alberta, the new rules suggest an entity that controlled both companies would be able to purchase all of the set-aside spectrum in those regions for the opening bid price of just $62.5-million.

Apart from Blackstone and Quebecor, sources say smaller financial players, including distressed debt firms, have considered taking a stake in Wind. Bloomberg News reported this week that large U.S. private equity firm Providence Equity Partners Inc. has also looked at the asset.

Analysts caution that large private equity players could be reluctant to invest in the company, however, as an exit strategy is uncertain.

The government has indicated it would block any sale of new-entrant spectrum to one of Canada's Big Three incumbent players. If Quebecor does not participate in a deal to purchase Wind at this time, it could be a potential buyer down the road, but it also reiterated Thursday that protecting its balance sheet is a priority. Quebecor wants to buy out the Caisse de dépôt et placement du Québec's remaining 25-per-cent stake in Quebecor Media by 2019.

VimpelCom declined to comment Thursday, as did Blackstone and Providence and Wind Mobile CEO Anthony Lacavera.

Despite owning a majority of Wind shares, VimpelCom – which is controlled by Russian billionaire Mikhail Fridman, has been unable to gain full control of Wind. The upstart carrier's Canadian founder, Mr. Lacavera, still controls two-thirds of the voting shares and has about a 35-per-cent economic interest in the company.

VimpelCom CEO Jo Lunder said in May the lack of a clear path to control led to the company's decision to write off $1.5-billion of investments and not to devote any further funding to the Canadian business.

Attempts to strengthen competition in the wireless sector have advanced in fits and starts. Last summer, Verizon Communications Inc. submitted an initial offer of $700-million to purchase Wind, but after later striking a $130-billion deal to buy out Vodafone

Group PLC's interest in its wireless division, the U.S. telecom giant said it was no longer interested in the Canadian market.

Prior to the 2008 Canadian spectrum auction, Blackstone partnered with Manitoba Telecom Services Inc. and the Canada Pension Plan Investment Board as part of a consortium with ambitions of launching a national wireless provider. However, the joint venture dissolved and MTS subsequently won spectrum solely in its home province.

Former Canadian Prime Minister Brian Mulroney sits on Blackstone's board of directors. He is also the chairman of Quebecor's board, a factor that could smooth the way for co-operation between the two on the wireless file at a later point in time.

More Related to this Story

- Ottawa reveals March spectrum auction details as it courts fourth carrier

Topics:

- Telecom
- Vimpelcom
- Quebecor inc.

TAB A-6

Carlson, Andrew

From:	francois.turgeon@ubs.com
Sent:	June 23, 2014 10:30 AM
To:	Tony Griffin
Subject:	RE: (No Subject)
Attachments:	Legal Disclaimer.txt

thanks Tony, I will pass along the relevant people on our side.

The session tomorrow will be at UBS office, 161 Bay Street 41st floor

-----Original Message-----
From: Tony Griffin [tony.griffin@westfacecapital.com]
Sent: Monday, June 23, 2014 09:37 AM Eastern Standard Time
To: Turgeon, Francois-CCS+
Subject:

Francois
Attached is a draft of the SPA for your review.
I am also attaching an itemized legal diligence list from our counsel at Davies.
Will see you tomorrow morning at 10.30 am at our offices.
Regards,
Tony Griffin
Off: 647.724.8912
Cell: 647.500.8912

This is Exhibit 6 *referred to in the affidavit of* Anthony Griffin *sworn before me, this* 7th *day of* March *20* 15

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

TAB A-7

The Catalyst Capital Group Inc.

77 King Street West
Royal Trust Tower
TD Bank Centre
Suite 4320, P.O. Box 212
Toronto, Ontario M5K 1J3
Telephone: 416.945.3000
Facsimile: 416.945.3060

October 1, 2012

Mr. Brandon Moyse
brandonmoyse@hotmail.com

This is Exhibit 7 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

Dear Brandon:

Re: Employment Agreement

On behalf of The Catalyst Capital Group Inc. ("CCGI"), we are pleased to confirm in writing your employment with us as an Analyst, with a start date of November 1, 2012. Set out below are the terms and conditions of your employment. To evidence your agreement with these terms and conditions, please sign the enclosed duplicate copy of this letter and return that duplicate to us, whereupon we will have a binding agreement on the terms set forth below. Your employment is with CCGI only, and you will have no contractual or other relationship with any limited partnership or other organization or corporation affiliated with CCGI.

1. Duties

In your capacity as our employee, you will perform all of your assigned duties in a diligent, faithful and honest manner and in accordance with all of our current and future rules and policies. You will report directly to either of Mr. Gabriel de Alba or Mr. Newton Glassman or to such persons as may be specified by Mr. Newton Glassman from time to time. It is also understood and agreed that we may change your duties from time to time, acting reasonably, without causing termination of this agreement.

2. Compensation

(i) You will be paid an annual salary of CDN$90,000. Your salary is payable in instalments (semi-monthly or as otherwise agreed) and subject to deductions such as income tax and any other deductions required by law. Any future salary increases, which will be granted solely at the discretion of CCGI, will be made available after an annual performance review on or around each calendar year-end.

(ii) At the end of the 2012 calendar year, you should expect to receive an annualized discretionary bonus of CDN$80,000 if you have performed satisfactorily, as determined by CCGI in its sole discretion acting reasonably. The amount paid at that time will be pro-rated to reflect the portion of the calendar year you have actually worked. The remainder of the first year bonus (relating to the rest of your full first year of employment after December 31, 2012) will be distributed to you when bonus distributions relating to the 2013 calendar year are allocated. You will only receive this amount if you are employed by CCGI at the time of distribution.

In addition, you may be eligible to earn additional bonus amounts, based on your performance. As explained above regarding your first year's bonus, any bonuses awarded after the first year of employment will also be based on your performance and that of the firm during the period in question and will be determined by CCGI in its sole discretion, acting reasonably.

(iii) In addition, you will be eligible to participate in CCGI's 60/40 Compensation Scheme (the "60/40 Scheme"), any replacement profit sharing plan and/or additional profit sharing mechanism introduced by the Company, and made available by the Company to investment professionals.

(iv) In order to receive any discretionary bonus payment or any payment under the 60/40 Scheme, both described above, you must be actively employed as of the date any amounts are scheduled to be paid out under either of these plans, regardless of whether you were terminated without notice prior to this date and even if any applicable notice period (under contract, common law or statute) would extend beyond the payment date for that discretionary or incentive payment.

[redacted]

[redacted]

[redacted]

3. Benefits

You will be entitled to participate in all health, insurance and other benefit plans as are from time made available to other employees at your level, subject to our right to unilaterally amend or eliminate such plans. Benefits will be provided in accordance with the provisions of the various benefit plans and programs in effect from time to time.

4. Expenses

All reasonable expenses, such as entertainment and travel, actually incurred by you in connection with the performance of your duties will be reimbursed in accordance with our policy as amended from time to time and upon presentation of receipts.

5. Vacation

During each calendar year, you will be entitled to three (3) weeks paid vacation, to be taken at a mutually convenient time. You will be allowed to carry forward any unused vacation time into the next calendar year but not further.

6. Relocation Assistance

CCGI will provide you with a relocation assistance in the amount of CDN$5,000 subject to receipt of expenses. These expenses will be subject to review and approval by us. If you leave before the completion of 24 months of service, you will be required to pay back 100% of the relocation assistance.

7. Probationary Period

You will be on probation during the first 90 days of your employment, expected to be from November 1, 2012 to January 29, 2013. At any time during this probationary period we may terminate your employment by providing you with two weeks notice or payment in lieu of notice at which point CCGI will have no further obligation to you.

8. Non-Competition

You agree that while you are employed by the Employer and for a period of six months thereafter, if you leave of your own volition or are dismissed for cause and three months under any other circumstances, you shall not, directly or indirectly within Ontario:

(i) engage in or become a party with an economic interest in any business or undertaking of the type conducted by CCGI or the Fund or any direct Associate of CCGI within Canada, as the term Associate is defined in the *Ontario Business Corporations Act* (collectively the "protected entities"), or attempt to solicit any opportunities of the type for which the protected entities or any of them had a reasonable likelihood of completing an offering while you were under CCGI's employ; and

(ii) render any services of the type outlined in subparagraph (i) above, unless such services are rendered as an employee of or consultant to CCGI;

9. Non-Solicitation

You agree that while you are employed by the Employer and for a period of one year after your employment ends, regardless of the reason, you shall not, directly or indirectly:

(i) hire or attempt to hire or assist anyone else to hire employees of any of the protected entities who were so employed as at the date you cease to be an employee of CCGI or persons who were so employed during the 12 months prior to your ceasing to be an employee of CCGI or induce or attempt to induce any such employees of any of the protected entities to leave their employment; or

(ii) solicit equity or other forms of capital for any partnership, investment fund, pooled fund or other form of investment vehicle managed, advised and/or sponsored by any of the protected entities as at the date you ceased to be an employee of CCGI or during the 12 months prior to your ceasing to be an employee of CCGI.

10. Confidential Information

You understand that, in your capacity as an equity holder and employee, you will acquire information about certain matters and things which are confidential to the protected entities, including, without limitation, (i) the identity of existing or prospective investors in the Fund and any such future partnership or fund, (ii) the structure of same, (iii) marketing strategies for securities or investments in the capital of or owned by the Fund or any such partnership of or any such partnership or fund, (iv) investment strategies, (v) value realization strategies, (vi) negotiating positions, (vii) the portfolio of investments, (viii) prospective acquisitions to any such portfolio, (ix) prospective dispositions from any such portfolio, and (x) personal information about CCGI and employees of CCGI and the like (collectively "Confidential Information"). Further, you understand that each of the protected entities' Confidential Information has been developed over a long period of time and at great expense to each of the protected entities. You agree that all Confidential Information is the exclusive property of each of the protected entities. For greater clarity, common knowledge or information that is in the public domain does not constitute "Confidential Information".

You also agree that you shall not, at any time during the term of your employment with us or thereafter reveal, divulge or make known to any person, other than to CCGI and our duly authorized employees or representatives or use for your own or any other's benefit, any Confidential Information, which during or as a result of your employment with us, has become known to you.

After your employment has ended, and for the following one year, you will not take advantage of, derive a benefit or otherwise profit from any opportunities belonging to the Fund to invest in particular businesses, such opportunities that you become aware of by reason of your employment with CCGI.

11. Remedies

You acknowledge that you have reviewed the provisions of Articles 8, 9, and 10 above and that you have addressed your mind to the reasonableness of the scope of these articles, and that you are satisfied that the provisions of those articles are necessary and reasonable and that they reflect the mutual desire and intent of yourself and CCGI that such provisions be upheld in their entirety and be given full force and effect.

You also acknowledge that if you violate the terms of Articles 8, 9, and 10 it will cause the protected entities to suffer irreparable harm for which damages will not be an adequate remedy and for which the protected entities shall be entitled to injunctive relief to prevent you from continuing with such violation or violations, in addition to any other available remedies and you hereby consent to the granting of an injunction to enforce the provisions of this Agreement.

12. Termination of Employment

(i) You may, at any time, terminate your employment by providing a minimum of thirty (30) days written notice to CCGI, which notice may be waived or shortened at CCGI's sole discretion without further financial obligations to CCGI other than complying with our obligations under the Employment Standards Act.

(ii) CCGI may terminate your employment at any time for just cause. For the purposes of this Agreement, "just cause" shall mean:

(a) any failure by you to observe and perform any of your covenants and obligations hereunder including, without limitation, the provisions of Articles 8, 9, and 10;

(b) your insolvency or bankruptcy;

(c) fraud, wilful misconduct or gross negligence by you in connection with the performance of your duties hereunder;

(d) any commission of a crime by you including your conviction for (or your pleading guilty or no contest to) a felony;

(e) any use or abuse of alcohol or drugs or other controlled substances by you which adversely affects your ability to perform your duties hereunder; and

(f) any other grounds that amounts to just cause at common law.

(iii) After the probation period we may also terminate your employment at any time without just cause by providing the working notice and severance entitlement under the *Employment Standards Act, 2000* or similar applicable employment standards legislation, as well as an additional lump sum payment of three months' base salary less applicable deductions and without regard to any past, current or future expected discretionary bonus amounts. In no event will your disability benefits continue beyond the statutory notice period. After the effective date of such termination, you shall be entitled to no further rights or benefits hereunder or in connection with your employment with us except with the respect to the repurchase of your Starting Equity and Additional Equity as outlined in Article 2, above.

The foregoing amounts represent our maximum termination and severance obligations to you. However, and as set out above, in no event will you receive less than your entitlements to notice and severance under the Ontario *Employment Standards Act, 2000* or applicable employment standards statutes as amended over time. In order to receive the amounts payable under the Article, other than your statutory entitlements, you will be required to execute a Release in favour of the protected entities, in a form acceptable to CCGI. This Article shall remain in full force and effect unamended notwithstanding any other alterations to your terms and conditions of employment or to this Agreement, whether fundamental or otherwise, unless amended or waived in writing.

13. Entire Agreement and Waiver

This agreement constitutes the entire agreement between us and sets out all employment terms and conditions. The agreement may only be amended by express written consent of both parties.

14. Severability

The invalidity or unenforceability of any particular provision of this Agreement shall not affect its other provisions and this Agreement shall be construed in all aspects as if such invalid or unenforceable provision had been omitted.

15. Governing Law and Arbitration

This agreement shall be construed, interpreted, performed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada. Any controversy or claim arising out of or relating to this Agreement shall be settled by arbitration which shall proceed in accordance with the Rules for the Conduct of Arbitrations of the Arbitrators' Institute of Canada Inc. (the "Rules") in effect at the date of commencement of such arbitration, by one (1) arbitrator (the "Arbitrator") appointed in accordance with the Rules.

The Arbitrator shall have the right to determine all questions of law and jurisdiction including questions as to whether a Claim is arbitrable and shall have the right to grant final and interim damages awards and shall have the discretion to award costs including reasonable legal fees and expenses, reasonable experts' fees and expenses, reasonable witnesses' fees and expenses, pre-award and post-award interest and costs of the arbitration.

The award of the Arbitrator shall be final and binding on the parties. There is no right of appeal from the Arbitrator's award.

The parties hereto shall be bound by any award granted by the Arbitrator and the parties hereto consent to judgment upon the award granted by the Arbitrator being entered in any Court of competent jurisdiction.

The parties agree that nothing in this Arbitration provision precludes CCGI from seeking injunctive relief in the courts of any jurisdiction for a breach of Articles 8, 9 or 10 of this Agreement as set out in Article 11.

We trust this offer is satisfactory to you and look forward to having you join our organization. Please indicate your acceptance of this Agreement by signing this Agreement in the space set out below and returning the executed copy to my attention.

Yours very truly,

THE CATALYST CAPITAL GROUP INC., on its own behalf and on behalf of its parent company

Gabriel de Alba, Managing Director and Partner

I, Brandon Moyse, have reviewed, understand and accept the terms of this offer, and acknowledge that I have had an adequate opportunity to seek and receive independent legal advice prior to signing this letter agreement.

Date: ______________________

____
Signature of Employee

TAB A-8

THIS EMPLOYMENT AGREEMENT dated as of May 26, 2014.

BETWEEN:

West Face Capital Inc., a corporation incorporated under the laws of Canada (hereinafter called the "**Corporation**")

-and-

Brandon Moyse, residing in Toronto, in the Province of Ontario (hereinafter called the "**EMPLOYEE**");

A. **WHEREAS**, the Corporation is principally engaged in the business of providing financial services;

B. **AND WHEREAS**, the Corporation and the EMPLOYEE are desirous of entering into this Agreement on the terms, conditions and for the considerations as set out below.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, the mutual covenants and agreements contained in the Agreement below and other good and valuable consideration, the parties hereto mutually covenant and agree as follows:

ARTICLE 1.
EMPLOYMENT

1.01 The Corporation hereby agrees to employ the EMPLOYEE effective June 23, 2014, or such other date as determined by the Corporation in consultation with the Employee (the "Start Date"), under the title of Associate and the EMPLOYEE agrees to be employed by the Corporation in accordance with the terms and provisions hereof.

1.02 The EMPLOYEE shall initially report to Gregory A. Boland ("**Supervisor**"). The reporting line and direct supervisor of the EMPLOYEE may be changed at the discretion of the Supervisor.

1.03 The EMPLOYEE's duties as Associate will include:

- Fundamental research and due diligence of investment opportunities, including equities and credits;
- Financial modeling;
- Deal structuring;
- General support of the Corporation's Portfolio Managers;
- and such other duties assigned by the Corporation.

This is Exhibit 8 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 20 15

A. C.
A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

The EMPLOYEE will carry out the EMPLOYEE's duties on the basis of the following terms and conditions:

(a) the EMPLOYEE shall act as a fiduciary of the Corporation and shall faithfully, honestly and diligently serve the Corporation and cooperate with the Corporation and utilize the EMPLOYEE's professional skill and care to ensure that all services rendered under this Agreement are to the satisfaction of the Corporation, acting reasonably, and in the best interests of the Corporation.

(b) the EMPLOYEE shall assume, implement and execute such duties, directions, responsibilities, procedures, policies and lawful orders as may be reasonably determined or given by the Supervisor from time to time and report results of same as may from time to time be determined by the Supervisor.

1.04 The EMPLOYEE'S employment and the Corporation's agreement to employ the EMPLOYEE is conditional upon completion of a background check on the EMPLOYEE satisfactory to the Corporation.

1.05 As a material inducement to the Corporation to employ the EMPLOYEE, the EMPLOYEE represents and warrants to the Corporation that:

(a) He has all, or will undertake as soon as possible to obtain all appropriate qualifications, designations and licensing required by governmental and regulatory bodies to carry out his duties including, without limitation, those required by the Ontario Securities Commission;

(b) He is not currently suspended, disbarred, under investigation or otherwise not in good standing with any regulatory body;

(c) The acceptance of the Corporation's retention by the EMPLOYEE would not result in any breach of any agreements, whether written or oral, that the EMPLOYEE is a party to including, without limitation, non-competition and non-solicitation agreements; and

(d) The EMPLOYEE will not use any property in the course of the EMPLOYEE's employment which is confidential or proprietary information of any other person, company, group or organization.

1.06 The EMPLOYEE agrees that he will not engage in any activities (either during or outside of working hours) that create a conflict with the interests of the Corporation, nor shall he provide any service to any person, company, group or organization if, in the sole opinion of the Corporation, the provision of such service would actually or potentially create a conflict of interests.

1.07 It is acknowledged and agreed between the parties to this Agreement that the services to be provided by the EMPLOYEE hereunder are of such a nature that hours of work will vary from day to day and week to week. The Corporation may change the EMPLOYEE's hours of work and work schedule from time to time due to organizational demands. The EMPLOYEE understands that the EMPLOYEE's salary is compensation for all hours of work, subject to the requirements of the Ontario *Employment Standards Act, 2000,* or any successor or amended legislation (the "*Employment Standards Act*").

ARTICLE 2.
TERM OF CONTRACT

2.01 The term of this Agreement shall commence as and from the Start Date and shall be for an indefinite term subject to termination in accordance with this Agreement.

ARTICLE 3.
COMPENSATION

3.01 In consideration of the services to be provided by the EMPLOYEE to the Corporation pursuant to ARTICLE 1 hereof, the Corporation shall pay to the EMPLOYEE a minimum annual salary (the "**Salary**") at the annual rate of $110,000.00 or such other amount from time to time as set by the Corporation. Remuneration shall be paid in twice monthly installments through direct deposit to the EMPLOYEE's bank account, subject to all required tax withholdings and statutory and other deductions. An increase in the EMPLOYEE's Salary shall be at the sole discretion of the Chief Executive Officer.

3.02 The EMPLOYEE shall be eligible for an annual discretionary bonus, which shall reflect the EMPLOYEE's performance based on assessments by the Corporation's Portfolio Managers and in accordance with the bonus policy or program established by the Corporation (as may be amended by the Corporation from time to time). The amount of the annual bonus will have a target range of 50% to 100% of EMPLOYEE's Salary (pro-rated for less than a full year's employment) but will be determined by the Corporation in its sole discretion. In order to be eligible for a bonus, the EMPLOYEE must be "Actively Employed" and in compliance with the Corporation's policies and directives concerning the EMPLOYEE's job performance and conduct on the bonus pay out date. For the purposes of this Agreement, "Actively Employed" means that the EMPLOYEE must be employed by the Corporation and must not have resigned or given notice of intent to resign, and, in the event that the EMPLOYEE's employment is terminated for any reason, "Actively Employed" shall include only the period of statutory notice (if any) required by the *Employment Standards Act*. Bonuses are subject to required deductions and withholdings. A bonus is not considered vested or earned until it is paid.

3.03 The EMPLOYEE shall be eligible to participate in all benefit plans ("**Benefits**"), including health and dental plans, generally available to employees of the Corporation, subject to plan terms (including eligibility criteria) as of the Start Date; except that the EMPLOYEE shall not be eligible for the extended health care plan until the end of his probationary period. Premiums for the employee-paid long-term disability insurance plan will be deducted from the EMPLOYEE's net salary. The EMPLOYEE acknowledges that the Corporation retains the right to change or terminate any benefit plans.

3.04 The EMPLOYEE shall be promptly reimbursed for all reasonable expenses incurred by the EMPLOYEE in or about the execution of the EMPLOYEE's services under this Agreement. All such expenses shall be verified by statements, receipts or other reasonable evidence satisfactory to the Corporation.

3.05 The Corporation shall reimburse the EMPLOYEE for the EMPLOYEE's professional fees related to the EMPLOYEE's employment. All such fees shall be verified by statements, receipts or other reasonable evidence satisfactory to the Corporation.

ARTICLE 4.
VACATION

4.01 During the term of this agreement, the EMPLOYEE shall be entitled to earn a minimum of two (2) weeks of vacation in each calendar year pro-rated for partial years of employment. Vacation shall be taken by the EMPLOYEE at such time as may be acceptable to the Supervisor having regard to the Corporation's operations. The EMPLOYEE agrees that he will not take vacation during his probationary period.

4.02 In the event the EMPLOYEE fails to utilize any such vacation time during a calendar year, such vacation time may not be carried over and such time will be forfeited subject to the *Employment Standards Act*.

ARTICLE 5.
BACKGROUND CHECKS

5.01 The Corporation conducts background checks on all new employees to ensure that such employees meet the Corporation's high standards and fit well within the team. The EMPLOYEE consents to the Corporation obtaining the following background information, and acknowledges that the employment is conditional on such information being acceptable to the Corporation in its discretion:

- Police/criminal record check;
- Proof that you are legally permitted to work in Canada; and
- Employment background check.

ARTICLE 6.
INCAPACITY

6.01 In the event the EMPLOYEE is insured either personally or through the Corporation or through a group plan provided by the Corporation for loss of income as a result of disability and the EMPLOYEE receives compensation or disability income pursuant thereto, then the amount of remuneration (if any) which the EMPLOYEE is otherwise entitled to receive hereunder during the period of illness or incapacity shall be reduced by the amount of compensation or disability income paid by such insurer to the EMPLOYEE and the EMPLOYEE covenants and agrees that the EMPLOYEE shall immediately advise the Corporation from time to time of the receipt of any such disability income paid by such insurer to the EMPLOYEE, provided however that this clause shall only be applicable if premiums for the said insurance are paid or funded by the Corporation.

ARTICLE 7.
CONFIDENTIAL INFORMATION

7.01 The EMPLOYEE covenants and agrees that he will keep in strict confidence (as if it were his own confidential information) and shall not use, directly or indirectly, for any other purpose other than for the purpose of the EMPLOYEE's employment hereunder, all oral or written confidential knowledge, materials, business data or other information (the "**Confidential Information**"), obtained or acquired during the course of the EMPLOYEE's employment hereunder relating to the Corporation or any subsidiary, affiliate or any legal entity controlled by the same persons (as the term is defined by the *Business Corporations Act* (Ontario), either directly or indirectly, and their respective business and affairs (collectively, the "**Combined Business**") as the Corporation. The EMPLOYEE will not disclose, divulge, publish or transfer, or authorize or permit anyone else to disclose, divulge, publish or transfer or use to the EMPLOYEE's own advantage any Confidential Information obtained pursuant to this Agreement or which relate in any manner to the business and affairs of the Combined Business, without the prior written consent of the Corporation, which consent may be arbitrarily or unreasonably withheld. "Confidential Information" incudes, but is not limited to: the names of and any information on present and prospective clients of the Corporation and the funds it advises; the names, investment thesis surrounding and contacts linked to any investments made or proposed to be made by the Corporation or the funds it advises; the Corporation's policies, strategies, models and concepts; all financial information concerning the Combined Business, and; research, investment models, formulas, technology and analyses for prospective and executed investments, including any developed by the EMPLOYEE.

7.02 The obligation of the EMPLOYEE as identified in Clause 7.01 hereof shall not apply to such knowledge, information, material or business data obtained pursuant to this Agreement or relating in any manner to the business affairs of the Corporation which:

a) was demonstrably known to the EMPLOYEE prior to receipt thereof pursuant to this Agreement;

b) is generally known or available to the public;

c) shall have become available to the EMPLOYEE in good faith from a third party who has a bona fide right to disclose same; and

d) is required to be disclosed to any federal, provincial, state or local government or governmental branch, board, agency or instrumentality necessary to comply with relevant timely disclosure laws or regulatory authorities, including stock exchanges having jurisdiction in respect of securities of the Corporation.

7.03 This ARTICLE 7 shall survive the termination of this Agreement.

ARTICLE 8.
<u>INTELLECTUAL PROPERTY</u>

8.01 EMPLOYEE acknowledges and agrees that the copyright and all other intellectual property rights in and to any designs, discoveries, ideas and suggestions, improvements, inventions or any other form of intellectual property of any character pertaining to the Corporation's industry or coming within the scope of the business of the Corporation, made and/or developed by the EMPLOYEE during the course of fulfilling his obligations as an employee of the Corporation, whether or not the EMPLOYEE is specifically instructed to make or develop same, or whether made and/or developed by the EMPLOYEE prior to the date hereof (collectively, the "**Work Product**") belong to the

Corporation. For greater certainty, the Work Product shall be considered to have been made for the benefit of the Corporation under and by virtue of this Agreement, and shall immediately become the property of the Corporation.

8.02 EMPLOYEE will immediately notify the Corporation of the creation of any Work Product, and assign, set over, transfer and waive to the Corporation his entire right, title and interest in and to any and all Work Product which he may create solely, jointly or in common with others during the term of his employment. EMPLOYEE agrees to execute and deliver to the Corporation any and all instruments and papers necessary or desirable to accomplish such assignment and transfer and to perfect the title, and all instruments or papers which may be necessary or desirable to obtain and promote the right to the exclusive enjoyment of the Work Product by the Corporation, and the EMPLOYEE will, when requested by the Corporation, aid the Corporation, at the Corporation's sole cost and expense,. to obtain and enforce protection of such Work Product in any and all countries.

8.03 The EMPLOYEE hereby waives any and all moral rights respecting any work that constitutes the Work Product

8.04 The EMPLOYEE acknowledges and agrees that any persons or legal entities that become clients of the Corporation due to the efforts of the EMPLOYEE, either directly or indirectly, shall be clients of the Corporation and shall not be personal to the EMPLOYEE.

8.05 This ARTICLE 8 shall survive the termination of this Agreement.

ARTICLE 9.
NON-COMPETITION AND NON-SOLICITATION

9.01 The EMPLOYEE shall not during his employment (with regards to (a), (b) and (c) below) and for a period of one (1) year from the termination of his employment, however caused whether by the EMPLOYEE or the Corporation with or without cause (only with regard to (b) and (c) below), without the prior written consent of the Corporation, individually or in partnership or jointly or in conjunction with any other person (except the Corporation or any of its affiliate and subsidiaries) whether as an employee, principal, agent, shareholder or in any other capacity whatsoever:

a) carry on or be engaged in, be concerned with, be interested in, advise, lend money to, guarantee the debts or obligations of, or permit his or its name or any part thereof to be used or employed by any person engaged in or concerned with or interested in a business which competes with the Corporation;

b) solicit business from the Contacts known to the EMPLOYEE at the time of the termination of this Agreement and with whom or which the EMPLOYEE had material contact in the twelve (12) months preceding the termination of the EMPLOYEE's employment for a purpose competitive with the Corporation's business. "Contacts" means clients or prospective clients of the Corporation or the funds it advises or contacts linked to any investments made or proposed to be made by the Corporation or the funds it advises; or

c) solicit or attempt to solicit any employee or consultant engaged by the Corporation or entice any such person to leave his/her employment or engagement with the Corporation.

For these purposes, ownership of securities of a company whose securities are publicly traded under a recognized securities regime not in excess of 5% of any class of such securities shall not be considered to be competition with the Corporation.

9.02 This ARTICLE 9 shall survive the termination of this Agreement.

ARTICLE 10.
SEVERABILITY

10.01 Each provision of this Agreement is declared to constitute a separate and distinct covenant and to be severable from all other such separate and distinct covenants. Without limiting the foregoing, each provision contained in ARTICLE 7, ARTICLE 8 and ARTICLE 9 hereof is declared to constitute a separate and distinct covenant in respect of each capacity and each activity specified in ARTICLE 7, ARTICLE 8 and ARTICLE 9 and to be severable from all other such separate and distinct covenants. If a court of competent jurisdiction declares any provision or portion of this Agreement to be void or unenforceable, such provision or portion shall be deemed severed from this Agreement to the minimum extent possible, and the remainder of this Agreement shall remain in full force and effect.

10.02 If any covenant or provision herein is determined to be void or unenforceable in whole or in part, it will not be deemed to affect or impair the enforceability or validity of any other covenant or provision of this Agreement or any part thereof.

ARTICLE 11.
RELIEF

11.01 The parties to this Agreement recognize that a breach by the EMPLOYEE of any of the covenants referred to in ARTICLE 7, ARTICLE 8 and ARTICLE 9 would result in damages to the Corporation and that the Corporation could not adequately be compensated for such damages by monetary award. Accordingly, the EMPLOYEE agrees that in the event of such breach (or a reasonable apprehension of a breach), in addition to all other remedies available to the Corporation at law or in equity, the Corporation will be entitled as a matter of right to apply to a court of competent jurisdiction for such relief by way of restraining order, injunction, decree or otherwise, as may be appropriate to ensure compliance with the provisions of this Agreement.

11.02 This ARTICLE 11 shall survive the termination of this Agreement.

ARTICLE 12.
TERM AND TERMINATION OF AGREEMENT

12.01 This Agreement shall continue and remain in full force until terminated by either the Corporation or the EMPLOYEE in accordance with the provisions outlined below.

12.02 The EMPLOYEE shall have the right to terminate this Agreement and the EMPLOYEE's employment hereunder by providing the Corporation with written notice to that effect which notice shall provide for a termination date which is effective a minimum of two (2) weeks and a maximum of one (1) month after the giving of the notice, unless otherwise agreed to by the Corporation. The EMPLOYEE shall receive only the EMPLOYEE's Salary earned to the date of termination plus Benefits to the date of termination plus accrued and unpaid vacation pay (if any) and reimbursement of reasonable business expenses.

12.03 The Corporation shall have the right to terminate this Agreement and the EMPLOYEE's employment without cause at any time. There will be a three-month probationary period starting June 23, 2014 and ending September 22, 2014. During this period either the Corporation or the EMPLOYEE may terminate this Agreement without any advance notice. In such event, the EMPLOYEE shall receive only the EMPLOYEE's Salary earned to the date of termination plus Benefits to the date of termination plus accrued and unpaid vacation pay (if any) and reimbursement of reasonable business expenses.

12.01 In the event the Corporation terminates this Agreement and the EMPLOYEE's employment without cause after the probationary period, it will provide the EMPLOYEE with only the notice (or pay in lieu of notice) and severance (if any) required by the *Employment Standards Act*. The Corporation guarantees that the EMPLOYEE shall receive the EMPLOYEE's Salary earned to the date of termination, the EMPLOYEE's accrued and unpaid vacation pay (if any) and reimbursement of reasonable business expenses. The EMPLOYEE's Benefits will be continued only for the period and to the extent required by the *Employment Standards Act*. The EMPLOYEE acknowledges and agrees that upon receipt of the notice and/or entitlements set out in this Section the Corporation shall not have any further or other liability to the EMPLOYEE whatsoever, and the EMPLOYEE hereby waives any right that he has, or may have, to receive reasonable notice at common law. Notwithstanding anything in this Agreement, the EMPLOYEE will receive no less than the EMPLOYEE's minimum entitlements under the *Employment Standards Act.*

12.02 The Corporation shall have the right to terminate this Agreement and the EMPLOYEE's employment without notice or payment in lieu thereof, for just cause at law. In such event, the EMPLOYEE shall receive only the EMPLOYEE's Salary earned to the date of termination plus Benefits to the date of termination plus accrued and unpaid vacation pay (if any) and reimbursement of reasonable business expenses.

12.03 This Agreement and/or the EMPLOYEE's employment may be terminated at any time upon the mutual agreement of the Corporation and the Employee.

12.04 Notwithstanding the other provisions of this Agreement, the EMPLOYEE's employment hereunder shall terminate without notice or payment in lieu of notice as follows:

(a) automatically upon the death of the EMPLOYEE in which event the EMPLOYEE shall receive only the EMPLOYEE's Salary earned to the date of termination, the EMPLOYEE's Benefits to the date of termination, the EMPLOYEE's accrued and unpaid vacation pay (if any) and reimbursement of reasonable business expenses; or

(b) at the Corporation's discretion, upon the incapacity due to illness or injury to the EMPLOYEE, such that in the opinion of an independent medical expert acceptable to the EMPLOYEE (or his legal personal representative) and the Corporation, will keep the EMPLOYEE from his duties for a period longer than three (3) consecutive months or ninety (90) days in any one hundred and twenty day (120) period, subject to the Ontario *Human Rights Code,* in which event the EMPLOYEE shall receive only the EMPLOYEE's Salary earned to the date of termination, the EMPLOYEE's Benefits to the date of termination, the EMPLOYEE's accrued and unpaid vacation pay (if any) and reimbursement of reasonable business expenses.

12.05 Upon termination, the EMPLOYEE shall surrender to the Corporation all property belonging to the Corporation.

ARTICLE 13.
NOTICES

13.01 All notices required or allowed to be given under this Agreement shall be made either personally, by mailing same by prepaid registered post, or by facsimile or electronic correspondence addressed as hereinafter set forth or to such other addresses as may be designated from time to time by such party in writing, and any notice mailed as aforesaid shall be deemed to have been received by the addresses thereof on the third (3rd) business day following the day of mailing, on the day of delivery if delivered personally, or on the next business day following facsimile or electronic correspondence.

EMPLOYEE:

Brandon Moyse
23 Brant St., Apt. 509
Toronto, Ontario M5V 2L5
(416) 918-9798
brandonmoyse@hotmail.com

Corporation:

West Face Capital Inc.
2 Bloor Street East, Suite 3000
Toronto, Ontario M4W 1A8
alex.singh@westfacecapital.com
Attention: Alexander A. Singh

Any party may from time to time change its address for service hereunder on written notice to the other parties. Any notice may be served in the manner set out above in this Clause 13.01.

ARTICLE 14.
NON-ASSIGNABILITY

14.01 This Agreement and all other rights, benefits, and privileges herein conferred are personal to the EMPLOYEE and accordingly may not be assigned by the EMPLOYEE. The Corporation may in its sole discretion assign this Agreement to an entity related to the Corporation or to a successor in the business of the Corporation.

ARTICLE 15.
WAIVER

15.01 The parties agree that all restrictions in this Agreement are necessary and fundamental to the protection of the Corporation and are reasonable and valid.

ARTICLE 16.
ORGANIZATIONAL RULES

16.01 The EMPLOYEE agrees to follow all organizational rules set down by the Corporation from time to time, including without restriction, the rules in the West Face Capital Inc. Policy and Procedures Manual as it may be amended by the Corporation in its sole discretion.

ARTICLE 17.
GENERAL

17.01 The parties hereto agree that they have expressed herein their entire understanding and agreement concerning the subject matter of this Agreement and it is expressly agreed that no implied covenant, condition, term or reservation or prior representation or warranty shall be read into this Agreement relating to or concerning the subject matter hereof.

17.02 All previous agreements, written or oral, express or implied between the parties relating to the subject matter of this Agreement are terminated and cancelled without any liability or cost to the Corporation and each of the parties releases and forever discharges the other from all manner of action, claim or demand whatsoever under or in respect of any such previous agreement.

17.03 The parties agree that this Agreement may not be amended except in writing.

17.04 All references to currency or dollars amounts in the Agreement are to the lawful currency of Canada.

17.05 The provisions of this Agreement will enure to the benefit of and be binding upon the heirs, executors, administrators and legal personal representatives of the EMPLOYEE and the successors and assigns of the Corporation respectively.

17.06 Wherever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning the plural or feminine or a body politic or corporate and vice versa where the context of the parties hereto so require.

17.07 Time is of the essence hereof.

17.08 This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the applicable laws of Canada in force in Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the Courts of such province.

17.09 The EMPLOYEE has been advised to obtain independent legal advice as to the meaning and effect of this Agreement and, to the extent he deems necessary, such advice has been obtained.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

WEST FACE CAPITAL INC.

Name: Alexander Singh
Title: General Counsel

Agreed and accepted this ___ day of _______, _____

Brandon Moyse

Witness Name:

17.08 This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the applicable laws of Canada in force in Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the Courts of such province.

17.09 The EMPLOYEE has been advised to obtain independent legal advice as to the meaning and effect of this Agreement and, to the extent he deems necessary, such advice has been obtained.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

WEST FACE CAPITAL INC.

Name:

Title:

Agreed and accepted this 26 day of May, 2014

Brandon Moyse

Witness Name: IVAN NUWAGABA

TAB A-9

DENTONS

Adrian Miedema
Partner

adrian.miedema@dentons.com
D +1 416 863 4678

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T +1 416 863 4511
F +1 416 863 4592

Salans FMC SNR Denton
dentons.com

June 19, 2014

This is Exhibit 9 *referred to in the affidavit of* Anthony Griffin *sworn before me, this* 7th *day of* March 20 15

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

SENT VIA E-MAIL (rdipucchio@counsel-toronto.com)

Rocco Di Pucchio
Lax O'Sullivan Scott Lisus LLP
Suite 1920, 145 King Street West
Toronto ON M5H 1J8

Dear Mr. Di Pucchio:

Re: Brandon Moyse

This letter is further to the writer's discussion yesterday with you and Jeff Hopkins, counsel for Mr. Moyse. As Mr. Hopkins has advised, Mr. Moyse will be starting work with West Face Capital Inc. on Monday, June 23rd.

Mr. Moyse has agreed, contractually with West Face, to maintain strict confidentiality over all confidential information obtained by him in the course of his employment with The Catalyst Capital Group Inc. Both West Face and Mr. Moyse take that obligation very seriously. Your client has not provided any evidence that Mr. Moyse has breached any of his confidentiality obligations to Catalyst.

You mentioned yesterday that Catalyst is particularly concerned about Mr. Moyse's involvement in a "telecom deal". The writer has discussed that point with West Face. West Face has implemented a confidentiality wall that prevents Mr. Moyse from having any involvement in that potential transaction or from discussing any confidential information relating to that potential transaction with anyone at West Face, and vice versa. Mr. Moyse has not had, and will not have, any involvement with that potential transaction at West Face.

In the event that Catalyst commences proceedings, my colleague, Andy Pushalik, will be representing West Face in those proceedings. Any litigation-related materials or correspondence should be sent to Mr. Pushalik's attention.

Yours truly,
Dentons Canada LLP

Adrian Miedema

AJM/mf

c.c. Jeff Hopkins, counsel for Brandon Moyse

9132797_2|NATDOCS

TAB A-10

This is Exhibit 10 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 20 15

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

WEST FACE

CONFIDENTIAL MEMORANDUM

Date: June 19, 2014

From: Supriya Kapoor, Chief Compliance Officer

To: Brandon Moyse

Subject: WIND Mobile, Globalive companies (together, "WIND")

CC: West Face Partners, West Face Analysts, West Face Compliance, Nora Nestor, Chap Chau

---

Please be advised that a Confidentiality Wall has been established with respect to WIND at West Face Capital ("West Face") under which Brandon is not permitted to discuss any information he may have regarding WIND with others at West Face or from taking any active steps regarding WIND.

No one at West Face shall inquire about or discuss WIND with Brandon.

This Confidentiality Wall imposes no other restrictions on any research and analysis regarding WIND that may take place at West Face.

The IT Group at West Face has taken steps to restrict access to the network for files regarding WIND.

Please feel free to contact me if you have any questions.

Regards,

TAB A-11

From: Supriya Kapoor
Sent: Thursday, June 19, 2014 3:32 PM
To: brandonmoyse@hotmail.com; Brandon Moyse
Cc: - Greg Boland; Tom Dea; Tony Griffin; Peter Fraser; Peter Brimm; Aland Wang; Nandeep Bamrah; Yu-Jia Zhu; Graeme McLellan; Nora Nestor; Chap Chau; compliance
Subject: Confidentiality Wall
Attachments: Confidential Memo - BM.pdf

Importance: High

Hello Brandon,

Please see the attached regarding the Confidentiality Wall that has been set up.

Regards,

WEST FACE

Supriya Kapoor, CPA, Chief Compliance Officer | West Face Capital Inc.
2 Bloor Street East, Suite 3000 | Toronto, ON M4W 1A8
Tel: 416-479-7330 | Fax: 647-724-8910
Email: supriya.kapoor@westfacecapital.com

This is Exhibit 11 referred to in the affidavit of Anthony Griffin sworn before me, this 3rd day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

TAB A-12

From: Chap Chau
Sent: Friday, June 20, 2014 10:58 AM
To: Supriya Kapoor; brandonmoyse@hotmail.com; Brandon Moyse
Cc: - Greg Boland; Tom Dea; Tony Griffin; Peter Fraser; Peter Brimm; Aland Wang; Nandeep Bamrah; Yu-Jia Zhu; Graeme McLellan; Nora Nestor; compliance
Subject: RE: Confidentiality Wall

Hi Supriya,

I have restricted access to R:\Common Files\WIND

If there are any other folders any of you are aware of, please let me know.

Regards,
Chap

From: Supriya Kapoor
Sent: June-19-14 3:32 PM
To: brandonmoyse@hotmail.com; Brandon Moyse
Cc: - Greg Boland; Tom Dea; Tony Griffin; Peter Fraser; Peter Brimm; Aland Wang; Nandeep Bamrah; Yu-Jia Zhu; Graeme McLellan; Nora Nestor; Chap Chau; compliance
Subject: Confidentiality Wall
Importance: High

Hello Brandon,

Please see the attached regarding the Confidentiality Wall that has been set up.

Regards,

WEST FACE

Supriya Kapoor, CPA, Chief Compliance Officer | West Face Capital Inc.
2 Bloor Street East, Suite 3000 | Toronto, ON M4W 1A8
Tel: 416-479-7330 | Fax: 647-724-8910
Email: supriya.kapoor@westfacecapital.com

This is Exhibit 12 referred to in the affidavit of Anthony Griffin sworn before me, this 7 day of March 2015

COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

TAB A-13

This is Exhibit 13 referred to in the
affidavit of Anthony Griffin
sworn before me, this 7th
day of March 15

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

From: Tom Dea
Sent: March-27-14 10:28 AM
To: - Greg Boland; Peter Fraser; Tony Griffin; Yu-Jia Zhu
Subject: FW: Update

We me this guy (now at Catalyst) when we were looking at analysts last go-around. Could be a fit. Let me know if you'd like to have him in.

Thomas P. Dea
(o) 647-724-8902
(m) 416-704-1273
tom.dea@westfacecapital.com

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: March-27-14 1:47 AM
To: Tom Dea
Subject: RE: Update

As discussed, please see attached for my CV and deal sheet, and a few investment write-ups I've done at Catalyst. I kept the deal sheet to one page, limited to the two deals I've done from beginning to end and which are closing shortly. (I'm working on a third live deal at the moment which is not in my CV at all.) The attached memos can give you a better idea of the broader scope of work I've done on the pure investment analysis side:

1) Homburg -- This was written ex post facto so it reads more like a narrative than is typical, but includes all the analysis I did leading up to and during the deal, the bulk of which is in the Waterfall Analysis.
2) NSI -- This was another distressed European real estate company which we ultimately did not proceed with for Fund-level issues; however, the investment thesis was compelling. (Opportunity now gone as Company did an equity raise.) Only public info was used for the write-up.
3) RONA -- More of a special situations/undervalued equity play which we spent a couple weeks looking at. The memo was done over the course of a couple weeks and with only public info.
4) Arcan Resources -- Junior E&P company which was interesting but we couldn't get comfortable with how to enter the capital structure. We also would have needed to engage industry consultants to better understand the asset. The memo represents a couple weeks' work off completely public info.

I enjoyed our discussion today -- the type of work you guys do and the flexible mandate sounds exactly like what I'm looking for (and a good fit for my background). Would be interested to hear your thoughts -- in the meanwhile, don't hesitate to let me know if you have any questions.

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: Update
Date: Wed, 26 Mar 2014 21:31:52 +0000

Hey Brandon. Thanks. What is the name of the Cerberus entity that Calidus is modeled after?

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: Wednesday, March 26, 2014 1:40 PM
To: Tom Dea
Subject: RE: Update

Great, can meet you at the Aroma Coffee or wherever you are now if easier in 5-10 mins.

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: Re: Update
Date: Wed, 26 Mar 2014 17:37:23 +0000
I'm done now.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Brandon Moyse
Sent: Wednesday, March 26, 2014 10:38 AM
To: Tom Dea
Subject: RE: Update

Sure, there's an Aroma coffee in the Standard Life building (121 King W).

1:30? 2?

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: Update
Date: Wed, 26 Mar 2014 14:16:49 +0000
I have to leave about 12:10 for a downtown meeting at 12:30.

Could meet you for coffee somewhere after my meeting.

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: Wednesday, March 26, 2014 10:14 AM
To: Tom Dea
Subject: RE: Update

Call just came up -- would I be able to come by at 11:30?

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: Update
Date: Mon, 24 Mar 2014 14:55:32 +0000
sure

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: Monday, March 24, 2014 10:37 AM
To: Tom Dea
Subject: RE: Update

Works for me. Should I come by your offices?

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: Update
Date: Mon, 24 Mar 2014 13:35:22 +0000
Wednesday at 11:00?

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: Monday, March 24, 2014 9:34 AM
To: Tom Dea
Subject: RE: Update

Just following up - when would work for you to discuss? I'm travelling today and tomorrow but expect to be available later this week or next.

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: Re: Update
Date: Fri, 14 Mar 2014 18:27:11 +0000
Away this week and next. Lets chat when back. T

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Brandon Moyse
Sent: Friday, March 14, 2014 9:45 AM
To: Tom Dea
Subject: RE: Update

Hey Tom,

I saw you launched an alternative/illiquid credit fund a couple months ago. Not sure what your needs are but I wanted to let you know that I'm starting to look at exploring other opportunities and this is something that would definitely be of interest. I'd like to move somewhere where I can focus more heavily on the investment process/analysis and deal structuring (as opposed to the heavy day-to-day operational involvement in pure private equity), and this would be by far the most interesting opportunity in Toronto. If not, feel free to keep me in mind for the future.

Appreciate your keeping this in confidence and hope we can discuss further.

Cheers,
Brandon

From: brandonmoyse@hotmail.com
To: tom@westfacecapital.com
Subject: RE: Update
Date: Wed, 11 Dec 2013 02:20:10 -0500
Hi Tom -

Hope all's well. It's been a (very long) while and I'd meant to reach out much earlier. It is indeed a small space up here -- much smaller than I'd realized -- and I did want to keep in touch, especially now that I have some more experience and insight. Things are great at Catalyst but we don't share enough perspective with others, which is somewhat unfortunate.

Thought you might find the deal below interesting -- we just won the 363 sale auction and expect to close in the next few weeks. Company was spun-off from Hertz for anti-trust reasons and filed for protection less than a year later; we stepped in as DIP lender/stalking horse and credit bid for control at a nice creation multiple. Cerberus and Magnetar, along with a couple strategics, were also involved. All in all, a lot of moving parts and cool deal dynamics. Would be great to catch up some time if possible.

Cheers,
Brandon

http://online.wsj.com/news/articles/SB10001424052702303560204579250542894367298

Catalyst Capital Wins Bidding for Advantage Rent a Car

Canadian Private-Equity Firm Agrees To Forgive Debt, Beats Out German Rental Car Company

Catalyst Capital Group Inc. won a bankruptcy auction for Advantage Rent a Car, whose future has been under the microscope since it became a crucial part of antitrust regulators' decision to bless the merger of two major car-rental firms last year.

The Canadian private-equity firm beat out German rental car company Sixt SE SIX2:XE -0.51% at Monday's auction, agreeing to forgive up to $46 million in debt it extended to fund Advantage's Chapter 11 case.

Advantage filed for bankruptcy protection just months after Hertz Global Holdings Inc. HTZ -0.04% shed the chain so it could buy Dollar Thrifty Automotive Group Inc.

Looking to preserve competition in the highly concentrated $24 billion U.S. car rental industry, the Federal Trade Commission required Hertz to divest Advantage to complete the $2.3 billion purchase of Dollar Thrifty. But just months after the government settlement was reached, Advantage filed for Chapter 11 bankruptcy protection with plans to sell itself to the highest bidder.

Just two bidders showed up for Monday's auction: Sixt, a German car-rental company that has 11 U.S. airport locations, and Catalyst, whose other holdings include commercial printer Quad/Graphics Inc. QUAD -3.36% and Canadian casino operator Gateway Casinos & Entertainment Ltd.

Advantage, which operates more than 70 car-rental locations in 33 states, hopes to complete its sale to Catalyst by the end of March, according to court papers.

The U.S. Bankruptcy Court in Jackson, Miss., will hold a hearing on the deal next week. The FTC also will review the sale.

Advantage filed for Chapter 11 protection following a dispute over the vehicles that Hertz leased Advantage following the spinoff. Hertz, which sent a representative to Monday's auction, has since asked the bankruptcy court to let it seize about 14,000 of the approximately 24,000 vehicles it leased Advantage.

From: tom@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: Update
Date: Tue, 25 Sep 2012 14:28:07 +0000
Hey Brandon,

Congratulations. I agree that it will be an excellent place to learn. To be clear, I am very careful about granting either praise or "red flags". So for the record, I do not have any first hand experience with Catalyst. My caution is based on second hand information from professional advisors and others who have worked with them. The comments related to how they were treated and what they were like to work with. Secondarily, we have heard comments that their track record makes some liberal assumptions regarding private market values. From your perspective, I don't think those factors need to trouble you too much and the fact is there are not a lot of alternatives in Canada so as a career choice I think you are doing fine.

Please keep in touch as it is a small community up here. I would also appreciate that you keep my candid comments private.

Good luck! - Tom

WEST FACE

Thomas P. Dea - Partner | West Face Capital Inc.
2 Bloor Street East, Suite 810 | Toronto, ON M4W 1A8
Tel: 647-724-8902 | Mobile: 416-704-1273

Email: tom@westfacecapital.com

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: September-25-12 10:11 AM
To: Tom Dea
Subject: Update

Tom -

Hope all is well since we met. I just wanted to give you a quick update -- I've been offered a position at Catalyst and will likely accept. I know you had cautioned against it but am optimistic that I will have a great learning experience.

Keep in touch.

Brandon

Brandon Moyse

23 Brant St., Apt. 509, Toronto, ON M5V 2L5
(416) 918-9798 | brandonmoyse@hotmail.com

WORK EXPERIENCE

The Catalyst Capital Group Inc. — **Toronto, ON**
Distressed Debt Associate — February 2014 – Current
Distressed Debt Analyst — October 2012 – February 2014

- One of two analysts/associates at $3.5B private equity fund focused on distressed investments and intensive operational and financial restructurings
- Led initial analysis of over 25 potential distressed debt, undervalued equity and special situations investments across the retail, real estate, natural resources and technology sectors
  - Cross-asset class experience: senior secured debt; high yield bonds; preferred and common equity; direct real estate; structured products
- Performed complex financial modeling (DCF/LBO, waterfall, sum-of-parts and liquidation), comprehensive due diligence (both on-site and industry research) and in-depth covenant assessments

Deal Experience

- Homburg Invest Inc. — €500MM+ restructuring of European commercial REIT
- Advantage Rent A Car — $75MM debtor-in-possession financing and chapter 11 stalking horse bid
- Natural Markets Food Group — $200MM+ natural food retail and food service portfolio company
- Publicly Traded European REIT — Potential €100MM distressed equity/special situation investment

Credit Suisse — **New York, NY**
Analyst, Debt Capital Markets — February 2011 – October 2012

- Originated, structured and executed debt capital transactions for investment grade and high yield clients in the Financial Institutions and Specialty Finance sectors
- Performed credit analysis by analyzing metrics, comparing qualitative fundamental factors and regressing historical relationships to assess relative value
- Prepared daily and weekly market update materials to summarize key events and market tone

RBC Capital Markets — **Toronto, ON**
Analyst, Debt Capital Markets — July 2010 – February 2011

OTHER EXPERIENCE

RBC Capital Markets — **Toronto, ON**
Summer Analyst, Debt Capital Markets — Summer 2008 and Summer 2009

The Daily Pennsylvanian — **Philadelphia, PA**
Senior Editor, Writer and Columnist — August 2006 – May 2009

EDUCATION

University of Pennsylvania — **Philadelphia, PA**
Bachelor of Arts in Mathematics — May 2010

SKILLS AND INTERESTS

Skills and Languages: Bloomberg, Capital IQ, French (conversational)
Interests: Golf, crosswords, trivia, acoustic guitar and wine

DETAILED DEAL EXPERIENCE – COMPLETED TRANSACTIONS

Homburg Invest Inc.

Transaction Responsibilities

- Built waterfall model including each of Homburg's 50+ operating companies to determine recovery values for 10 series of bonds secured by varying collateral packages
  - Complex capital structure with multiple levels of structural and contractual subordination
  - Included parent guarantees, deficiency claims/double dips and subrogation of junior debt
  - Developed property-level value estimates by looking through hundreds of comparable real estate listings (e.g. on Colliers/JLL/C&W German, Dutch and Baltic sites) and triangulating with local market research pieces on cap rates, rent levels and sale prices
- Led due diligence process including on-site visits to the Company's real estate holdings, representing Catalyst at management/advisor meetings and reviewing data room materials (e.g. stress-testing model and cash flows)
- Drafted press releases, investor presentations and media scripts for use in Catalyst's activist public relations campaign in the Netherlands (launching a tender offer, hosting bondholder meetings and suing the bondholder trustee)
- Provided ongoing support through negotiation stages by modeling Catalyst's and other stakeholders' returns under different scenarios/deal structures, including combinations of payments in cash, new shares, new debt, convertible notes and tracking shares
- Catalyst's equity in the Newco is currently valued by the Court/Company at almost 2x its investment

Advantage Rent A Car

Transaction Responsibilities

- Day-to-day deal team leader, supported by one analyst and reporting directly to the managing director
- Conducted initial analysis of investment opportunity, including collateral availability, funding requirements/forecast, pro-forma balance sheet and detailed 2-year financial forecasts
- Reviewed and provided recommendations on more than 100 key lease agreements and other executory contracts
  - Analysis used to support Company's closure of 30 concessions, representing almost half its locations and 15% of revenues
  - Restructured MSA with Advantage's largest vendor which is expected to result in over $200,000 of annual savings and provide the Company with more flexibility/optionality in the new arrangement
- Created presentation for the Federal Trade Commission ("FTC") which ultimately helped to result in its approval of the transaction despite initial hesitation in allowing a sale to Catalyst
- As part of the ongoing operational restructuring and Chapter 11 process, responsible for:
  - Development of the Company's go-forward business plan in conjunction with CEO and COO
  - Ongoing monitoring and approval of DIP funding requested by the Company
  - Oversee process of obtaining airports' (and other key vendors') consent to assignment of Advantage's rights to the Newco
  - Transitioning of existing employees and services to the Newco
  - Interviewing candidates for senior management positions (e.g. CFO, Controller and Head of Sales & Marketing)
  - Evaluating offers for bridge and long-term financing facilities from major banks to use for new fleet purchases ($250MM+)

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

ARCAN RESOURCES LTD. JAN. 2014

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

ARCAN RESOURCES LTD. (TICKER:ARN) JAN. 2014

All figures in C$ unless otherwise noted. Arcan Resources Ltd. referred to as "Arcan" or the "Company".

1. Executive Summary

Company Overview

- Arcan Resources Ltd. is an oil-focused exploration, development and production ("E&P") company with primary operations at the Swan Hills complex in Western Alberta, part of the Western Canadian Sedimentary Basin ("WCSB")
  - 3,726 boe/d produced in Q3 2013, versus 4,503 boe/d in FY 2012 and an expected ~4,000 boe/d for FY 2013
  - Total 2P reserves of 38.7Mmbbls, of which 11.4Mmbls (29.5%) are proved developed producing ("PDP"), 0.7Mmbbls (0.8%) are proved developed non-producing, 11.7Mmbbls (30.2%) are proved undeveloped and 15.3Mmbls (39.5%) are probable
- The Company generated revenue and EBITDA of $130.0MM and of $57.7MM (44.4% margin) for the 12 months ended September 30, 2013.

Investment Thesis

- Arcan is highly levered, with $324MM of net debt and $58MM of EBITDA (5.6x at face; 4.2x creation value through the convertible notes and 4.8x through the equity)
  - $157MM revolving credit facility
  - $86MM 6.25% subordinated convertible notes due 2016 ($51 / 42.3% YTM)
  - $85MM 6.50% subordinated convertible notes due 2018 ($51 / 23.9% YTM)

Pricing Matrix (C$ Thousands) as of 01/05/14
Arcan Resources Inc.

Security	Note	Face Value	Drawn as of 9/30/13	Book xLTM EBITDA	Trading Price	Market Adj. Value	Market xLTM EBITDA	Interest Margin	Implied Interest Rate	Maturity	Yield to Maturity	Current Yield
LTM EBITDA				$57,700			$57,700					
Cash		($4,058.0)	($4,058.0)	-0.1x		($4,058.0)	-0.1x					
Revolving Credit Facility	1	$200,000	$157,000	2.7x	100.0	$157,000	2.7x	L+3.5%	3.75%	05/28/2014	3.75%	3.75%
Total 1st Lien Debt		**$200,000**	**$157,000**	**2.7x**		**$157,000**	**2.7x**					
Net Total 1st Lien Debt		**$195,942**	**$152,942**	**2.7x**		**$152,942**	**2.7x**					
6.25% Convertible due 2016		86,250	86,250	1.5x	51.0	43,988	0.8x	6.25%	6.25%	02/28/2016	41.99%	12.25%
6.50% Convertible due 2018		85,000	85,000	1.5x	51.0	43,350	0.8x	6.50%	6.50%	10/31/2018	23.89%	12.75%
Total Debt		**$371,250**	**$328,250**	**5.7x**		**$244,338**	**4.2x**					
Net Total Debt		**$367,192**	**$324,192**	**5.6x**		**$240,280**	**4.2x**					

Cash	$4,058.0
Revolver	$200,000.0
Draw	($157,000.0)
Liquidity	$47,058.0

Notes:
(1) Pro-forma for $7.5MM of proceeds from sale of Virginia Hills asset.

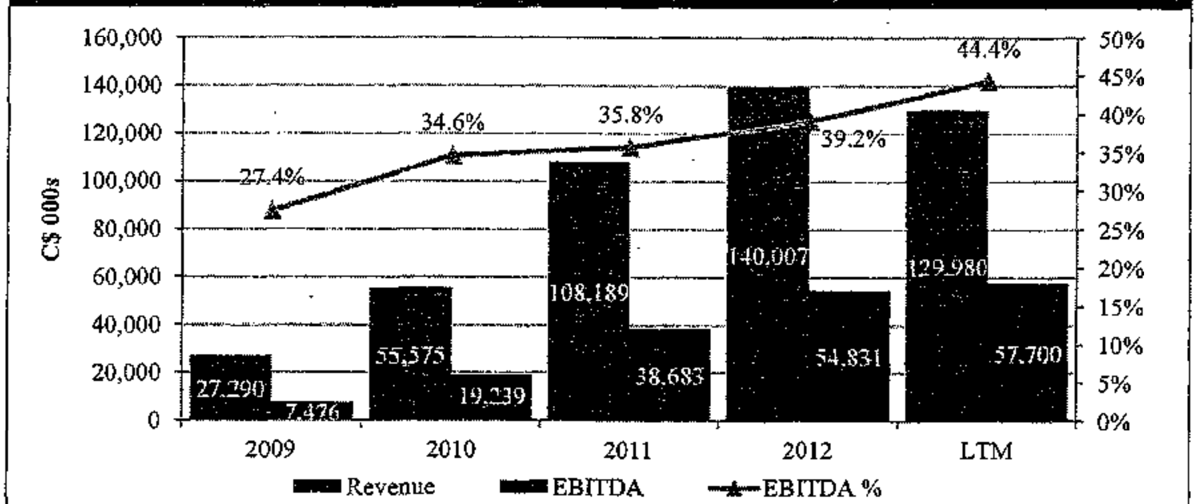
- The Company currently generates debt-adjusted cash flow (unlevered operating cash flow) of $60MM per year before capex, which is almost entirely discretionary and tied to drilling and exploration
  - Even with its significant debt and interest burden, the Company is producing operating cash flow of $40MM-$45MM; however, its current capex program calls for spend equal to OCF generation
- **Arcan currently trades at a significant discount to its peer average on all key valuation metrics**:
  - 4.8x EBITDA vs. 13.8x average
  - 11.9x proven reserves vs. 40.9x average
  - 7.2x 2P reserves vs. 22.5x average
  - $74,468 per boe/d of production vs. $111,969 average
- A blowdown model indicates potential upside of ~2x on the notes but ~50% downside in a wide potential valuation range
- Given the Company's relatively low level of secured debt and ample balance sheet asset value, Catalyst can also consider approaching Company management on a cooperative basis to explore opportunities to provide longer-term capital to better suit its growth profile
- As a next step, Catalyst should engage industry consultants to ascertain asset quality and narrow the potential valuation range to ensure ample collateral value

2. Business Description

Company Overview

- Arcan Resources Ltd. is an oil-focused exploration, development and production ("E&P") company with primary operations at the Swan Hills complex in Western Alberta, part of the Western Canadian Sedimentary Basin ("WCSB")
  - 3,726 boe/d produced in Q3 2013, versus 4,503 boe/d in FY 2012 and an expected ~4,000 boe/d for FY 2013
  - Total 2P reserves of 38.7 million barrels of oil ("Mmbbls"), of which 11.4Mmbls (29.5%) are proved developed producing ("PDP"), 0.7Mmbbls (0.8%) are proved developed non-producing, 11.7Mmbbls (30.2%) are proved undeveloped and 15.3Mmbls (39.5%) are probable
    - At current production levels, equates to a 1P reserve life ("RLI") of ~16 years and 2P life of 27 years, above peer average RLIs of 14.1 and 23.3 years
  - Over 95% of Arcan's resource base and production is light sweet crude oil with a gravity of 37-42° API (comparable to WTI and Brent benchmarks, which have gravities of 39.6° and 38.06° respectively)
- The Company generated revenue and EBITDA of $130.0MM and of $57.7MM (44.4% margin) for the 12 months ended September 30, 2013

Historical Performance (2009 – LTM)

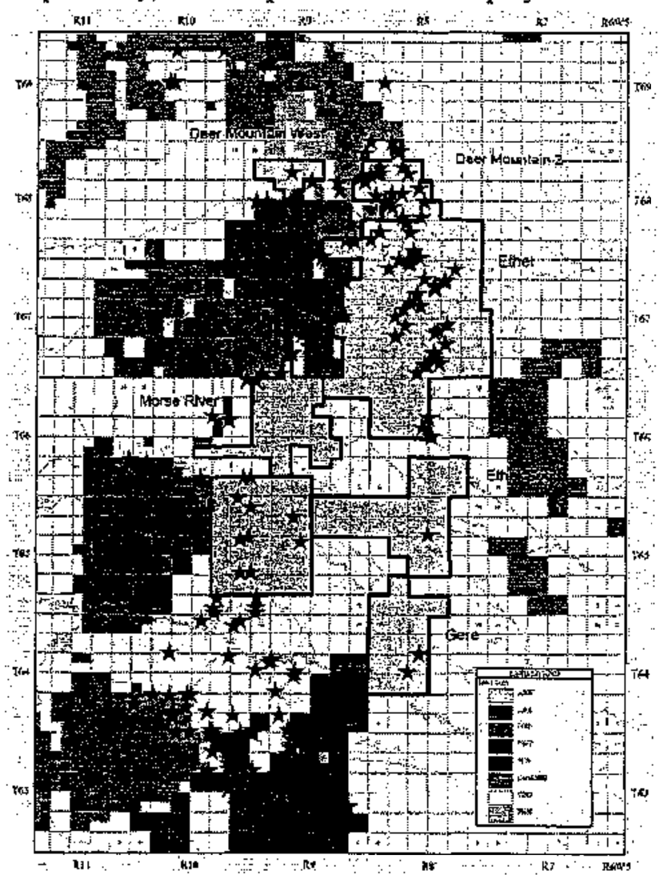


Source: Company filings.

Resource Overview

- The entire Swan Hills complex was discovered in 1957 and is estimated to hold original oil in place ("OOIP") of 7 billion barrels, of 2.4 billion barrels have been recovered to date, representing a recovery factor of 30%
  - Secondary recovery techniques, such as waterflooding (injecting water into already-producing wells to boost pressure and, consequently, production), have proven to increase total recovery to 40% in the complex while flattening out natural decline curves

- Arcan's Swan Hill landholdings have an estimated 700 million barrels ("Mmbbls") of OOIP with similar recovery rates (30-40%) as the broader Swan Hill complex
- To date, approximately 17.5Mmbbls have been recovered from Arcan's properties, representing a 2.5% recovery rate
  - o Therefore, there remains an additional 190-260Mmbbls of ultimately recoverable oil within Arcan's landholdings
- Arcan leads its industry peers in terms of horizontal drilling activity ("Hz" = horizontal well) in the eastern flank of the Swan Hills play with approximately 60 wells currently pumping oil
- The map below shows landholdings and well sites in the Swan Hills area
- Arcan, highlighted in yellow on the map, holds a mostly contiguous land position of 90,000 prospective acres (approx. 140 sections; 640 acres = 1 section), with production concentrated at the Deer Mountain 2 — which is currently being marketed in a sale process (see *Situation Overview*) — and Ethel locations
  - o The Company has the second-largest land position in Swan Hills, aside from Crescent Point (CPG), and has been the most active horizontal driller in the area since 2009 with over 60 wells drilled compared to 30 for Pengrowth, the second-most active
    - ▪ Crescent Point and PetroBakken (PBN, now Lightstream), which also owns land in the Swan Hills area, are large shareholders of Arcan, with 19% and 17%, respectively, Arcan a potential takeover play for consolidation in the area



Resource Economics

- Catalyst has modeled out the economics of a new Swan Hills oil well based on different 30-day initial production ("IP") rates of 220 bbl/d, 180 bbl/d and 150 bbl/d
  - o Sensitivity tables based on oil prices, initial production and drilling and completion ("D&C") costs are shown on the following page
  - o Decline rates for Arcan's wells are very high, with 1-year declines ranging from 50-70% of the 30-day IP rate (i.e. a well with a 30-day IP rate of 220 bbl/d is expected to produce only 66-110 bbl/d after 1-year)
  - o Variable operating costs of $12.50/bbl assumed, with $8,000 monthly fixed costs, equating to total per barrel operating costs of $15.00-$15.50
  - o Catalyst has assumed no waterflooding in its analysis below, which would approximately double expected total recovery and stabilize production at a cost of $1.0MM-$1.5MM, ~25% that of a new well
- Arcan's current D&C cost is approximately $4.5MM per well; however, this figure had been as high as $6MM in the past
- IRRs assuming a $4.5MM D&C cost and $90/bbl received oil price range from 17.1% to 60.4% on a pre-tax basis
  - o Breakevens at a 15% discount rate range from $65-$90/bbl at 220-150 bbl/d 30-day IP rates, with higher oil prices required at lower production rates
- **Note that while Catalyst's analysis approximates information in the Company's reports and investor presentations, it represents reverse engineering with potential for error. To refine its analysis, Catalyst would require Arcan's type curves which is private information**

New Well Economics - 220 bbl/d 30-day initial production

		Flat Oil Price ($/bbl)				
		$60	$75	$90	$105	$120
Drilling & Completion Cost	$4,000,000	18.1%	46.0%	79.7%	122.0%	176.6%
	$4,250,000	13.7%	39.2%	69.2%	106.0%	152.5%
	$4,500,000	9.9%	33.4%	60.4%	93.0%	133.2%
	$4,750,000	6.6%	28.3%	53.0%	82.1%	117.4%
	$5,000,000	3.6%	23.9%	46.6%	72.9%	104.4%

Note: Assumes 220 bbl/d 30-day initial production, $8,000/mth fixed costs and $12.50/bbl operating costs.

New Well Economics - 180 bbl/d 30-day initial production

		Flat Oil Price ($/bbl)				
		$60	$75	$90	$105	$120
Drilling & Completion Cost	$4,000,000	3.1%	24.0%	47.4%	74.8%	107.6%
	$4,250,000	-0.2%	19.2%	40.4%	64.8%	93.5%
	$4,500,000	-3.1%	14.9%	34.4%	56.4%	81.9%
	$4,750,000	-5.7%	11.2%	29.3%	49.3%	72.2%
	$5,000,000	-8.0%	8.0%	24.8%	43.2%	64.0%

Note: Assumes 180 bbl/d 30-day initial production, $8,000/mth fixed costs and $12.50/bbl operating costs.

New Well Economics - 150 bbl/d 30-day initial production

		Flat Oil Price ($/bbl)				
		$60	$75	$90	$105	$120
Drilling & Completion Cost	$4,000,000	-8.0%	8.9%	26.7%	46.3%	68.8%
	$4,250,000	-10.6%	5.1%	21.5%	39.4%	59.4%
	$4,500,000	-13.0%	1.8%	17.1%	33.4%	51.5%
	$4,750,000	-15.1%	-1.1%	13.2%	28.3%	44.8%
	$5,000,000	-17.0%	-3.7%	9.7%	23.8%	39.0%

Note: Assumes 150 bbl/d 30-day initial production, $8,000/mth fixed costs and $12.50/bbl operating costs.

3. Situation Overview

Asset Sales

- Since 2012, the Company has been engaged in the marketing and sale of several of its "non-core" properties to reduce leverage and provide liquidity ahead of the Feb. 2016 maturity of its $86.25MM 6.25% convertible notes
  - In July 2012, Arcan sold its assets in the Hamburg area of Northern Alberta for $12.1MM, a valuation of approximately $51,000 per boe/d based on 237 boe/d of production (89% oil)
  - In August 2012, Arcan sold approximately 10 sections (6,400 acres) of undeveloped land in the Virginia Hills area for $7.0MM, a valuation of approximately $1,100/acre
- On September 24, 2013, Arcan announced its intent to divest four of its oil assets (listed below), including Deer Mountain #2, its second-most productive asset with 926 boe/d, 1P reserves of 6.6Mmbbl and 2P reserves of 8.8Mmbbl
  - RBC Rundle is leading the sales process. Mark McMurray and Darrell Law in Calgary are the managing directors on the file

Asset	WI Production			Financial			Reserves 1P			Reserves 2P			NPV@10%	
	Oil / NGL	Gas	Total	NOI	Opex	Net Back	Oil / NGL	Gas	Total	Oil / NGL	Gas	Total	1P	2P
	bbl/d	mcf/d	boe/d	MM$	$/boe	$/boe	mbbl	mmcf	mboe	mbbl	mmcf	mboe	MM$	MM$
Deer Mountain Unit No. 2	893	198	926	13.0	20.67	37.39	6,263	1,744	6,553	8,437	2,353	8,829	116.3	139.8
Deer Mountain Non-Unit	181	72	193	2.4	4.82	60.14	121	90	136	167	142	211	4.5	6.1
Deer Mountain West	195	37	201	4.4	7.19	73.23	840	161	867	576	248	1,047	14.8	23.0
Virginia Hills	162	0	162	4.2	10.57	46.06	234	71	246	511	155	537	6.3	9.8
Total	1,431	307	1,482	21.9	16.12	44.47	7,258	2,066	7,682	10,112	2,898	10,596	143.0	178.8

Note: Production as of June 2013; financials represent annualized values as of YTD June 2013 from Company lease operating statements; reserves information represent a mid-year update effective July 1, 2013 as per GLJ Petroleum Consultants ("GLJ")

- On December 16, 2013, Arcan announced the sale of the Virginia Hills asset for proceeds of $7.5MM. This implies a value of $46,300 boe/d, 30.5x 1P reserves and 14.0x 2P reserves
  - Price paid represented a 19% premium to 1P reserves value of $6.3MM and a 24% discount to 2P reserves value of $9.8MM
  - Production-based valuation of $46,300 per boe/d is a large discount to Arcan's total $74,468 valuation; however, both reserves-based valuations represent 2x-3x premia
- Based on these metrics, the remaining assets could transact at $61MM (at $46,300 boe/d) to $162MM (19% premium to 1P value)
  - Achieving book value of $135.7MM-$169.0MM would require transaction metrics well above Arcan's TEV, with ~$100MM the threshold for accretive value

Asset Sale Value Analysis						
Book Value of Remaining Assets for Sale ($MM)						
1P NAV	135.7					
2P NAV	169.0					
Assumed Sale Value ($MM)	60.0	85.0	110.0	135.0	160.0	185.0
Sale Implied Valuation						
boe/d	$45,455	$64,394	$83,333	$102,273	$121,212	$140,152
1P	8.2x	11.6x	15.0x	18.4x	21.8x	25.1x
2P	6.0x	8.5x	10.9x	13.4x	15.9x	18.4x
Arcan Market Valuation						
boe/d	$74,468					
1P	11.9x					
2P	7.2x					

- Given the remaining assets have now been on the market for over 3 months, it seems unlikely the Company has fielded (or will field) any attractive/value-add offers
- Catalyst believes that at the present juncture, continuing the sales process is harmful to the Company as it is likely to culminate in a value-neutral (or destroying) transaction while narrowing Arcan's asset base and scale

Stakeholder Dynamics

- Arcan has a concentrated equity investor base — with 19% and 17%, respectively, only Crescent Point and Lightstream, both strategic players with a presence in Arcan's resource area, own more than 3% of the Company's stock
  - Neither Crescent Point nor Lightstream have a representative on the Board of Directors, nor have either asked for a seat on the Board
  - Arcan has entered into a 7-well farm-out agreement with Lightstream, effectively trading production for development dollars — Lightstream pays Arcan up-front for a certain interest in the wells, thereby alleviating the capital intensity of drilling. Catalyst requires additional detail on this arrangement
    - Potential for further joint ventures with Lightstream and initiation of JVs with Crescent Point to monetize assets and/or reduce capital intensity
- There are few publicly listed holders of the Company's two convertible notes, implying large hedge fund or retail ownership. Only three firms are listed as owning more than 2% of the combined issuance:
  - Middlefield Securities, an investment fund manager, owns 6.05% of the convertible notes
  - Horizon Kinetics, a U.S. based boutique investment manager, owns 5.04%
  - Mackenzie Financial owns 2.34%
- A holder list for the revolving $190MM credit facility is unavailable; however, the lender syndicate is as below:
    - Alberta Treasury Branches (Administrative Agent) — $50MM commitment (excl. $10MM operating facility commitment)
    - National Bank of Canada — $50MM commitment
    - Bank of Nova Scotia — $30MM commitment
    - CIBC — $30MM commitment
    - Royal Bank of Canada — $30MM commitment

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4. Pricing Matrix and Comparables

- Arcan has a total of $324.2MM of net debt outstanding as of 9/30/2013 (pro-forma the $7.5MM Virginia Hills sale), resulting in 5.6x leverage at face value and 4.2x leverage at market value
  - A buyer of the convertible notes would be creating the Company at a near 50% discount to peer valuations in a restructuring while earning a cash yield of 12.3%-12.8% and yield to maturity of 23.9-42.0% under continuing performance
    - Even if the notes are unable to be refinanced at maturity, two full years of cash coupons would reduce a buyer's basis to ~35-40% of par versus low-case going concern valuations of 42% of par (*see Waterfall Analysis*)
  - $157MM drawn on a $200MM credit facility, and $171MM issued under two *pari passu* subordinated convertible bonds
- Liquidity appears ample, with $47MM remaining under the credit facility, in addition to the ~$40MM of cash from operations generated by Arcan
  - The Company's $200MM credit facility (79% drawn) matures in May 2014; however, the lenders, led by the Alberta Treasury, have taken a soft approach in the past: they have waived defaults of the lone covenant (a 1.0x working capital test) and also extended the facility in May 2013 when leverage was equally high

Pricing Matrix (C$ Thousands) as of 01/05/14
Arcan Resources Inc.

Security	Note	Face Value	Drawn as of 9/30/13	Book xLTM EBITDA	Trading Price	Market Adj. Value	Market xLTM EBITDA	Interest Margin	Implied Interest Rate	Maturity	Yield to Maturity	Current Yield
LTM EBITDA				$57,700			$57,700					
Cash		($4,058.0)	($4,058.0)	-0.1x		($4,058.0)	-0.1x					
Revolving Credit Facility	1	$200,000	$157,000	2.7x	100.0	$157,000	2.7x	L+3.5%	3.75%	05/28/2014	3.75%	3.75%
Total 1st Lien Debt		$200,000	$157,000	2.7x		$157,000	2.7x					
Net Total 1st Lien Debt		$195,942	$152,942	2.7x		$152,942	2.7x					
6.25% Convertible due 2016		86,250	86,250	1.5x	51.0	43,988	0.8x	6.25%	6.25%	02/28/2016	41.99%	12.25%
6.50% Convertible due 2018		85,000	85,000	1.5x	51.0	43,350	0.8x	6.50%	6.50%	10/31/2018	23.89%	12.75%
Total Debt		$371,250	$328,250	5.7x		$244,338	4.2x					
Net Total Debt		$367,192	$324,192	5.6x		$240,280	4.2x					

Cash	$4,058.0
Revolver	$200,000.0
Draw	($157,000.0)
Liquidity	$47,058.0

Notes:
(1) Pro-forma for $7.5MM of proceeds from sale of Virginia Hills asset.

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- Arcan trades at a discount to peers ranging from 33% (based on most recent quarter's production) to 71% (based on 1P reserves)

Lone Pine Resources Inc.
Comparable Companies Analysis

Company	Share Price	Market Cap	TEV	LTM Revenue	LTM EBITDA	EBITDA Margin	Proven Reserves (Mboe)	Proven + Probable (Mboe)	% Oil & NGLs	Daily Production (boe/d)	EV / Proven Reserves	EV / 2P Reserves	EV / Production EV/ (boe/d)	EV / EBITDA LTM
Junior E&P Peers														
Argent Energy Trust	$8.01	$480.0	$582.1	$99.7	$47.5	47.7%	17,731	32,333	70.0%	5,407	32.8x	18.0x	$107,658	12.2x
Donnycreek Energy Inc.	$2.26	$109.3	$82.8	$7.1	$1.9	27.3%	2,849	10,700	52.0%	498	29.1x	7.7x	$166,194	42.6x
Longview Oil Corp.	$4.70	$222.0	$337.4	$122.8	$61.6	50.2%	21,392	38,263	80.0%	5,859	15.8x	8.8x	$57,584	5.5x
Manitok Energy Inc.	$2.17	$164.3	$168.2	$56.3	$28.9	51.3%	8,029	14,862	50.0%	3,819	20.9x	11.3x	$44,037	5.8x
Painted Pony Petroleum Ltd.	$6.85	$605.9	$595.2	$91.3	$43.6	47.7%	42,978	191,143	18.0%	8,925	13.8x	3.1x	$66,694	13.7x
Pinecrest Energy Inc.	$0.42	$90.1	$205.1	$106.4	$64.9	61.0%	9,476	16,241	99.0%	2,804	21.6x	12.6x	$73,142	3.2x
Raging River Exploration Inc.	$6.41	$1,095.2	$1,101.3	$138.0	$98.3	71.3%	11,544	17,164	95.0%	5,495	95.4x	64.2x	$200,414	11.2x
TORC Oil & Gas Ltd.	$10.28	$937.6	$1,027.3	$95.2	$63.2	66.4%	10,526	18,920	81.0%	5,706	97.6x	54.3x	$180,027	16.2x
Mean						58.9%			68.1%	4,814	40.9x	22.5x	$111,969	13.8x
Median						50.7%			75.0%	5,451	25.3x	12.0x	$90,400	11.7x
Arcan Resources Ltd.	$0.[illegible]	$172.[illegible]	$277.5	$100.0	$57.[illegible]	44.4%	23,410	38,730	93.6%	3,736	11.9x	7.2x	$74,468	4.8x

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5. Corporate Structure

- Catalyst requires additional detail on Arcan's corporate structure; however, it believes the structure comprises solely of Arcan Resources Ltd. and its wholly owned subsidiary Stimsol Canada Inc., which blends and provides acid for Arcan to use in its well-stimulation activity

6. Operating Results and Capitalization Table

- Recent operating results, capitalization and credit statistics are tabled below.

Operating Summary (C$ Thousands)	Notes	31-Dec-10	31-Dec-11	31-Dec-12	LTM 30-Sep-13	3 Months Ending 31-Dec-12	31-Mar-13	30-Jun-13	30-Sep-13
Petroleum and Natural Gas Revenue		$55,575	$104,969	$133,579	$125,898	$28,874	$31,200	$32,507	$33,317
Royalties		($14,704)	($19,518)	($20,773)	($22,668)	($4,785)	($5,035)	($6,473)	($6,377)
Pumping and Stimulation Services Revenue		-	$3,220	$6,428	$4,082	$1,896	$987	$779	$420
Net Revenue		$40,871	$88,671	$119,234	$107,312	$25,985	$27,154	$26,813	$27,360
Production and Operating Expenses		$11,110	$26,718	$33,099	$26,110	$7,042	$6,463	$6,135	$6,470
Cost of Sales for Pumping and Stimulation Services		-	$3,185	$9,328	$8,915	$3,757	$1,957	$2,069	$1,122
General and Administrative Expenses		$10,522	$20,085	$21,976	$14,587	$6,786	$2,097	$2,809	$2,895
EBITDA		$19,239	$38,683	$54,831	$57,700	$8,400	$16,657	$15,770	$16,873
Net Income (Loss)		($7,118)	($779)	($48,984)	($6,530)	-	($2,966)	$1,058	($4,622)
Cash Interest Expense		($1,743)	($3,233)	($15,995)	($18,303)	($4,371)	($4,840)	($4,611)	($4,481)
Capital Expenditures		($148,335)	($250,414)	($181,881)	($54,905)	($17,053)	($21,553)	($8,948)	($7,351)
Cash from Operations		$19,630	$44,889	$44,886	$38,723	$5,952	$11,008	$13,108	$8,655
Cash from Investing		($125,292)	($235,553)	($200,034)	($41,132)	$866	($9,783)	($26,123)	($6,092)
Cash from Financing		$105,662	$192,521	$159,590	($93)	($5,082)	($9,521)	$14,573	($63)

Balance Sheet (C$ Thousands)	Notes	31-Dec-10	31-Dec-11	31-Dec-12	LTM 30-Sep-13	31-Dec-12	31-Mar-13	30-Jun-13	30-Sep-13
Assets									
Current									
Cash and Cash Equivalents		-	$3,857	$8,299	$4,058	$8,299	-	$1,558	$4,058
Trade and Other Receivables		$15,610	$22,011	$13,199	$13,187	$13,199	$15,873	$14,541	$13,187
Prepaids and Deposits		$1,528	$1,827	$1,311	$1,365	$1,311	$1,043	$1,851	$1,365
Inventory		-	$428	$3,896	$1,731	$3,896	$3,799	$2,186	$1,731
Fair Value of Commodity Contracts		-	-	$3,874	-	$3,874	-	-	-
Non-Current									
Intangible Assets		-	$15,642	$2,570	$2,235	$2,570	$2,459	$2,347	$2,235
Exploration and Evaluation Assets		$250,155	$35,379	$26,610	$24,917	$26,610	$25,905	$24,981	$24,917
Property, Plant and Equipment		$23,935	$448,225	$553,630	$564,538	$553,630	$567,332	$569,405	$564,538
Fair Value of Commodity Contracts		-	-	-	-	-	-	-	-
Total Assets		$291,228	$527,369	$613,389	$612,031	$613,389	$616,411	$616,869	$612,031
Liabilities									
Current Liabilities									
Trade and Other Payables		$43,267	$66,314	$32,310	$19,718	$32,310	$41,075	$24,155	$19,718
Fair Value of Commodity Contracts		$2,233	$525	-	$4,733	-	$574	$1,693	$4,733
Restricted Share Unit Obligation		-	-	-	$1,227	-	$1,455	$873	$1,227
Total Current Liabilities		$45,500	$66,839	$32,310	$25,678	$32,310	$43,104	$26,721	$25,678
Non-Current Liabilities									
Bank Loans		$20,823	-	$159,422	$164,408	$159,422	$149,898	$164,471	$164,408
Convertible Debentures		-	$138,710	$144,117	$148,308	$144,117	$145,501	$146,897	$148,308
Decommissioning Obligations		$15,746	$19,291	$25,785	$25,263	$25,785	$26,004	$25,328	$25,263
Fair Value of Commodity Contracts		-	$231	$43	$2,321	$43	$2,061	$1,280	$2,321
Restricted Share Unit Obligation		-	-	-	$414	-	$1,219	$514	$414
Deferred Tax Liabilities		$2,204	$13,742	$3,725	$2,207	$3,725	$2,954	$3,709	$2,207
Total Non-Current Liabilities		$38,773	$171,974	$333,092	$342,921	$333,092	$327,637	$342,209	$342,921
Total Liabilities		$84,273	$238,813	$365,402	$368,599	$365,402	$370,741	$368,930	$368,599
Total Debt		$20,823	$138,710	$303,539	$312,716	$303,539	$295,399	$311,368	$312,716
Shareholder's Equity		$206,955	$288,556	$247,987	$243,432	$247,987	$245,670	$247,939	$243,432

Credit Statistics (C$ Thousands)	31-Dec-10	31-Dec-11	31-Dec-12	LTM 30-Sep-13	3 Months Ending 31-Dec-12	31-Mar-13	30-Jun-13	30-Sep-13
Sales Growth	NA	88.9%	27.3%	NA	(0.8%)	8.3%	4.2%	2.5%
Royalties / Sales	26.5%	18.6%	13.6%	18.0%	16.6%	16.1%	19.9%	19.1%
Gross Margin / Sales	73.5%	79.0%	78.5%	75.7%	72.2%	78.3%	74.2%	77.8%
SG&A / Sales	25.7%	22.7%	18.4%	13.6%	26.1%	7.7%	10.5%	10.6%
EBITDA / Sales	34.6%	36.9%	41.0%	45.8%	29.1%	53.4%	48.5%	50.6%
EBITDA / Interest Expense	11.0x	12.0x	3.4x	3.2x	1.9x	3.4x	3.4x	3.8x
(Total Debt - Cash) / EBITDA	1.1x	3.5x	5.4x	5.3x	NA	NA	NA	NA
(Total Debt - Cash) / (EBITDA - Capex)	0.1x	0.5x	1.2x	2.7x	NA	NA	NA	NA
Net Investment in Working Capital	($26,129)	($42,048)	($13,904)	($3,435)	($13,904)	($20,360)	($5,577)	($3,435)

7. Waterfall Analysis

- Below are multiple waterfall analyses based on key valuation metrics in the E&P space
  - The high scenarios represent peer medians, with the low case generally corresponding to the worst peer valuations
- In all cases, convertible noteholders (currently trading at 50% of par) would recover 93%-100% if Arcan is valued in line with peers, and 60%-100% in the mid-case which represents a 15%-30% discount to peers
  - Even the low case, which represents a 30%-60% discount to peers, convertible noteholders would still recover 42% on average

Arcan Resources Inc.
Waterfall Analysis
C$ Thousands

Priority Scheme Class	Claim Description	9/30/13
1	Revolving Credit Facility	157,000
2	[redacted]	
3	6.25% Sub. Convertible due 2016	86,250
	6.50% Sub. Convertible due 2018	85,000

LTM 09/30/2013 EBITDA: 57,700

	Distributions by Class	Mult W	Mult M	Mult B
		4.0x	8.0x	12.0x
		230,800	461,600	692,400
1	Revolving Credit Facility	157,000	157,000	157,000
2	[redacted]			
3	6.25% Sub. Convertible due 2016	27,238	86,250	86,250
	6.50% Sub. Convertible due 2018	26,844	85,000	85,000

	Implied Absolute Return by Class	Mult W	Mult M	Mult B
1	Revolving Credit Facility	100%	100%	100%
2	[redacted]			
3	6.25% Sub. Convertible due 2016	32%	100%	100%
	6.50% Sub. Convertible due 2018	32%	100%	100%

Daily Production (boe/d): 3,726

	Distributions by Class	Mult W	Mult M	Mult B
		$60,000	$75,000	$90,000
		223,560	279,450	335,340
1	Revolving Credit Facility	157,000	157,000	157,000
2	[redacted]			
3	6.25% Sub. Convertible due 2016	27,322	51,747	79,890
	6.50% Sub. Convertible due 2018	22,250	50,961	78,732

	Implied Absolute Return by Class	Mult W	Mult M	Mult B
1	Revolving Credit Facility	100%	100%	100%
2	[redacted]			
3	6.25% Sub. Convertible due 2016	21%	60%	93%
	6.50% Sub. Convertible due 2018	27%	60%	93%

1P Reserves (Mbbls): 23,410

	Distributions by Class	Mult W	Mult M	Mult B
		15.0x	20.0x	25.0x
		351,150	468,200	585,250
1	Revolving Credit Facility	157,000	157,000	157,000
2	[redacted]			
3	6.25% Sub. Convertible due 2016	86,250	86,250	86,250
	6.50% Sub. Convertible due 2018	85,000	85,000	85,000

	Implied Absolute Return by Class	Mult W	Mult M	Mult B
1	Revolving Credit Facility	100%	100%	100%
2	[redacted]			
3	6.25% Sub. Convertible due 2016	100%	100%	100%
	6.50% Sub. Convertible due 2018	100%	100%	100%

2P Reserves (Mbbls): 38,730

	Distributions by Class	Mult W	Mult M	Mult B
		5.0x	8.5x	12.0x
		193,650	329,205	464,760
1	Revolving Credit Facility	157,000	157,000	157,000
2	[redacted]			
3	6.25% Sub. Convertible due 2016	[illegible]	76,800	86,250
	6.50% Sub. Convertible due 2018	[illegible]	75,500	85,000

	Implied Absolute Return by Class	Mult W	Mult M	Mult B
1	Revolving Credit Facility	100%	100%	100%
2	[redacted]			
3	6.25% Sub. Convertible due 2016	10%	89%	100%
	6.50% Sub. Convertible due 2018	10%	89%	100%

8. Discounted Cash Flow

- The DCF below assumes a base case "blowdown" scenario with no further drilling, resulting in natural production declines
- **Note that the below is based on public information regarding Arcan's current corporate decline rate. Catalyst would require detailed private information on each of the Company's wells to further refine its analysis**

Arcan Resources Ltd. - Blowdown Scenario DCF

	Actual								Forecasted					
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014	2015	2016	2017	2018
Daily Production														
Oil and NGLs (bbl/d)	4,080	4,004	3,616	3,247	2,915	2,618	2,350	2,243	3,734	2,529	2,099	1,868	1,719	1,633
Gas (mcf/d)	110	401	662	594	534	479	430	411	444	463	384	342	315	299
Total (boe/d)	4,098	4,071	3,726	3,346	3,004	2,698	2,422	2,312	3,808	2,607	2,163	1,925	1,771	1,683
% Change	*n/a*	*(0.7%)*	*(8.5%)*	*(10.2%)*	*(10.2%)*	*(10.2%)*	*(10.2%)*	*(4.6%)*	*n/a*	*(31.6%)*	*(17.0%)*	*(11.0%)*	*(8.0%)*	*(5.0%)*
% Liquids	*99.6%*	*98.4%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*98.1%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*
Total Production														
Oil and NGLs (Mbbl)	367	364	333	299	262	238	216	206	1,363	923	766	684	627	596
Gas (Mmcf)	10	36	61	55	48	44	40	38	162	169	140	125	115	109
Total (Mboe)	369	370	343	308	270	245	223	213	1,390	951	790	705	647	614
Benchmark Prices														
WTI (US$/bbl)	94.34	94.23	105.82	97.61	92.14	92.06	90.40	88.44	98.00	90.76	84.38	80.02	80.02	80.02
Edmonton Light Sweet (C$/bbl)	88.66	92.96	105.19	91.28	91.44	91.36	89.72	87.77	94.52	90.07	83.74	79.41	79.41	79.41
Alberta Plant Gate ($/mcf)	3.08	3.49	2.40	3.35	3.54	3.54	3.54	3.54	3.09	3.54	3.54	3.54	3.54	3.54
Realized Prices														
Oil and NGLs (bbl)	84.92	88.85	99.71	86.72	86.87	86.80	85.23	83.38	89.97	85.69	79.55	75.44	75.44	75.44
Gas (mcf)	1.98	3.70	2.41	3.35	3.54	3.54	3.54	3.54	2.99	3.54	3.54	3.54	3.54	3.54
Production Revenues ($000s)														
Oil and NGLs	31,181	32,372	33,170	25,904	22,793	20,676	18,430	17,209	122,627	79,108	60,959	51,591	47,334	44,968
Gas	19	135	147	183	170	154	140	134	484	598	497	443	407	386
Total	31,200	32,507	33,317	26,087	22,963	20,830	18,570	17,343	123,111	79,706	61,456	52,034	47,741	45,354
% Change	*n/a*	*+4.2%*	*+2.5%*	*(21.7%)*	*(12.0%)*	*(9.3%)*	*(10.8%)*	*(6.6%)*	*n/a*	*(35.3%)*	*(22.9%)*	*(15.3%)*	*(8.3%)*	*(5.0%)*
per boe	*84.59*	*87.75*	*97.18*	*84.75*	*84.93*	*84.86*	*83.34*	*81.54*	*88.57*	*83.78*	*77.83*	*73.84*	*73.84*	*73.84*
Cash Hedging Gains / (Losses)	557	334	(2,128)	(39)	(995)	(988)	(609)	(148)	(1,276)	(2,739)	1,364	3,567	-	-
Pumping and Stimulation Revenue	987	779	420	-	-	-	-	-	2,186	-	-	-	-	-
Total Revenues	32,744	33,620	31,609	26,048	21,968	19,842	17,962	17,196	124,021	76,967	62,820	55,601	47,741	45,354
per boe	88.77	90.76	92.20	84.62	81.25	80.83	80.61	80.85	89.23	80.90	79.55	78.90	73.84	73.84
Royalty Costs	(5,033)	(6,473)	(6,377)	(5,726)	(5,030)	(4,566)	(4,145)	(3,956)	(23,609)	(17,697)	(14,689)	(13,109)	(12,027)	(11,426)
Royalties per boe	(13.65)	(17.47)	(18.60)	(18.60)	(18.60)	(18.60)	(18.60)	(18.60)	(16.99)	(18.60)	(18.60)	(18.60)	(18.60)	(18.60)
Production Costs (incl. Transportation)	(6,403)	(6,135)	(6,470)	(5,809)	(5,103)	(4,633)	(4,206)	(4,014)	(24,877)	(17,955)	(14,903)	(13,300)	(12,202)	(11,592)
Production Costs per boe	(17.52)	(16.56)	(18.87)	(18.87)	(18.87)	(18.87)	(18.87)	(18.87)	(17.90)	(18.87)	(18.87)	(18.87)	(18.87)	(18.87)
Field Netback	53.42	53.72	59.71	47.27	47.45	47.38	45.86	44.07	53.69	46.30	40.35	36.36	36.36	36.36
Pumping and Stimulation Costs	(3,937)	(2,099)	(1,122)	-	-	-	-	-	(5,158)	-	-	-	-	-
General and Administrative Costs	(2,097)	(2,809)	(2,895)	(2,087)	(1,837)	(1,666)	(1,486)	(1,387)	(9,888)	(6,376)	(4,916)	(4,169)	(3,819)	(3,628)
Total Costs	(15,530)	(17,516)	(16,864)	(13,622)	(11,969)	(10,865)	(9,836)	(9,358)	(63,532)	(42,029)	(34,508)	(30,571)	(28,049)	(26,646)
Total Costs per boe	(42.10)	(47.28)	(49.19)	(44.25)	(44.27)	(44.26)	(44.14)	(44.00)	(45.71)	(44.18)	(43.70)	(43.38)	(43.38)	(43.38)
Unlevered Cash Netback	46.67	43.47	43.01	40.37	36.98	36.57	36.46	36.85	43.52	36.72	35.85	35.52	30.46	30.46
Debt-Adjusted Cash Flow	17,214	16,104	14,745	12,426	9,999	8,977	8,125	7,838	60,489	34,938	28,312	25,030	19,692	18,707
Capital Expenditures	(21,553)	(8,948)	(7,351)	(3,000)	(1,250)	(1,250)	(1,250)	(1,250)	(42,102)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Unlevered Free Cash Flow	(4,339)	7,156	7,394	9,426	8,749	7,727	6,875	6,588	18,387	29,938	23,312	20,030	14,692	13,707
EBITDA (ex. Hedging)	16,657	15,770	16,873	12,464	10,993	9,965	8,734	7,985	61,764	37,677	26,948	21,463	19,692	18,707

- The DCF analysis makes the following assumptions:
    - Forward WTI prices from Bloomberg with Edmonton Light Sweet discount of 7%, consistent with last 3Q average
    - 35% year 1 decline, 17% in year 2, 11% in year 3, 8% in year 4 and 5% in year 5 — similar rates as atypical oil well. **This assumption is key to the blowdown valuation. Catalyst has made broad assumptions and requires more information from the Company to more accurately estimate future runoff production**
    - No further activity from the pumping and stimulation division, which was shut down in Q3 2013
    - Flat royalties and production costs at $18.60 and $18.87 per barrel, respectively
    - G&A set at 8% of production revenues, flat to last 3Q average but above peers
    - Minimal capex of $5MM/year; no further capex for drilling — possible capex can be further reduced if drilling activities cease; Catalyst's assumption is conservative
- Recoveries for the convertible noteholders in the blowdown scenario range from 21%-93% (current price ~50%)
- **Catalyst notes that under these assumptions the Company can generate $75MM of unlevered cash flow through 2016 versus current market value of the convertible notes of ~$85MM, while preserving significant underlying asset value**
    - **Catalyst must engage industry consultants to ascertain the quality of the underlying asset and narrow its valuation range**

DCF Calculation

(Values in C$000s, except for production)

Discount Rate	15%

Quarter/Year	1Q14	2Q14	3Q14	4Q14	2015	2016	2017	2018
Production (bbl/d)	3,004	2,698	2,422	2,312	3,808	2,607	2,163	1,925
Revenue	22,963	20,830	18,570	17,343	123,111	79,706	61,456	52,034
EBITDA	10,993	9,965	8,734	7,985	61,764	37,677	26,948	21,463
Free Cash Flow	8,749	7,727	6,875	6,588	23,312	20,030	14,692	13,707
Discount Factor	1.03	0.99	0.96	0.93	0.84	0.73	0.63	0.55
PV of FCF	8,986	7,668	6,589	6,095	19,539	14,593	9,308	7,552

PV of Cash Flows	80,331

		Valuation Metrics			Terminal Valuation (PV in $000s)		
Terminal Value Calculation		Low	Mid	High	Low	Mid	High
2018 1P Reserves	14,314	15.0x	20.0x	25.0x	151,335	201,781	252,226
2018 2P Reserves	33,634	5.0x	8.5x	12.0x	92,645	157,496	222,347
Average Value					121,990	179,638	237,286

Stakeholder Recoveries

	Low	Mid	High
PV of All Future Cash Flows	202,321	259,969	317,617
Plus: Cash	4,058	4,058	4,058
Plus: Undeveloped Land	6,800	10,200	13,600
Total Distributable Value	**213,179**	**274,227**	**335,275**
Revolving Credit Facility	157,000	157,000	157,000
Recovery to Credit Facility	*100%*	*100%*	*100%*
Value for Trade Creditors	56,179	117,227	178,275
Trade Creditors	19,718	19,718	19,718
Recovery to Trade Creditors	*100%*	*100%*	*100%*
Value for Convertible Notes	36,461	97,509	158,557
6.25% Sub. Convertible due 2016	86,250	86,250	86,250
6.50% Sub. Convertible due 2018	85,000	85,000	85,000
Recovery to Convertible Notes	*21%*	*57%*	*93%*

Note: 68,000 undeveloped acres at $100/$150/$200 per acre

9. Capital Structure Summary

First Lien Revolving Credit Facility

- Borrower: Arcan Resources Ltd.
- Pricing: n/a; yield of 3.75% based on price of 100% and Libor base
- Interest Rate: Currently Level V as per the applicable margin table below

Level	Debt to EBITDA Ratio	Prime Loans and U.S. Base Rate Loans	Libor Loans, Bankers' Acceptances and Letters of Credit
I	< 1.00	1.00%	2.00%
II	≥ 1.00 and < 1.75	1.25%	2.25%
III	≥ 1.75 and < 2.50	1.50%	2.50%
IV	≥ 2.50 and < 3.00	2.00%	3.00%
V	≥ 3.00	2.50%	3.50%

- Lenders:
  - Alberta Treasury Branches (Administrative Agent) — $50MM commitment
  - National Bank of Canada — $50MM commitment
  - Bank of Nova Scotia — $30MM commitment
  - CIBC — $30MM commitment
  - Royal Bank of Canada — $30MM commitment
- Borrowing Base: $200MM total split into $190MM extendible revolving facility and $10MM operating facility with a $5MM L/C sublimit (effectively a standalone portion advanced on immediate notice by the lead lender, ATB)
  - $164.5MM drawn as of September 30, 2013 ($157MM pro-forma the Dec. 2013 sale of Virginia Hills asset)
  - Borrowing base determined semi-annually by May 31 and October 31, based on Arcan's submission of engineering reports and sole discretion of the lenders
- Maturity: May 28, 2014, 1-year extension available on 60 and 90 days' prior notice (e.g. from February 27 to March 28) and 66 2/3% approval by lenders (by commitment size)
  - In the event a lender refuses the extension, the other lenders will have the right to buy its commitment at par plus accrued
- Rank / Security: First lien on all assets of Arcan Resources Ltd. and Stimsol
- Covenants:
  - Non-Financial: Customary
  - Financial: >1.0x working capital test (current assets plus undrawn portion of facilities, divided by current liabilities less current debt – 2.15x as of September 30)
- Cross-default with default on either series of convertible notes
- Guarantors: Stimsol Canada Inc.

6.25% Subordinated Convertible Notes

- Issuer: Arcan Resources Ltd.
- Pricing: $51; yield of 41.99%
- Interest Rate: 6.25% per annum, semi-annual payments
  - Payable in cash or shares
- Maturity Date: February 28, 2016
  - Callable on or after February 28, 2014, if the 20-day weighted average share price is equal to or greater than 125% of the conversion price
    - Does not apply given the current share price is only 3.8% of the conversion price
  - Arcan can elect to satisfy its obligation at maturity by delivering shares, the number of which a holder would receive being equal to the debenture principal divided by 95% of the 20-day weighted average common share price
- Conversion price (ratio): $8.75 / 114.2857 common shares
  - Current value of 3.8% of par based on $0.34 share price
- Rank / Security: Subordinated unsecured
- Change of Control: Triggered by acquisition of 50% or more outstanding common shares or sale of substantially all the assets of the Company, excluding any transaction in which the previous holders of the common shares continue to own at least 50% of the voting shares in the new entity
  - 100% note repurchase price, plus accrued, in Change of Control event
  - In the event of a Change of Control where 10% or more of the consideration is in the form of: i) cash; ii) trust units, LP units or other similar securities; iii) equity securities not traded or intended to be traded on an exchange; or iv) other property not traded or intended to be traded on an exchange, then holders will be entitled to a make whole premium based on a grid
    - However, as the current share price is less than $5.66, no make whole premium would presently apply

6.50% Subordinated Convertible Notes

Note that terms are substantially similar to those of the 6.25% convertible notes

- Issuer: Arcan Resources Ltd.
- Pricing: $49; yield of 23.89%
- Interest Rate: 6.50% per annum, semi-annual payments
- Maturity Date: October 31, 2018
  - Callable on or after October 31, 2015, if the 20-day weighted average share price is equal to or greater than 125% of the conversion price

    - Does not apply given the current share price is only 3.8% of the conversion price
  - Arcan can elect to satisfy its obligation at maturity by delivering shares, the number of which a holder would receive being equal to the debenture principal divided by 95% of the 20-day weighted average common share price
- Conversion price (ratio): $8.75 / 114.2857 common shares
  - Current value of 3.8% of par based on $0.34 share price
- Rank / Security: Subordinated unsecured
- Change of Control: Triggered by acquisition of 50% or more outstanding common shares or sale of substantially all the assets of the Company, excluding any transaction in which the previous holders of the common shares continue to own at least 50% of the voting shares in the new entity
  - 100% note repurchase price, plus accrued, in Change of Control event
  - In the event of a Change of Control where 10% or more of the consideration is in the form of: i) cash; ii) trust units, LP units or other similar securities; iii) equity securities not traded or intended to be traded on an exchange; or iv) other property not traded or intended to be traded on an exchange, then holders will be entitled to a make whole premium based on a grid
    - However, as the current share price is less than $5.66, no make whole premium would presently apply

10. Summary Industry Drivers Analysis

Industry Competitors and Rivalry among Incumbents

- The oil & natural gas industry is highly competitive and complex. The Canadian Association of Petroleum Producers estimates that there are over 1,000 E&P companies in Canada
- The E&P/upstream industry is highly dependent on commodity prices, specifically the prices of crude oil, natural gas, NGLs and price spreads/differentials (e.g. between different grades of oil)

Bargaining Power of Buyers

- Factors driving the upstream industry include general economic conditions, supply/demand for oilfield equipment and services, government and royalty policies, environmental regulation, and developments at other levels of the energy value chain (i.e. midstream, infrastructure and downstream sectors)

Bargaining Power of Suppliers

- Suppliers to E&P companies are oilfield services companies, which provide a wide range of services from project planning to heavy construction, contract drilling, equipment and labour supply, and environmental services. Most companies specialize in one or a limited number of areas, leading to a limited number of oilfield services suppliers in each service segment

Threat of Substitute Products

- Substitutes for the oil industry in general include alternative fuels such as coal, gas, solar power, wind power, hydroelectricity and nuclear energy. While oil remains the most widely used fuel source in the world, manufacturers and consumers alike have been gradually shifting to substitute products. Nonetheless, a full migration will likely take decades
- The E&P industry in recent years has seen the advancement of extraction techniques through the wide-scale application of directional horizontal drilling and hydraulic fracturing technology. These new techniques have allowed producers to develop what were previously thought to be out-of-reach resources

Threat of Potential Entrants

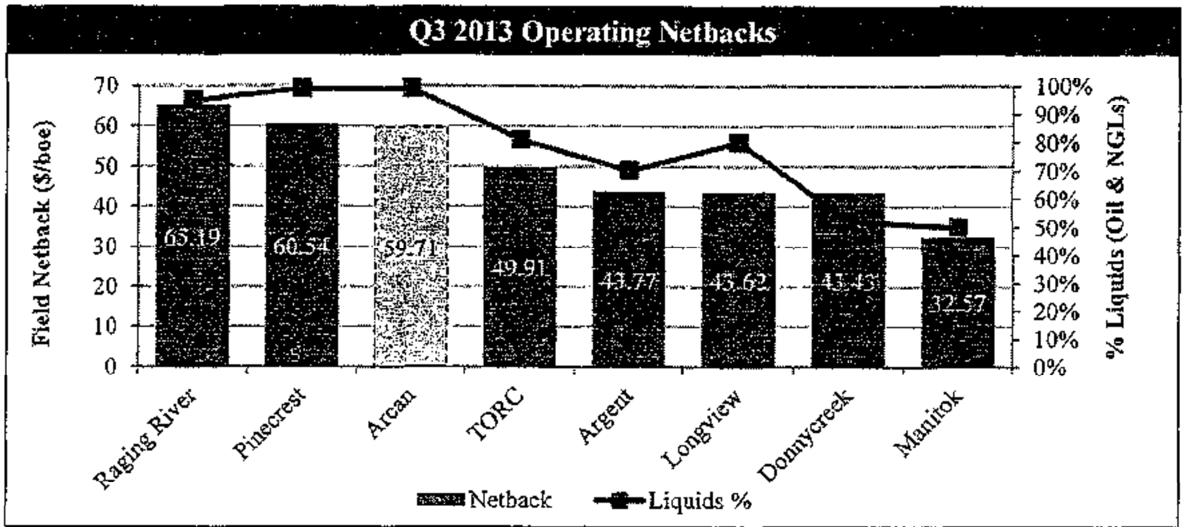
- Arcan holds a large, contiguous and defensible position in the Swan Hills complex. There is little threat of a potential entrant geographically — more realistically, Arcan would be threatened by oil substitutes and producers in more economical plays should benchmark oil prices move significantly

Company Strengths & Weaknesses

Strengths:

- **Large levels of OOIP.** Arcan's landholdings contain an estimated 700 million barrels of original oil-in-place. The Company's 24 Mmboe of 1P reserves and 38Mmboe of 2P reserves only account for 3%-5% of this total, compared to total possible recoveries in the Swan Hills complex of 30%-40%. Therefore, there is significant future development potential for Arcan; however, the Company currently lacks the capital to realize it.

- **Competitive operating netbacks.** With a current operating netback of $59.71/boe (price received less royalties, field opex and transportation costs) Arcan's netbacks are near the top end of the range of its oil-weighted peer set, representing high breakevens



Source: Company filings.

Weaknesses:

- **High well decline rates.** Arcan's wells are highly productive at first, with 30-day IP rates of 150-220 bbl/d on average (certain wells spudding well in excess of 500 bbl/d). However, production at these same wells tend to decline up to 70% in their first year, meaning that Arcan is highly dependent on drilling new wells or on waterflood response to maintain production rates.

- **Single asset exposure.** Arcan is almost entirely levered to the Swan Hills complex. While this complex is well-established, and Arcan has a well-developed and mature position there, it is nonetheless a narrow focus both from a production (95%+ oil, meaning no upside in gas) and geographical perspective.

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

HOMBURG INVEST INC. MAY 2013

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

HOMBURG INVEST INC. (HII) MAY 2013

All figures in C$ unless otherwise noted. Homburg Invest Inc. referred to as "Homburg" or the "Company".

1. Executive Summary

- Homburg is a Canadian-based real estate development and investment company with over $1B of real estate assets in North America and Europe
- The Company filed for CCAA protection on September 9, 2011. Catalyst has been tracking Homburg for 2 years, and has extensively analyzed its capital structure and individual properties
- Homburg's primary creditors are holders of its retail mortgage bonds and unsecured bonds — almost all elderly pensioners who bought the bonds expecting a safe investment
- Following a tender offer for all series of bonds in 1Q13, Catalyst is currently Homburg's largest single creditor. Based on the court-appointed Monitor's subsequent estimated recovery values, Catalyst's cash-on-cash multiple on its tender offer purchases is at least 1.7x
- After pushing the Company and Court towards a formal process, Catalyst was named Plan Sponsor, and is offering a cash buy-out of the equity that creditors will receive in the restructured Newco
- Catalyst's buy-out values the Newco equity at €95MM versus the Monitor's estimated book value of €160-165MM representing a potential immediate cash-on-cash return of 1.7x
    - Moreover, Newco has a key asset which itself has an equity value €100MM+, providing Catalyst with substantial downside protection
- Catalyst believes Newco is undervalued due to its fragmented holder base, prior lack of a strong financial sponsor and current "distressed" connotation. Based on peer valuation metrics, Newco's equity could be worth €400-500MM once the company establishes a dividend and growth strategy, for a cash-on cash return of 4.7x in this normalized case

Catalyst - Homburg Offer and Returns Analysis

	Catalyst	Total Recovery as % of Total Claim			Catalyst Multiple on Claims Already Owned			Catalyst Equity Cash-Out Price		Equity Recovery as % of Total Claim			Catalyst Multiple on Cash Equity Cash-Out			Weighted Multiple on Cash		
Series	Avg. Price % of Face - Claims Owned	Monitor Low[2]	Monitor High[2]	Comparables Normalized[3]	Low	High	Normalized	Low	High	Monitor Low[2]	Monitor High[2]	Comparables Normalized[3]	Low	High	Normalized	Low	High	Normalized
Mortgage Bonds																		
HMB4	44.4%	56.7%	67.3%	119.3%	1.3x	1.6x	2.6x	14.7%	17.7%	25.1%	21.7%	64.9%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x
HMB5	39.8%	51.7%	58.4%	116.3%	1.3x	1.5x	3.0x	16.4%	16.9%	28.0%	28.9%	78.0%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x
HMB6	24.9%	75.5%	81.0%	191.7%	3.2x	3.4x	8.2x	30.5%	30.2%	52.0%	51.6%	143.8%	1.7x	1.7x	4.7x	1.8x	1.8x	4.9x
HMB7	49.8%	65.6%	78.5%	110.0%	1.4x	1.6x	2.3x	11.7%	8.1%	19.9%	15.6%	49.3%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x
Unsecured Bonds																		
HB8	24.7%	45.7%	51.0%	111.7%	2.0x	2.2x	4.6x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
HB9	25.0%	45.7%	51.0%	111.7%	1.9x	2.2x	4.7x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
HB10	25.0%	45.7%	51.0%	111.7%	1.9x	2.2x	4.7x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
HB11	25.0%	45.7%	51.0%	111.7%	1.9x	2.2x	4.7x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
Other Claims[1]																		
Trade Creditors	26.5%	41.4%	46.1%	107.1%	1.6x	1.7x	4.3x	16.7%	17.2%	28.9%	29.4%	80.3%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
Total	28.7%	49.1%	55.0%	118.5%	1.7x	1.9x	4.1x	19.1%	19.4%	32.7%	33.1%	91.2%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x

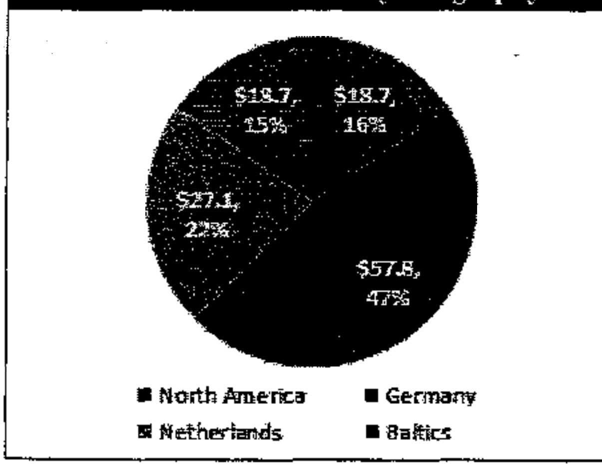
(1) Trade claims purchased outside of tender offer. Price represents weighted average price paid.
(2) Source: Monitor (Deloitte), information Circular dated April 18, 2013.
(3) Estimated normalized equity value based on comparable company yield.
Note: Recovery figures based on % of claim value; Catalyst tender price based on face value.

2. Business Description

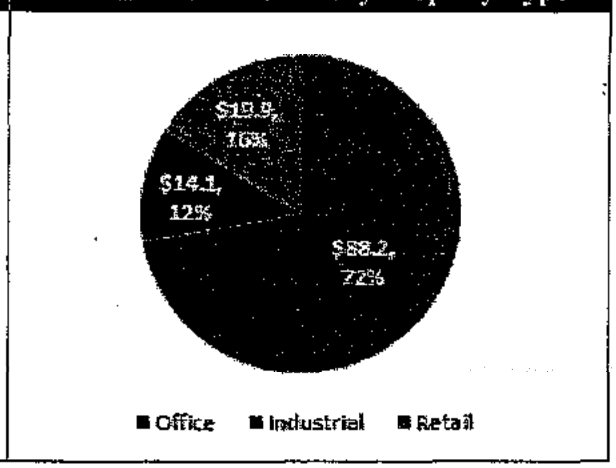
Business Overview

- Homburg is a Canadian-based real estate development and investment company with assets in North America and Europe
  - Investment properties comprise commercial, retail and industrial properties in the U.S., Germany, Netherlands and the Baltic States (Estonia, Latvia and Lithuania)
  - Development properties consist of residential-zoned undeveloped land, primarily in Calgary, and condominiums in PEI, Nova Scotia and Alberta
- The Company filed for CCAA protection on September 9, 2011, in the Superior Court of Quebec, and has been under a Court-supervised restructuring process since then
  - Homburg is currently in the latter stages of this process, with a view to exiting protection on July 3, 2013
  - After pushing the Company, Monitor and Trustee towards a court-approved formal auction process, Catalyst was named Plan Sponsor
- Homburg generated revenue and EBITDA of \$136.4MM and of \$39.3MM (28.8% margin), respectively, for the 12 months ended September 30, 2012
  - Over the past 18 months, Homburg has written down \$470MM of its investment properties as its non-core, vacant, distressed assets continue to decline in value
- German assets account for 47% of the Company's revenues from a geographical standpoint, while office properties represent a large majority of revenues (72%) on a property-type basis

9/30/12 LTM Revenue by Geography



9/30/12 LTM Revenue by Property Type



Homburg Asset Overview

- The Company has a diversified asset base across multiple real estate markets

- 52% of assets are located in Germany, 20% in the Netherlands, 16% in Canada and the U.S., and 12% in the Baltic States (Estonia, Latvia, Lithuania)
- The Canadian assets comprise development properties, primarily in Alberta, condominiums in PEI and Nova Scotia, and a hotel in Nova Scotia

IHI Asset Breakdown

(As at September 30, 2012, C$ in millions, Gross Sq. Ft. in millions)

Investment Properties

	Buildings	Fair Value	Gross Sq. Ft.
Germany	16	$617.3	2.5
Netherlands	32	$236.7	3.7
Baltic States	53	$144.3	1.0
North America	12	$29.7	0.3
Total	**113**	**1,028.0**	**7.5**

	Buildings	Fair Value	Gross Sq. Ft.
Office	77	827.8	5.1
Retail	8	79.5	0.3
Industrial	28	120.7	2.1
Total	**113**	**1,028.0**	**7.5**

Land and Property Held for Future Development

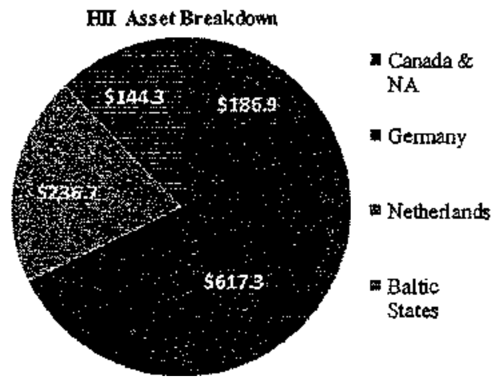
	Buildings	Fair Value	Gross Sq. Ft.
Canada	5	70.6	na

Construction Properties Being Developed for Resale

	Buildings	Fair Value	Gross Sq. Ft.
Canada	3	16.0	na

Investment Property Under Construction

	Buildings	Fair Value	Gross Sq. Ft.
Canada	2	70.6	na
Total	**123**	**1,185.2**	**7.5**

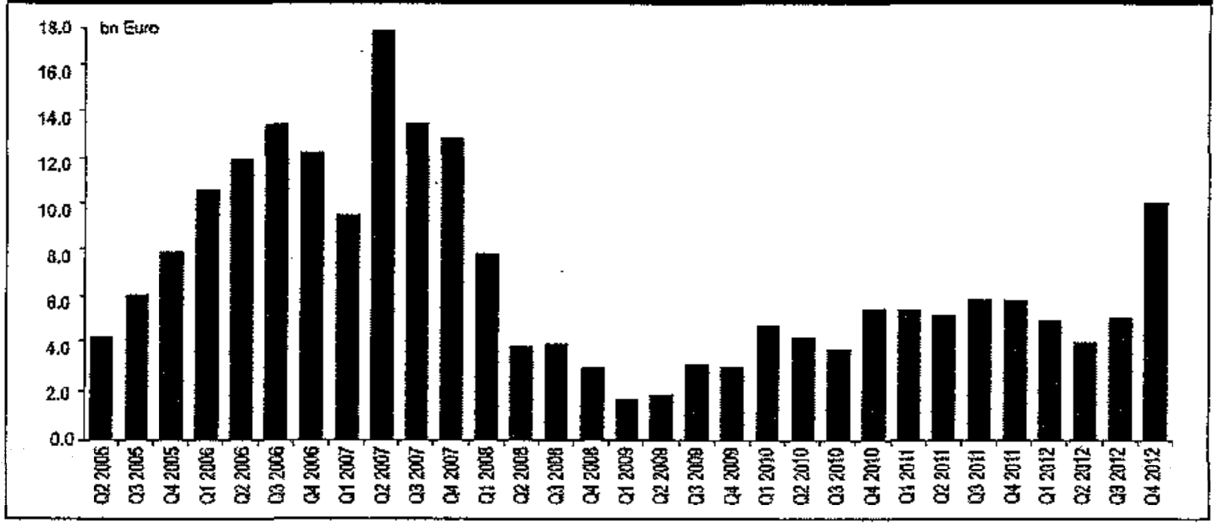


- Homburg's assets are held in individual numbered LPs, called "Homcos", of which Homburg is the sole limited partner and also controls the managing general partner
- The Company has a diverse list of quality tenants across its investment properties including: Infineon Technologies, SEB Group, Moto Dupli Group and Veba Immobilien, amongst others
- Occupancy rates are 100%, 85%, 78% and 60 % across its German, Baltics, North American and Netherlands portfolios, respectively

German Real Estate Market Overview

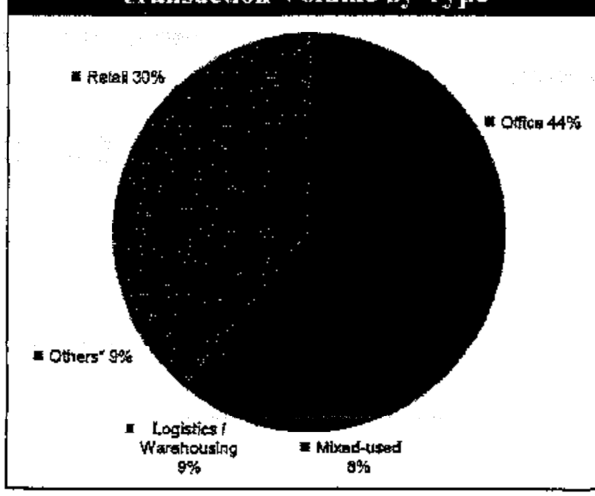
- The German Commercial Real Estate Market ("CRE") is among the most stable and robust in Europe
- For full-year 2012, Germany CRE transaction volume totaled €25B, representing an 8% increase year-over-year
  - Moreover, Q4 2012 was the strongest quarter in five years

Historical German Commercial Real Estate Transaction Volumes

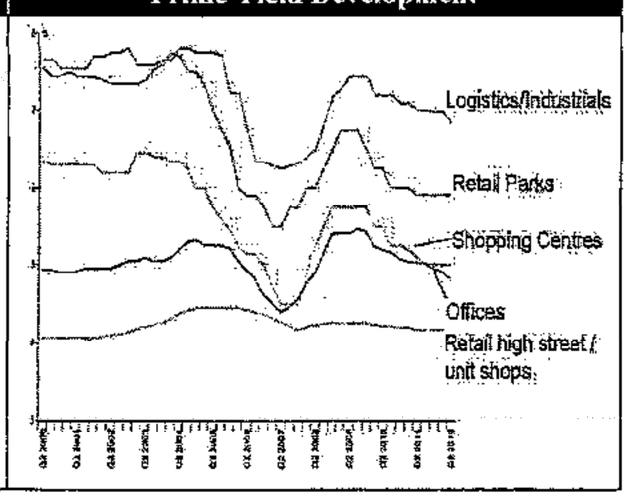


- Demand was mostly focused on the "Core" segment (i.e. high quality properties in prime locations), but since the end of 2011, appetite for Core-Plus properties has been visibly increasing due to lack of supply of Core assets
  - o Homburg's German assets would likely be characterized as Core-Plus
- There is significant pent-up appetite for Core-Plus assets; however, European banks are less willing to finance non-Core properties and therefore transaction volumes have been limited
- Foreign buyers accounted for a significant portion of investment volumes (42%) and also were involved in the four largest transactions of the year (from Norway, Austria, US and France)
- In terms of property type, offices dominated the transaction market in 2012 and prime yields have fallen as a result

Transaction Volume by Type



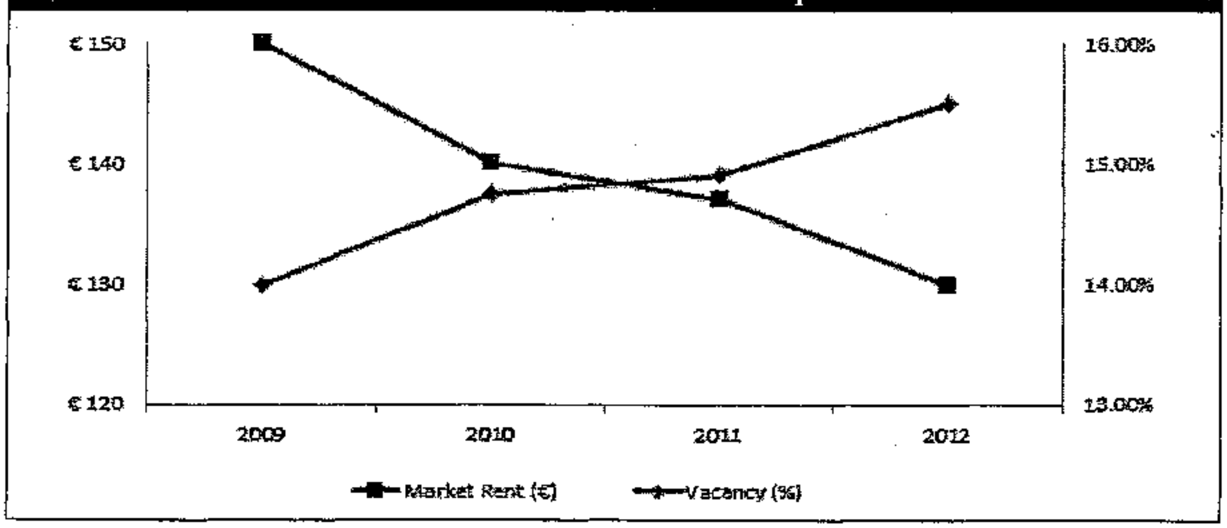
Prime Yield Development



Netherlands Real Estate Market Overview

- In contrast to the German CRE investment market, activity in the Dutch CRE investment market is at a 10-year low
- Office property transactions are mostly focused in the prime segment and the bottom end of the market
- A small number of deals comprises the top of the office market, while at the bottom end of the market, an increasing number of forced deals are noted
  - o Only two of seven "trophy" buildings listed for sale in the Amsterdam financial district have sold within one year of listing — and at discounted prices
  - o For less desirable properties (called "B" and "C" class), many of them may not be sold at all, or only at junk prices
- Opportunistic buyers of distressed assets are offering vacant buildings at very low rents, causing tenants of other buildings to migrate
- As a result of these factors, prices are depressed and vacancy rates remain high
  - o Office vacancy rates have increased from 14% in 2009 to almost 16% in 2012 — a vacancy rate of 4-5% is considered "healthy". At the same time, office rents have fallen from €150/sqm to €139/sqm
  - o These figures do not take into account "hidden" vacancies, where companies are renting more space than needed due to old rent contracts, or increasing rental discounts/incentives

Netherlands Office Market Development



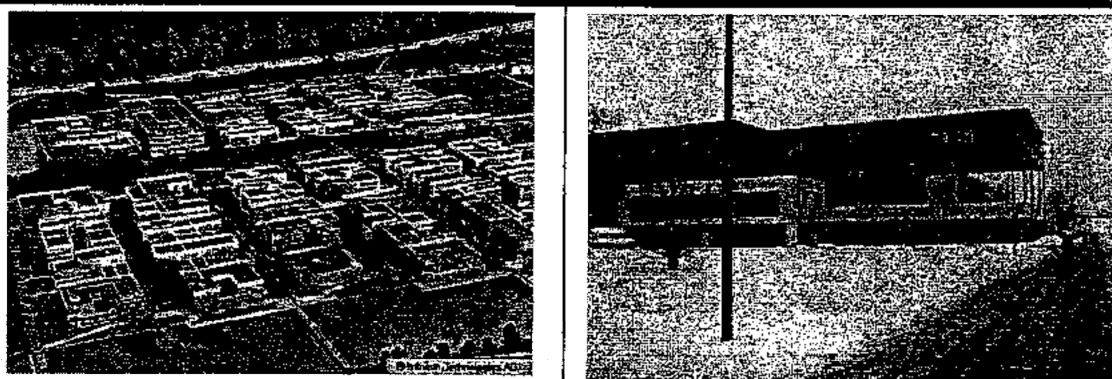
Key Assets

- All key assets will be included in the restructured company ("Newco"). Catalyst is offering creditors who will be receiving equity in the Newco a cash payment in return for their shares

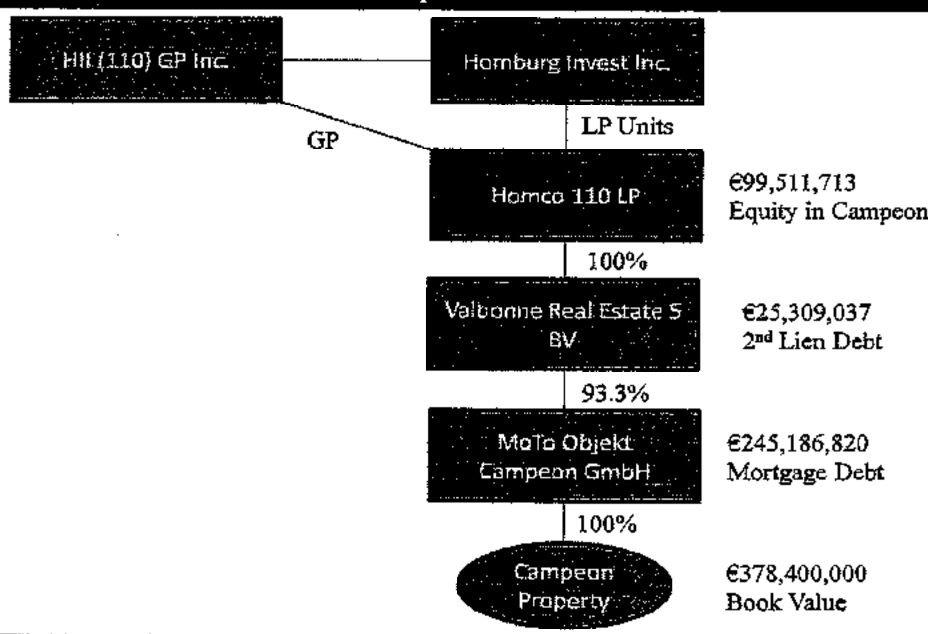
Homco 110 ("Campeon") – AM Campeon 1-12, Neubiberg (Munich), Germany

- Homco 110 is Homburg's largest and most valuable asset
- Office complex in Neubiberg, Munich, comprising six low-rise buildings with nearly 1.5 million square feet of leasable space and parking for 1,980 cars
- Leased to Infineon Technologies AG until 2020 with a possible 5-year extension
- Infineon has the right to buy the property for €274,051,346 in October 2020
    - Infineon's lease is approximately 2x above market
- Through its ownership of Valbonne Real Estate 5 BV, Homco 110 owns 93.3% of Campeon
- The property generates €12MM of free cash flow per year on ~€36MM of rent
- Campeon has an asset value of €378MM, with mortgage debt of €270MM

Campeon Property Photos



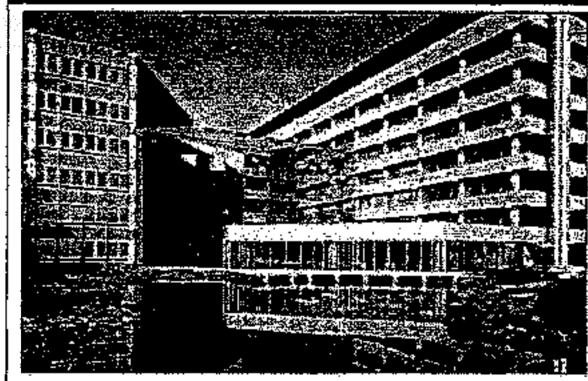
Campeon Structure



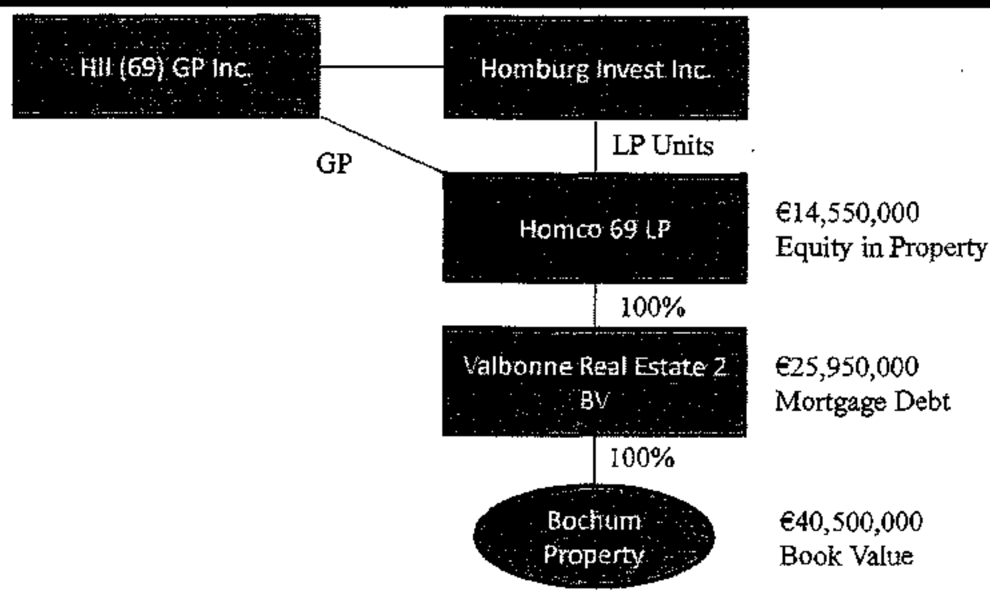
Homco 69 – Philippstrasse 3, Bochum, Germany

- Homco 69 is Homburg's second most valuable asset
- Office space located in Bochum, a city of 375,000 in the North Rhine-Westphalia province of Germany and part of the largest urban agglomeration in the country (the Ruhr)
- Located less than 20 minutes from Essen and Dortmund, and 30 miles from Dusseldorf
- Comprises two buildings with 285,461 sqft. of total leasable space
- 100% leased to Veba Immobilien AG, a real estate firm, until 2020
- Annual rent of €3.5MM, a 25% premium to local market rates
- Homco 69 has an asset value of €40.5MM, with mortgage debt of €26MM

Homco 69 Property Photos



Homco 69 Structure

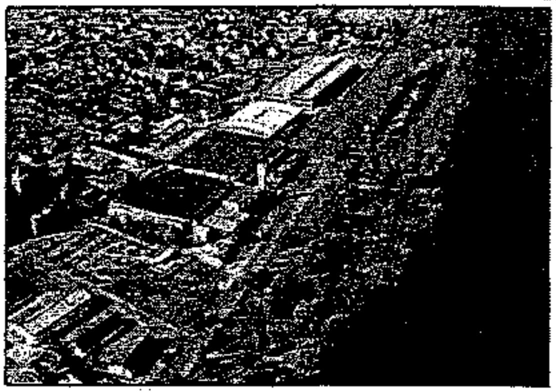


Homco 70

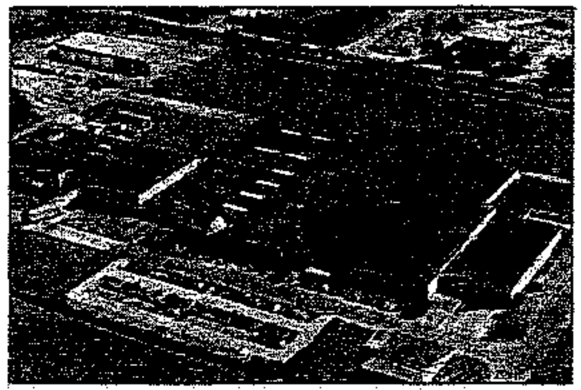
- Homco 70 holds four properties: 3 in Germany and 1 in the Netherlands
    - Elbestrasse 1-3, Marl, Germany
        - Light industrial / storage / office space located in industrial section of Marl, a town of 87,000 in North-Rhine Westphalia. Closest major city is Essen, ~16 miles away
        - 169,178 sqft. of leasable space; 100% leased to BUNZL, a global food packaging company, until 2022
        - Annual rent of €651,300, 15% below market rates
        - Asset value of €9,200,000
    - Binnerheide 26, Schwerte, Germany
        - Light industrial / storage / office space located in industrial section of Schwerte, a town of 48,000 less than 10 miles outside Dortmund
        - 54,584 sqft. of leasable space; 100% leased to Motip Dupli, a market-leading European spray paint company, until 2025
        - Annual rent of €239,694, 20% above market rates
        - Asset value of €2,700,000
    - Industriestrasse 19, Hassmersheim, Germany
        - Light industrial / storage / office space located in industrial area of Hassmersheim in Baden-Wurttemberg province. ~50 miles from Mannheim (pop. 315,000)
        - 304,567 sqft. of leasable space; 100% leased to Motip Dupli until 2025
        - Annual rent of €1,797,704, 30% above market rates
        - Asset value of €18,000,000
    - Wolfraamweg 2, Wolvega, Netherlands
        - Office / warehouse space in an industrial area of Wolvega, a town in the northern Netherlands 8 miles south of Heerenveen and 40 miles south of Groningen
        - 191,836 sqft. of leasable space; 100% leased to Motip Dupli until 2025
        - Annual rent of €659,158, 15% above market rates
        - Asset value of €7,000,000

Marl Property Photo	Schwerte Property Photo
	

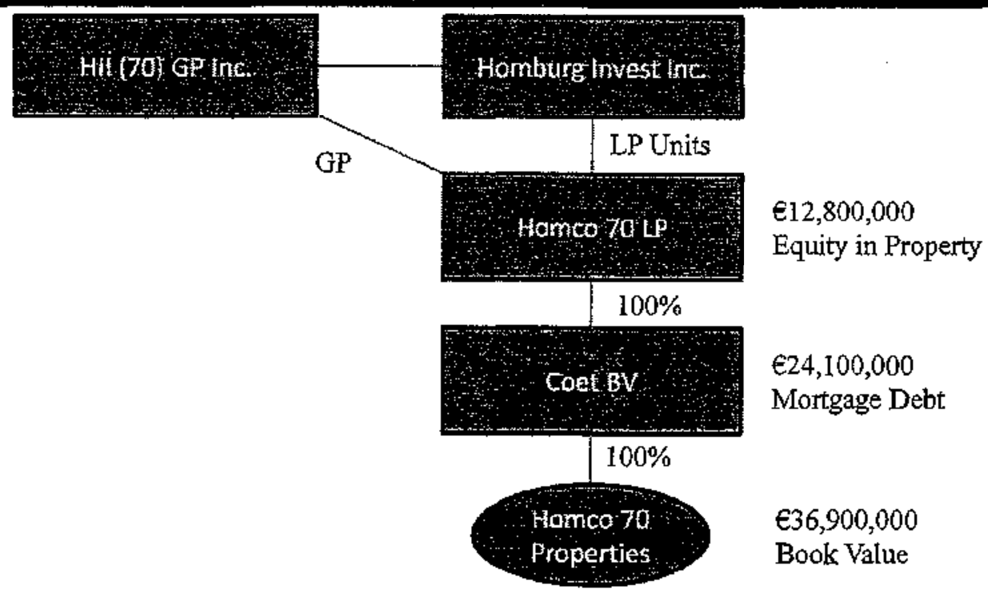
Hassmersheim Property Photo



Wolfraamweg Property Photo



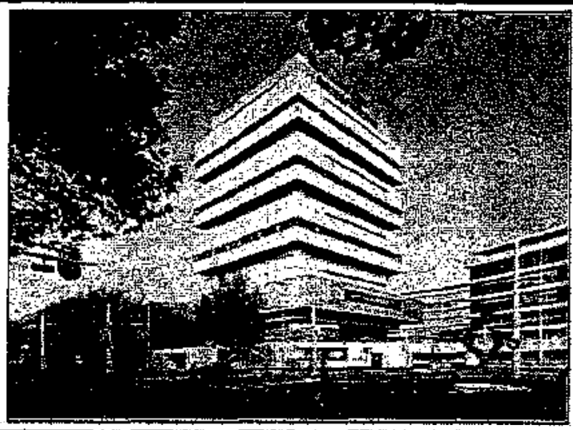
Homco 70 Structure



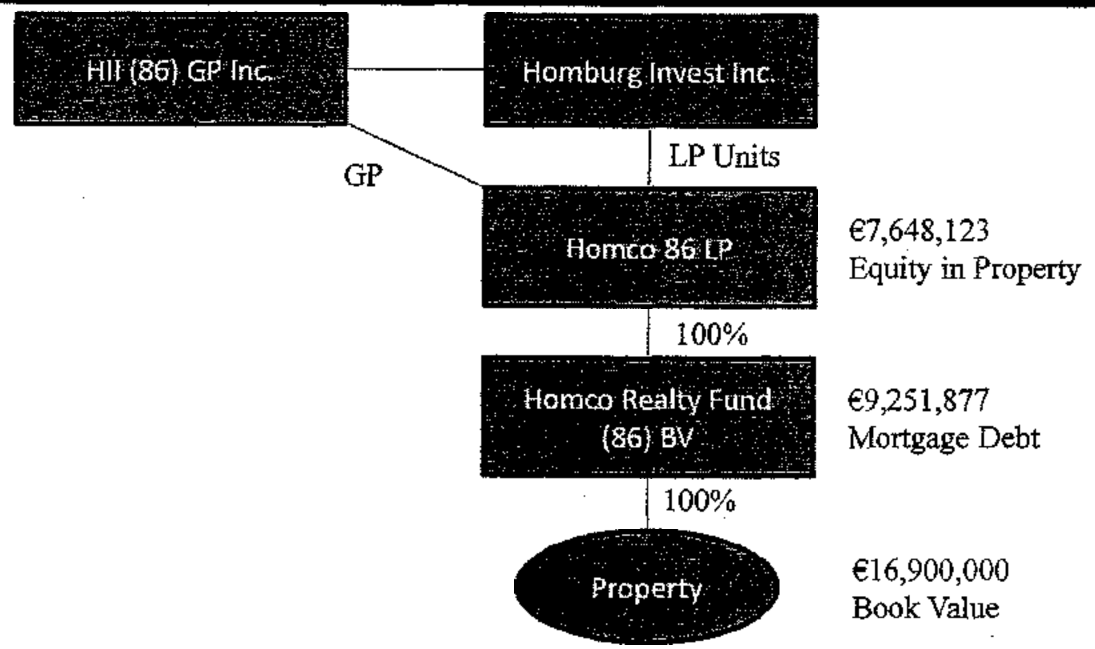
<u>Homco 86 – Benthemstraat 10, Rotterdam, Netherlands</u>

- Office building in north-central Rotterdam district of Agniesebuurt
- Rotterdam is the second-largest city in the Netherlands with a population of 617,000
- The property is leased until 2033 to David Lloyd Sports & Health club, a European chain of large fitness and health centres, and is currently used as a gym
- The building was constructed in 1969 with renovations in 1999 and 2002, and has 75,670 sqft of leasable space
- Annual rent of €1,310,831, almost double local market rates
- Asset value of €16,900,000
- The loan is a single loan split with Homco 87, and has a cross-default provision with it

Homco 86 Property Photos



Homco 86 Structure

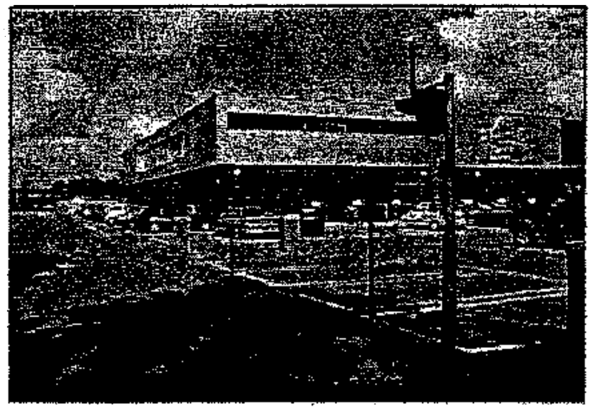


<u>Homco 87 – Benthemstraat 10, Rotterdam, Netherlands</u>

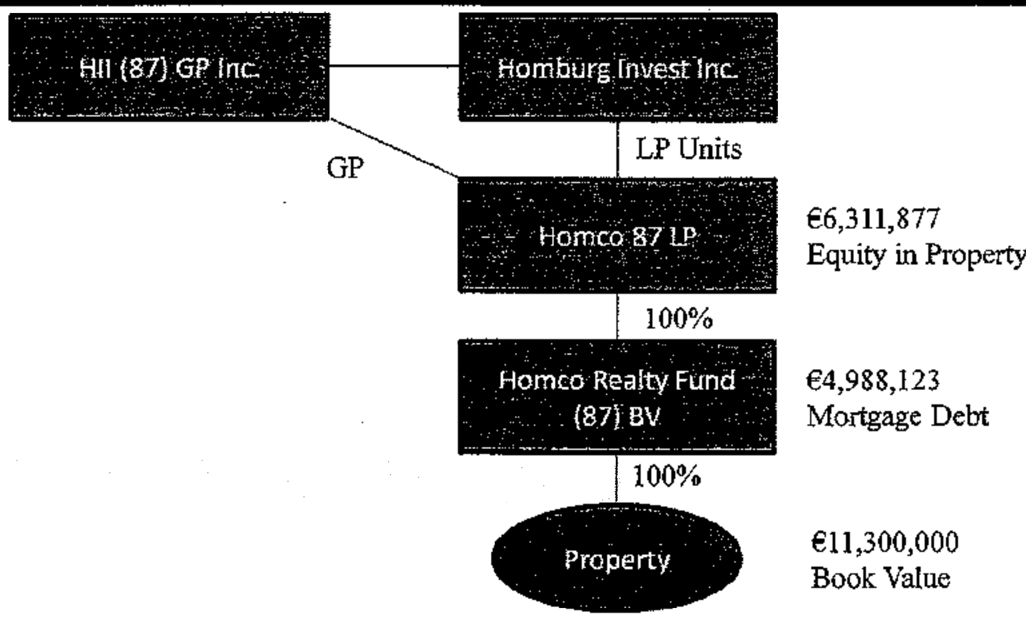
- Office building in Blijdorp area of northwestern Rotterdam, adjacent to the Hotel Rotterdam Blijdorp, a mid-level hotel
- Rotterdam is the second-largest city in the Netherlands with a population of 617,000
- The property is leased until 2037 to David Lloyd Sports & Health club, a European chain of large fitness and health centres, and is currently used as a gym
- Building was constructed in 2003, and has 35,306 sqft. of leasable space of which 100% is leased
- Annual rent of €739,813, is in line with local market rates

- Asset value of:€11,300,000
- The loan is a single loan split with Homco 86, and has a cross-default provision with it

Homco 87 Property Photos



Homco 87 Structure



Newco Core Business Assets

- Newco, the restructured Homburg which comprises its core income-producing, equity-positive assets, will own a portfolio of 61 commercial, retail and industrial properties in three geographic regions: Netherlands, Germany and the Baltics
- The Canadian and U.S. assets are being divested to fund cash payments to existing creditors under the restructuring plan

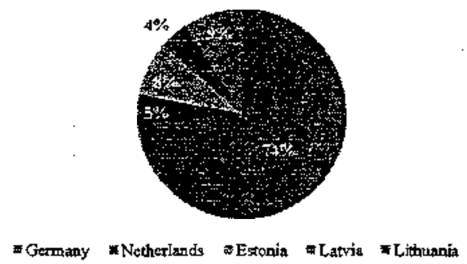
Newco Asset Breakdown

(As per Information Circular dated April 28, 2013)

Investment Properties

	Properties	Fair Value (000s)	Sq. Ft. (000s)
Germany	5	€ 450,301	2,267.7
Netherlands	3	€ 28,128	307.8
Estonia	12	€ 51,030	323.6
Latvia	16	€ 26,920	229.4
Lithuania	25	€ 56,690	439.2
Total	61	€ 613,069	3,567.6

Investment Properties by Value



Country	Address	Lettable Area - Square Feet
Germany	Philippstrasse 3, Bochum	248,937
Germany	Elbestrasse 1-3, Marl	304,565
Germany	Binnerheide 26, Schwerte	54,584
Germany	Industriestrasse 19, Hassmersheim	169,047
Germany	AM Campeon 1-12, Neubiberg	1,490,520
Germany Total	**5 Properties**	**2,267,652**
Netherlands	Wolfraamweg 2, Wolvega	191,834
Netherlands	Benthemstraat 10, Rotterdam	82,236
Netherlands	Energieweg 9, Rotterdam	33,691
Netherlands Total	**3 Properties**	**307,761**
Lithuania	25 Properties	323,617
Estonia	12 Properties	229,422
Latvia	16 Properties	439,167
Baltics Total	**53 Properties**	**992,206**
Newco Total	**61 Properties**	**3,567,619**

- One property, Campeon, will account for approximately 60% of Newco's total assets and property revenue
- Campeon is under lease to Infineon Technologies AG until 2020, at which point Infineon has the right to purchase the building at a pre-agreed price of €274MM
- This purchase price implies an equity value of over €100MM for the Campeon asset alone, while Catalyst is offering €95MM for the Company's equity as Plan Sponsor, implying a significant degree of downside protection
- Newco's other core properties in Germany and the Netherlands have 100% occupancy. Most of the properties in the Baltics, which are all leased to SEB Bank, are also 100% occupied and there is a guaranteed minimum rent regardless of SEB's actual tenancy

3. Capitalization

- The Company's corporate structure is extremely complicated with a multi-jurisdictional business and individual corporate entities for most properties
- The Company's capital structure consists of five main levels of debt/notes:

Capital Structure Summary

(As of December 31, 2012, C$ in millions, unless otherwise indicated)

	EUR	CAD (1)	Maturity	Int. Rate
German Mortgages	340.5	464.0	na	na
Dutch Mortgages	244.5	333.2	na	na
Baltic Mortgages	116.5	158.7	na	na
North American Mortgages	4.8	4.8	na	na
Total Property Level Mortgages	**706.3**	**960.7**		
Construction Financing (1)	24.5	33.4	na	na
Total First Lien Property Level Debt	**730.8**	**994.1**		
Private Mortgage Notes				
	EUR	CAD (1)	Maturity	Int. Rate
HMB Series 4	20.0	27.3	Nov-11	7.50%
HMB Series 5	20.0	27.3	Nov-11	7.50%
HMB Series 6	31.2	42.6	Nov-11	7.50%
HMB Series 7	31.2	42.6	Nov-11	7.50%
Total Private Mortgage Notes	**102.5**	**139.6**		
Private Unsecured Notes				
	EUR	CAD (1)	Maturity	Int. Rate
HB Series 8	50.0	68.1	May-13	7.00%
HB Series 9	60.0	81.8	Oct-13	7.00%
HB Series 10	100.0	136.3	Feb-14	7.25%
HB Series 11	100.0	136.3	Jan-15	7.25%
Total Private Unsecured Notes	**310.0**	**422.4**		
Intercompany Liabilities	45.8	62.4	n/a	n/a
Trade Payables	100.1	136.4	n/a	n/a
Subordinated Notes				
	EUR/US	CAD (1)	Maturity	Int. Rate
Euro Denominated	25.0	34.1	Dec-36	8.03%
US Denominated	25.0	25.1	Dec-36	9.48%
Total Private Unsecured Notes	**50.0**	**59.2**		
Junior Subordinated Notes				
	EUR/US	CAD (1)	Maturity	Int. Rate
Capital A Securities Series	27.6	37.6	Feb-02	9.50%
Total Private Unsecured Notes	**27.6**	**37.6**		
Total Long Term Debt	**1,366.8**	**1,851.7**		

(1) EUR converted at 1.3626 EUR/CAD rate. USD converted at 1.004 USD/CAD rate.

- The property-level mortgage debt comprises loans/mortgages on Homburg's individual assets
- The Euro-Denominated Private Mortgage Notes ("Private Mortgage Notes" or "HMB") are mortgage-backed retail notes. These were issued by a special purpose entity, Homburg Shareco, and guaranteed by the parent, Homburg Invest Inc. Each series has unique, **key collateral** that is essential for the Company to continue as a going concern
- The Euro-Denominated Private Unsecured Notes ("Private Unsecured Notes" or "HB") are senior unsecured retail notes issued by Homburg Invest Inc., the parent. These notes are the main unsecured liability of Homburg, therefore, they hold a strategic position for control. All series are pari passu with each other
- The Euro-Denominated Unsecured Subordinated Notes ("Subordinated Notes") are subordinated to the Private Mortgage and Unsecured Notes
- The Euro-Denominated Unsecured Junior Subordinated Notes ("Private Junior Subordinated Notes") have similar features to preferred shares but are classified as debt due to their 99-year maturity. They are subordinated to all liabilities, including trade payables and the Subordinated Notes
- The Company has an additional €46MM of intercompany liabilities and €100MM of trade payables and accrued liabilities

4. Situation Overview

Company Overview

- Homburg Invest's origins date back to 1991, when Richard Homburg, a real estate investor and developer based in Nova Scotia, took control of Uni-Invest NV, a publicly traded real estate fund in the Netherlands
- In 2000, Uni-Invest sold its European assets, and Uni-Invest Canada Ltd. was acquired by Basic Realty Investment Corporation ("Basic")
- Basic changed its corporate name to Homburg Invest Inc. and Richard Homburg was named Chairman, President and CEO of the Company
- Homburg, which at that point had only 28 properties in Canada worth $89MM in 2001, embarked on an aggressive growth plan across North America and Europe
- By 2009, the Company had over $3B of assets; however, it was also struggling under a heavy debt load (total debt/equity ratio of 16:1) as the global recession eroded asset and equity value
- In response, the Company spun off its Canadian income-producing properties into what is now known as Canmarc REIT, however, its European properties continued to fall sharply in value

CCAA Filing and Preceding Events

- Homburg filed for CCAA protection in the Superior Court of Quebec on September 9, 2011, citing several factors
  - An inability to pay its liabilities as they came due
  - Overleverage
    - Management had a track record of being poor stewards of capital and invested in a number of poor quality assets which were overly exposed to the double dip recession in Europe, particularly across its Dutch portfolio
    - Homburg's poor quality properties sustained high vacancy rates due to tenant bankruptcies and overall European economic conditions
    - High vacancy rates combined with reduced renewal rental rates and decreasing property values resulted in a significant decline in revenue, cash flow generation and asset values for the Company
    - By the time Homburg filed for CCAA protection, its total debt/equity ratio had reached 36:1
  - An investigation by the Dutch regulator, Authority for Financial Markets ("AFM"), related to Richard Homburg and the Company's inability to eliminate his control over its operations

  - The Company suffered from poor quality management and management integrity issues, particularly related to Richard Homburg, the Company founder and controlling shareholder
  - For example, the Company routinely engaged in related-party transactions with companies controlled by Richard Homburg, paying them hundreds of millions of dollars for fees and services
  - Catalyst believes that Homburg's corporate complexity existed to enrich Richard Homburg personally at the expense of other stakeholders
- o In November 2009, the AFM together with the DNB, both Dutch regulatory bodies, commenced a joint investigation into Homburg as a result of certain suspected financial and ethical irregularities

- On April 22, 2011, Homburg received an instruction from the AFM ordering it to remove its controlling shareholder, Richard Homburg, as a decision maker and a person of influence in the Company stating his integrity was not considered "beyond doubt"

Initial Catalyst Offer

- In October 2012, after Catalyst had been tracking and analyzing the Company for over a year, the Company and Monitor released a key report on specific assets and liabilities which confirmed Catalyst's thesis around establishing a position in the Private Mortgage Notes to gain influence in the proceedings
- Based on this new information and its unique understanding of the Company's situation, Catalyst presented a cash offer to holders of Homburg's four series of Private Mortgage Notes (HMB4-HMB7)
  - o Catalyst was the first fund to put an offer forward for any of the Company's securities
  - o Catalyst established back-office infrastructure to support private purchases of notes and claims
- Catalyst was able to use this initial offer and infrastructure to begin building a position in the Private Mortgage Notes
- The initial offer also served to continue and open up discussions between Catalyst and multiple of the Company's stakeholders

Ongoing Dialogue with Stakeholders

- In parallel with increasing its position in Homburg's securities, Catalyst continued to utilize its initial offer to further discussions with the main stakeholders of the case around Catalyst becoming the Plan Sponsor of the restructured Company
- This discussion involved multiple different potential options around this primary goal, including, but not limited to:
  - o Full offer extended to all creditors to supplement Catalyst's initial offer to holders of the mortgage bonds

- o DIP financing to allow full development of assets currently distressed or in flux

- Exit financing to allow for sustained growth across the Company's current markets, as well as new markets in North America and Europe to diversify around more quality real estate assets

Trustee Conflict

- The Private Mortgage Notes, Private Unsecured Notes and the Private Junior Subordinated Notes are all represented by the same Trustee, Stichting Homburg Bonds and Stichting Homburg Capital Securities, which was further controlled by Marian Hogeslag (the "Controlling Trustee")
    - o This relationship creates an inherent conflict of interest in the representation of different stakeholders with different economic interests by the same Trustee
- Surprisingly, Catalyst found the Controlling Trustee controlling the board and decisions across multiple stakeholders. Furthermore, the Controlling Trustee had previous direct business relationships with Richard Homburg
- As Catalyst increased its discussions and interactions with the Controlling Trustee, it became apparent she had a hidden agenda around her ambition to control the restructuring of the Company and the European assets of the Company post-restructuring
- Catalyst recognized this behaviour early on in its interactions with the Controlling Trustee and began planning for this risk
    - o Hired a private investigator to provide further information on her relationship with Richard Homburg
    - o Planned multiple potential litigation strategies in the Netherlands and Canada to remove the Controlling Trustee from the board
- Examined the process to appoint a new Trustee for each series of bonds with different economic interests
- As Catalyst's influence increased, the Controlling Trustee became increasingly hostile towards it

Catalyst Tender Offer

- As part of its purchases of the Private Mortgage Notes, Catalyst had already set up the infrastructure to engage in larger-scale buying
- The Private Unsecured Notes were the largest component of the unsecured liabilities of HII and in addition to their strategic use, they offered an attractive asymmetric return profile on a standalone basis
- Catalyst therefore felt it was appropriate to supplement its strategic initial position with a position in the Private Unsecured Notes to pursue a "ring-fencing" strategy which Catalyst

has already successfully utilized in multiple situations including: Gateway, Canwest, Cabovision, Planet Organic, amongst others

- In Q4 2012, Catalyst began laying the ground work for a public tender offer in parallel to its ongoing discussions with the stakeholders of the company
    - Catalyst developed a full media campaign strategy to support the tender offer including real estate specific television programs, financial, trade and retail publications
    - In addition, Catalyst targeted retail investor focused websites and other media channels to hit the retail-focused nature of the noteholders
    - The public relations campaign also provided for specific defense tactics against the Trustee who had become increasingly difficult and aggressive due to her underlying motivation to control the assets herself upon exit
- Based on the extensive property-level and value flow analysis it had performed, Catalyst pursued an optimized pricing strategy to target specific bonds which had attractive strategic profiles to gain control of the Company while also ensuring a minimum 1.5x cash-on-cash return to Catalyst
- Catalyst launched its public tender off on January 16, 2013
- Through the tender offer, Catalyst became Homburg's largest single creditor. Moreover, Catalyst's initial estimates of value were supported by a subsequent recovery estimate release by the Monitor

Homburg Invest Inc. - Catalyst Claim Holdings Post-Tender

				Monitor Recovery Range [1]			Catalyst Returns [2]		
Series	Face Value (€)	Price Paid (€)	Average Price	Low	Mid	High	Low	Mid	High
HMB4	1,485,000	659,850	44.4%	56.7%	62.0%	67.3%	1.3x	1.4x	1.6x
HMB5	1,485,000	590,400	39.8%	51.7%	54.1%	56.4%	1.3x	1.4x	1.5x
HMB6	1,380,000	343,500	24.9%	75.5%	78.2%	81.0%	3.2x	3.3x	3.5x
HMB7	1,560,000	777,150	49.8%	65.6%	71.1%	76.5%	1.4x	1.5x	1.6x
Total Catalyst	5,910,000	2,370,900	40.1%	62.2%	66.2%	70.2%	1.8x	1.9x	2.0x
				Monitor Recovery Range			Catalyst Returns		
Series	Face Value (€)	Price Paid (€)	Average Price	Low	Mid	High	Low	Mid	High
HB8	2,325,000	573,800	24.7%	45.7%	48.4%	51.0%	2.0x	2.1x	2.2x
HB9	3,015,000	753,000	25.0%	45.7%	48.4%	51.0%	1.9x	2.0x	2.2x
HB10	7,140,000	1,783,950	25.0%	45.7%	48.4%	51.0%	1.9x	2.1x	2.2x
HB11	4,230,000	1,057,050	25.0%	45.7%	48.4%	51.0%	1.9x	2.1x	2.2x
Total Catalyst	16,710,000	4,167,800	24.9%	45.7%	48.4%	51.0%	1.9x	2.1x	2.2x
Trade Claims	2,530,457	671,669	26.5%	41.4%	43.8%	46.1%	1.6x	1.6x	1.7x
Total Catalyst Holdings	25,150,457	7,210,369	28.7%	49.1%	52.1%	55.0%	1.7x	1.8x	1.9x

(1) Source: Draft Information Circular dated April 18, 2013.

(2) Returns based on recoveries in draft Information Circular.

Catalyst Litigation Launched against Trustee

- Following the launching of the public tender offer and media campaign, the Controlling Trustee became increasingly aggressive towards Catalyst

- The Trustee pursued a strategy of misinformation and confusion about Catalyst, its tender offer, the overall intentions of Catalyst towards the business and also manipulation of what bondholders can expect to receive for their bonds
    - Catalyst countered this campaign of misinformation with its already planned public relations strategy which included noteholder targeted communication channels and separate bondholder information sessions to market Catalyst's public tender offer directly to noteholders
- To supplement its public relations counter attack, Catalyst initiated its planned Netherlands litigation strategy to highlight conflicts and hidden agenda of the Trustee. This put further pressure on the Trustee from a personal reputation standpoint in her native market in the Netherlands

Monitor Releases Plan Recovery Expectations and Plan Structure

- Catalyst had been pushing all stakeholders from the end of Q4 2012 to the beginning of Q1 2013 (the Monitor, the Company and the Trustee) to release updated information on expected recoveries to creditors due to our belief this would support Catalyst's public tender offer
- Throughout Catalyst's interactions with the stakeholders, it was able to ascertain 1) the amount of cash available to pay to creditors was going to be lower than anticipated, and 2) the stakeholders would receive the majority of their recovery in equity and long-dated notes tied to the liquidation value of "non-core" assets
- On February, 6, 2012, the Monitor, Company and Trustee released the recovery value projections for all creditors which came out worse on the immediate cash available for creditors than Catalyst had ascertained which provided further support for Catalyst's all-cash tender offer
- In addition, they released the general structure of the Plan: 1) an initial cash payment, 2) a post-emergence tracking note that gets paid down as the Monitor liquidates non-core assets and 3) equity of a new Company that holds the best assets of the Company

Initial Recovery Expectations - % of Claim

	Monitor's 19th Report (February 5, 2013)							
	Initial Cash		Post-Emergence Note		Shares		Total	
	Low	High	Low	High	Low	High	Low	High
HMB4	8.70%	7.45%	26.66%	42.69%	26.48%	24.80%	61.84%	74.94%
HMB5	20.98%	21.52%	5.42%	8.67%	30.15%	34.72%	56.55%	64.91%
HMB6	11.13%	11.74%	6.10%	9.76%	33.90%	39.04%	51.13%	60.54%
HMB7	8.01%	6.24%	32.46%	51.99%	24.38%	20.78%	64.85%	79.01%
HB8-11	11.13%	11.74%	6.10%	9.76%	33.90%	39.04%	51.13%	60.54%
Unsecured Creditors	10.13%	10.66%	5.54%	8.86%	30.84%	35.44%	46.51%	54.96%

Submission of Superior Offer

- Catalyst had been in discussions with the Company, Monitor and Trustee over many months to become Plan Sponsor, given Catalyst's belief that a strong financial partner was necessary to ensure success of a restructured going concern company
- In addition, becoming Plan Sponsor not only allowed Catalyst specific control over the restructuring process but also specific assets that Catalyst believed had an attractive risk-return profile
- Catalyst submitted a Superior Offer that provided for cash recoveries higher than the Company's released cash recovery value but still guarantees Catalyst a minimum return of 1.7x
- This feature was important because the Company's plan provided very little upfront cash to creditors, with the Company's largest creditors were elderly Dutch pensioners who would value immediate cash more highly
- Strategically, the submission of the offer was also critical for Catalyst's ability to gain control of the Company as the Superior Offer activated the Company's board's fiduciary responsibility to respond to the offer and either accept Catalyst as Plan Sponsor or open up an auction process
- The main risk to this strategy was the requirement of the board to potentially open up an auction process to solicit other offers. Catalyst had analyzed this risk and felt it had mitigated the risk through the previous purchases of notes from the initial offer and public tender offer, and also its advanced knowledge of the situation, stakeholders and assets
- Overall, Catalyst analyzed that forcing the board's hand to either accept its offer and allowing Catalyst to become plan sponsor or opening up an auction was a positive event for Catalyst's eventual control
- Catalyst believed a potential auction process would accelerate the overall restructuring process, and that it was best-positioned to win, as the auction process wouldn't provide enough time for someone to make a credible bid
- In the event Catalyst was outbid, it would receive further upside on its already held notes

Superior Offer Forces Short Auction Process

- As predicted by Catalyst, the Company and the various stakeholders were forced to open up an auction process to fulfill their fiduciary obligations. However, the auction process was limited to one week for full due diligence on the assets and providing a binding offer
- Furthermore, given Catalyst's previous involvement in the name, it learned most bidders were skeptical in participating in the auction given Catalyst's informational advantage and the perception it had created that it was already a critical stakeholder in the restructuring process
- Catalyst's outstanding litigation against the Trustee also allowed it leverage over the most aggressive and abusive stakeholder allowing Catalyst to contain her ability to oppose Catalyst's Superior Offer and to support any revised offer Catalyst would put forth after the conclusion of the auction process

Catalyst Wins Short Auction Process with Multiple Creative Structuring Options

- Catalyst leveraged its research and knowledge of the situation to create a multi cash-option offer further enhancing creditors' ability to receive cash and enhancing their liquidity options
- Furthermore, due to its leverage on the Trustee, Catalyst negotiated a very Catalyst-friendly confidentiality agreement which allowed Catalyst to continue its activist strategy should Catalyst not have won the auction process
- Overall, Catalyst utilized its pre-established relationships with stakeholders to understand pricing levels of other bidders, the structure preferred by all stakeholders and general understanding of the situational dynamics to win the auction at an optimized pricing level

Restructuring Plan Overview

- The Company's Plan has three main components
  1. Initial Distribution Cash
  2. Non-Core Properties Note
  3. Core Property Equity ("Newco")

1. Initial Distribution Cash

- The Company has been slowly liquidating non-core assets throughout the restructuring process as opportunities present themselves, with the main cash use related to professional fees and the financing of the CCAA process
- The Company and Monitor are projecting to have €35 million available for distribution on Plan Implementation Date on June 30, 2013
- This number has steadily decreased from initial projections of over €50 million as the Company continues to extend its exit date
- Catalyst had already projected the cash risk in its public tender offer pricing and furthermore in its Superior Offer and Revised Offer proposals

2. Non-Core Property Notes

- The Company is going to issue tracking notes that will be repaid with the sale of properties that have been designated as non-core
- The majority of these properties are in Canada and the US and are developmental properties
- Catalyst has taken a conservative view in its public tender offer pricing and also in its Superior Offer and Revised Offer proposals
- Catalyst believes there is some upside potential in these properties, the distressed nature of the sales process may provide an opportunity Post-Implementation Date to acquire the tracking notes issued out of the restructuring or the properties outright at discounted price

3. Core Property Equity

- The core properties consist of properties across Germany, the Netherlands and the Baltics. All of the properties have 100% occupancy, long term leases with quality tenants, and above-market rents

- Through Catalyst's negotiation in becoming plan sponsor Catalyst has obtained the right to one board seat, the appointment of the Chairman role and leading the search for the hiring of the CEO and CFO
- Catalyst is currently working with Heidrick & Struggles to fill these roles

- The table on the following page shows the current expected recoveries for bondholders across the three main components of the Company's Plan
- With the exception of HMB6, all creditors have seen their recoveries decline on average since the Monitor's initial estimates on February 5, 2013
    - HMB6 was subject to a unique situation, whereby it held direct security on the assets of Homco 61
    - Subsequent to February 5, it was discovered that Homco 61 had a substantial receivable from Homburg, and therefore HMB6 bondholders would be entitled to the recovery value of that receivable (i.e. what Homco 61, as an unsecured creditor, would receive from Homburg)

Monitor's Current Recovery Estimates - % of Claim

	Revised Information Circular (April 28, 2013)							
	Initial Cash		Post-Emergence Cash		Shares		Total	
	Low	High	Low	High	Low	High	Low	High
HMB4	6.18%	5.72%	25.44%	39.86%	25.09%	21.70%	56.71%	67.28%
HMB5	17.98%	18.70%	5.73%	8.84%	27.99%	28.90%	51.70%	56.44%
HMB6	20.56%	25.51%	2.91%	3.86%	52.09%	51.59%	75.56%	80.96%
HMB7	4.91%	4.11%	40.76%	56.84%	19.93%	15.58%	65.60%	76.53%
HB8-11	7.76%	8.57%	6.44%	9.94%	31.48%	32.51%	45.68%	51.02%
Unsecured Creditors	7.02%	7.74%	5.84%	8.98%	28.50%	29.36%	41.36%	46.08%

	Change from Initial Report (February 5) to April 28							
	Initial Cash		Post-Emergence Cash		Shares		Total	
	Low	High	Low	High	Low	High	Low	High
HMB4	(2.52%)	(1.73%)	(1.22%)	(2.83%)	(1.39%)	(3.10%)	(5.13%)	(7.66%)
HMB5	(3.00%)	(2.82%)	+0.31%	+0.17%	(2.16%)	(5.82%)	(4.85%)	(8.47%)
HMB6	+9.43%	+13.77%	(3.19%)	(5.90%)	+18.19%	+12.55%	+24.43%	+20.42%
HMB7	(3.10%)	(2.13%)	+8.30%	+4.85%	(4.45%)	(5.20%)	+0.75%	(2.48%)
HB8-11	(3.37%)	(3.17%)	+0.34%	+0.18%	(2.42%)	(6.53%)	(5.45%)	(9.52%)
Unsecured Creditors	(3.11%)	(2.92%)	+0.30%	+0.12%	(2.34%)	(6.08%)	(5.15%)	(8.88%)

Current Status

- After extensive discussions with the Company and the Monitor, Catalyst has narrowed its multi-cash providing options to a single option for stakeholders to sell their equity in Newco ("Equity-Cash Out")
- Catalyst believes this provides the optimal risk-adjusted return as Plan Sponsor
- It also believes the growth opportunities on Newco are highest of the Company's properties
- Catalyst is in the process of finalizing documentation around the Company's Plan, governance and finalizing Newco's Exit Strategy

- **Catalyst's Equity-Cash Out values Newco at €95MM versus the Monitor and Company's estimated book value of €160MM - €165MM. At book value, this represents an immediate potential 1.7x cash-on-cash return**
- Moreover, through its active involvement and financial support, Catalyst expects that Newco can grow its asset base and trade closer to a valuation in line with other comparable European real estate companies, in which case its value would be several times higher
  - **In this normalized case, Catalyst estimates Newco's equity could be valued at €400MM-€500MM, which would represent a 4.7x cash-on-cash return at the midpoint of the range**
- Catalyst has also structured its option to maximize downside protection — its €95MM equity price is in fact lower than the equity value of just one of Newco's assets, the Campeon property in Germany (equity value of €100MM+), affording Catalyst substantial downside protection in the absolute worst case
- Please see the following table for Catalyst's bond-by-bond returns under its tender offer/previous purchases and Equity-Cash Out, based on the Monitor's published Low and High recovery ranges, as well as in the normalized scenario

Catalyst - Homburg Offer and Returns Analysis

	Catalyst	Total Recovery as % of Total Claim			Catalyst Multiple on Claims Already Owned			Catalyst Equity Cash-Out Price		Equity Recovery as % of Total Claim			Catalyst Multiple on Cash Equity Cash-Out			Weighted Multiple on Cash		
Series	Avg. Price % of Face - Claims Owned	Monitor Low[2]	Monitor High[2]	Comparables Normalized[3]	Low	High	Normalized	Low	High	Monitor Low[2]	Monitor High[2]	Comparables Normalized[3]	Low	High	Normalized	Low	High	Normalized
Mortgage Bonds																		
HMB4	44.4%	56.7%	67.3%	113.3%	1.3x	1.6x	2.6x	14.7%	12.7%	25.1%	21.7%	64.9%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x
HMB5	39.8%	51.7%	56.4%	116.3%	1.3x	1.5x	3.0x	16.4%	16.9%	28.0%	28.9%	79.0%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x
HMB6	24.9%	75.5%	81.0%	191.7%	3.2x	3.4x	8.2x	30.5%	30.2%	52.0%	51.6%	143.8%	1.7x	1.7x	4.7x	1.8x	1.8x	4.9x
HMB7	49.8%	65.6%	76.5%	110.0%	1.4x	1.6x	2.3x	11.7%	9.1%	19.9%	15.6%	49.3%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x
Unsecured Bonds																		
HB8	24.7%	45.7%	51.0%	111.7%	2.0x	2.2x	4.8x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
HB9	25.0%	45.7%	51.0%	111.7%	1.9x	2.2x	4.7x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
HB10	25.0%	45.7%	51.0%	111.7%	1.9x	2.2x	4.7x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
HB11	25.0%	45.7%	51.0%	111.7%	1.9x	2.2x	4.7x	18.4%	19.1%	31.5%	32.5%	88.8%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
Other Claims[1]																		
Trade Creditors	26.5%	41.4%	46.1%	107.1%	1.6x	1.7x	4.3x	16.7%	17.2%	28.5%	29.4%	80.3%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x
Total	28.7%	49.1%	55.0%	118.9%	1.7x	1.9x	4.1x	19.1%	19.4%	32.7%	33.1%	91.2%	1.7x	1.7x	4.7x	1.7x	1.7x	4.7x

(1) Trade claims purchased outside of tender offer. Price represents weighted average price paid.
(2) Source: Monitor (Deloitte), Information Circular dated April 28, 2013.
(3) EUR450mm normalized equity value based on comparable company yields.
Note: Recovery figures based on % of claim value; Catalyst tender price based on face value.

5. Comparables

- The Company's publicly traded comparables are valued, on average, at:
  - 6.57% capitalization rate (Net Operating Income / Investment Property value)
  - 5.46% Adjusted Funds from Operations yield (Cash from Operations less CapEx)
  - 1.02x book value
  - 6.90% dividend yield
- Based on these trading multiples, there is substantial upside value in Newco's equity if its asset base can be grown and improved, and a consistent dividend is established

European Real Estate Comparables
(in EUR 000s unless otherwise noted)

	Country(ies) of Focus	Curr.	Total Assets	Investment Properties	Book Equity Value	Market Cap	NOI	Adj. FFO	Price / Book	NOI Cap Rate	AFFO Yield	Dividend Yield
Eurcommercial Properties	France/Italy	EUR	2,733,030	2,666,233	1,281,851	1,203,210	147,900	65,000	0.94x	5.55%	5.40%	6.60%
Corio NV	Netherlands	EUR	7,631,000	6,738,300	4,130,500	3,522,300	442,500	176,200	0.85x	6.57%	5.00%	7.50%
Hamborner AG	Germany	EUR	530,400	447,200	276,300	322,100	32,599	17,600	1.17x	7.29%	5.46%	5.70%
Nieuwe Steen Investments	Netherlands	EUR	2,147,900	2,039,900	789,800	347,900	128,400	32,400	0.44x	6.29%	9.31%	8.60%
Hansteen Holdings plc	Germany/France/Neth.	GBP	1,025,400	821,600	516,400	562,200	57,600	42,400	1.09x	7.01%	7.54%	5.40%
Cofinimmo SA	Belgium	EUR	3,622,200	3,245,500	1,498,000	1,374,000	199,100	79,300	0.92x	6.13%	5.77%	7.00%
Dundee International REIT	Germany	CAD	1,400,300	1,182,800	596,100	1,014,700	81,300	46,200	1.70x	6.87%	4.55%	7.50%
								Median	0.94x	6.57%	5.46%	7.00%
								Mean	1.02x	6.53%	6.15%	6.90%
								High	1.70x	7.29%	9.31%	8.60%
								Low	0.44x	5.55%	4.55%	5.40%
Newco - 2016 Mgmt Case		EUR	587,842	542,724	213,720	213,720	60,749	31,451	1.00x	11.19%	14.72%	na

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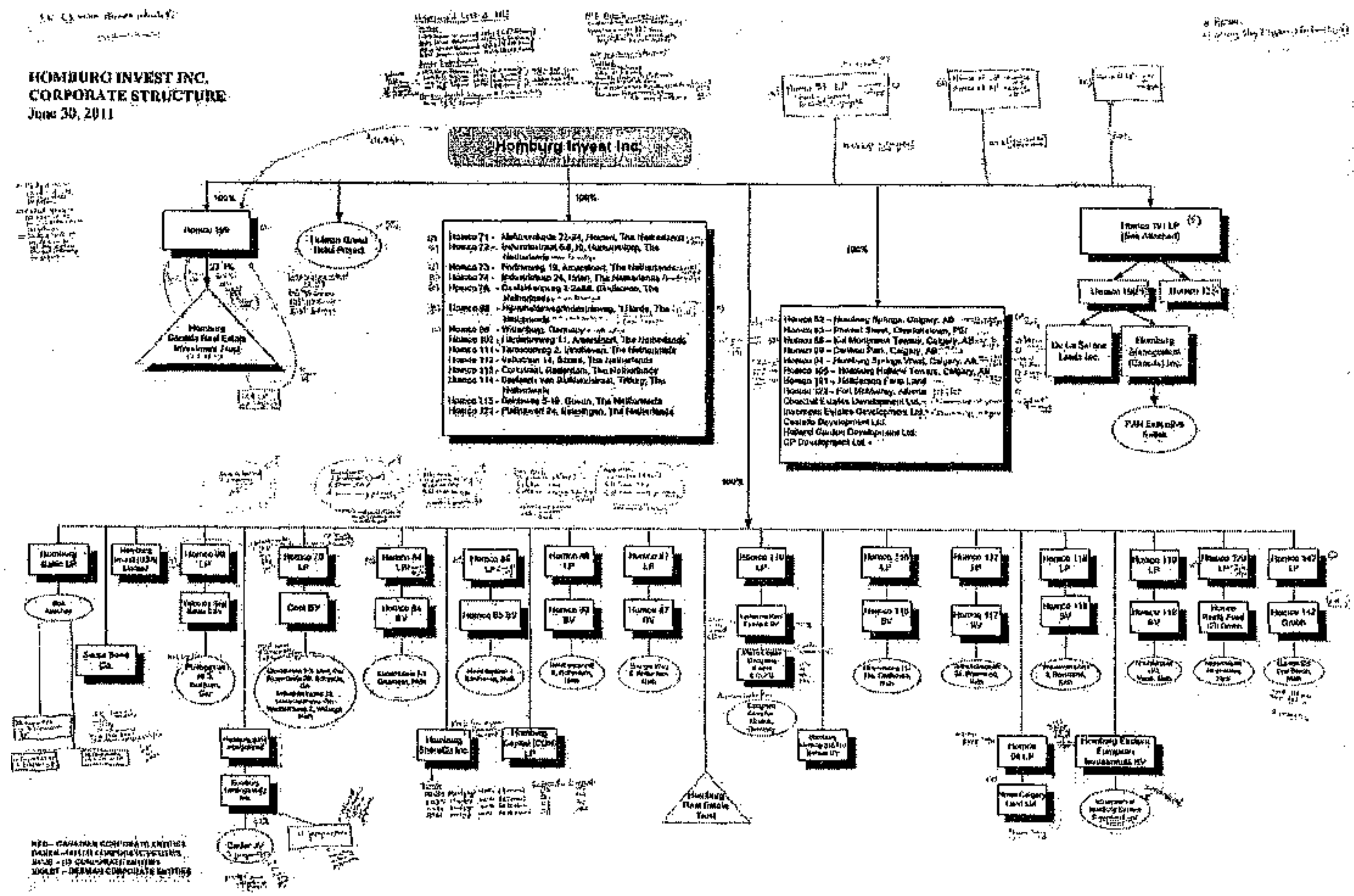
6. Corporate Structure

- Homburg Invest Inc.'s corporate structure is highly complex, consisting of dozens of OpCos and intermediate HoldCos. Catalyst spent over a year on its analysis of the corporate structure to prior to its initial purchases



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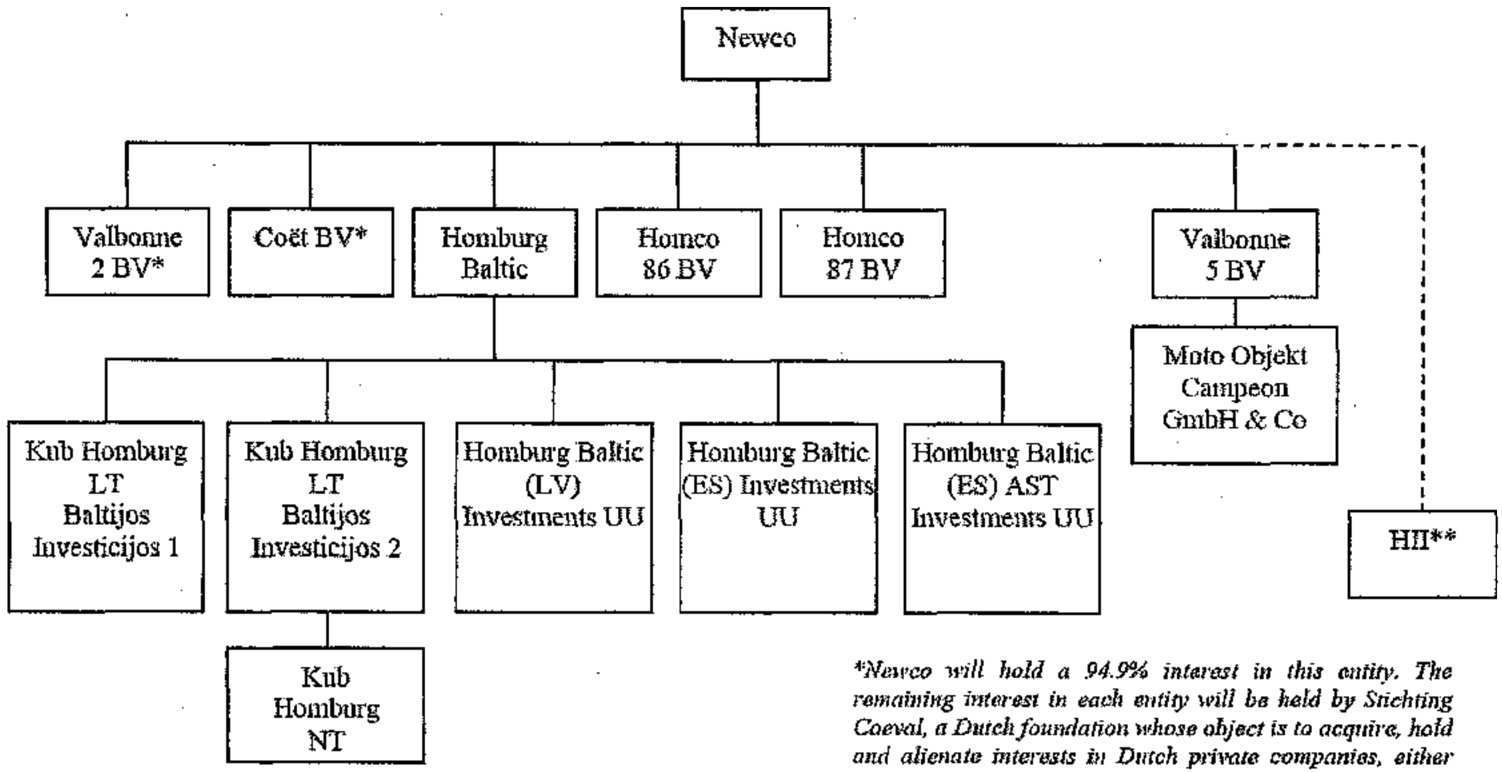
- Newco's corporate structure will eliminate some of the previous Homcos but largely retain the same structure of individual assets being held in OpCos



**Newco will hold a 94.9% interest in this entity. The remaining interest in each entity will be held by Stichting Coeval, a Dutch foundation whose object is to acquire, hold and alienate interests in Dutch private companies, either directly, or indirectly, as a limited partner.*

***The Non-Core Business Assets will continue to be disposed of following the Plan Implementation Date and the proceeds will be used to repay the Un-Assumed Portion of Proven Claims*

7. Waterfall Analysis

General Unsecured Pool Recovery

- Catalyst has spent a tremendous amount of time on its analysis of the Company's assets and liabilities on a property-by-property basis
- As seen in the table below, Catalyst estimated there to be $186MM to $346MM of distributable value for a general unsecured pool of $739MM to $783MM, resulting in a recovery of 24-47% for general unsecured creditors
  - Catalyst's tender offer was based on the low end of this range, providing significant downside protection
- The HB Series Unsecured Notes benefit from the subrogation of $55MM of Subordinated Notes (also known as the "Taberna" notes), which are subordinated only to the Private Unsecured Notes and the Private Mortgage Notes, and therefore recover 26-52%
  - Please see the next page for mortgage bond recoveries
  - Anteceding pages cover the asset-level analysis and value flow

Recovery Analysis (C$ 000s unless otherwise noted)	Low Case	Mid Case	High Case
Estimated Cash at Emergence[1]			
Estimated Cash Before Adjustments	69,773.80	69,773.80	69,773.80
HMB5 Guarantee Payment[2]	(3,065.85)	(3,065.85)	(3,065.85)
Loans Negotiation[3]	(24,790.00)	(24,790.00)	(24,790.00)
Release of Restricted Cash	20,355.94	21,348.88	22,341.82
Administrative and Litigation Reserves	(1,985.88)	(1,985.88)	(1,985.88)
Professional Fees Post-Emergence	(4,964.70)	(3,971.76)	(2,978.82)
HSBC Secured Claim[4]	(17,426.70)	(17,426.70)	(17,426.70)
Net Estimated Cash at Emergence	37,896.61	39,882.49	41,868.37
Germany Residual Value from Property Equity	*99,813.94*	*130,553.54*	*161,293.14*
Netherlands Residual Value from Property Equity	*15,780.53*	*28,437.94*	*42,358.81*
Baltics Residual Value from Property Equity	*8,667.12*	*17,688.00*	*35,729.76*
USA Residual Value from Property Equity	*4,133.00*	*8,633.00*	*13,133.00*
Canada Residual Value from Property Equity	*19,980.39*	*35,158.89*	*51,311.58*
Residual Value from Property Equity C$	148,374.98	220,491.37	303,826.29
Total Remaining Residual Value C$	186,271.59	260,373.86	345,694.66

Unsecured Pool	Low Case	Mid Case	High Case
Total Residual Value for Unsecured Claims Holders	186,271.59	260,373.86	345,694.66
Total Unsecured Pool Claims	783,103.17	761,864.76	739,402.89
Unsecured Recovery %	*24%*	*34%*	*47%*
Unsecured Pool HB Series HMB Deficiency Claims			
HB8 Series Notes (EUR 50.01mm) incl. accrued[5]	69,071.50	69,071.50	69,071.50
HB9 Series Notes (EUR 60.00mm) incl. accrued[5]	82,869.23	82,869.23	82,869.23
HB10 Series Notes (EUR 100.00mm) incl. accrued[5]	138,188.55	138,188.55	138,188.55
HB11 Series Notes (EUR 100.00mm) incl. accrued[5]	138,188.55	138,188.55	138,188.55
Total HB 8,9,10,11 Series Unsecured Pool	428,317.82	428,317.82	428,317.82
HB Series Unsecured Notes as % of Total Unsecured Pool	*55%*	*56%*	*58%*
HMB4 Series (EUR 20.01mm) – Deficiency Claim	21,013.40	17,688.41	14,363.41
HMB5 Series (EUR 20.00mm) – Deficiency Claim	24,597.56	24,597.56	24,597.56
HMB6 Series (EUR 17.23mm) – Deficiency Claim	29,873.29	24,063.38	17,030.01
HMB7 Series (EUR 37.23mm) – Deficiency Claim	29,249.13	19,796.63	10,344.13
Total HMB 4,5,6,7 Series Deficiency Claims	104,733.38	86,145.96	66,335.09
HMB Series Deficiency Claims as % of Total Unsecured Pool	*13%*	*11%*	*9%*
Total Unsecured Pool Claims	783,103.17	761,864.76	739,402.89
Total Remaining Residual Value C$	186,271.59	260,373.86	345,694.66
Unsecured Pool Claims Recovery	*24%*	*34%*	*47%*
HB Series Recovery			
Total HB 8,9,10,11 Series Unsecured Pool Claims	428,317.82	428,317.82	428,317.82
HB Series Recovery	101,881.14	146,381.31	200,152.27
Recovery Including Accrued Interest %	*24%*	*34%*	*47%*
HB Series Recovery from Taberna Notes[6]	10,494.27	15,622.78	22,328.32
Total HB Series Recovery	112,375.41	162,004.10	222,480.59
Recovery Including Accrued Interest %	*26%*	*38%*	*52%*
HMB Series Recovery			
Total HMB Series Claims Recovery		See next page for detail	

(1) Source: Draft Information Circular dated April 18, 2012.

(2) HMB5 bondholders voted to release their security in return for a lump sum payment to be made at emergence.

(3) Payments to mortgage banks as part of loan restructuring.

(4) HSBC is a lender on 5 to-be-sold Canadian properties. HSBC will be paid at emergence, prior to the sales of those properties.

(5) Accrued interest from 6/30/2011 to 9/9/2011 (filing date).

(6) EUR40mm of Taberna notes are subordinated to HB series and HMB series deficiency claims. Their recovery will flow up to support the HB series recovery and HMB deficiency claims recovery.

Private Mortgage Notes Recovery

- The Private Mortgage Notes benefit from the value of their underlying collateral, and also have an unsecured claim (pari passu with the Private Unsecured Notes) for any deficiency between the collateral value and the total claim amount
- Based on Catalyst's analysis, HMB holders would receive the following recoveries:
  - HMB4: 44-75%
  - HMB5: 34-57%
  - HMB6: 49-81%
  - HMB7: 50-88%
- A more detailed analysis of each series recovery follows on the next three pages

(in '000s unless otherwise indicated) Homburg Mortgage Bonds Deficiency Claim Recovery	Low Case 26%	Mid Case 38%	High Case 52%
HMB4 Residual Collateral Value	6,650.00	9,975.00	13,300.00
HMB4 Series Total Claim (incl. accrued to 9/9/2011)	27,663.41	27,663.41	27,663.41
HMB4 Series Deficiency Claim	21,013.41	17,688.41	14,363.41
Deficiency Claim as % of Unsecured Pool	2.7%	2.3%	1.8%
HMB4 Series Deficiency Claim Recovery	4,998.32	6,845.17	6,715.55
Additional Recovery from Taberna Notes[1]	514.85	645.18	745.41
HMB4 Series Total Recovery	12,163.17	16,665.35	20,760.77
Recovery from Residual Collateral Value	24%	36%	48%
Recovery from Deficiency Claim	18%	22%	24%
Additional Recovery from Taberna Notes	2%	2%	3%
HMB4 Recovery Including Accrued Interest %	44%	60%	75%
HMB5 Security Payment[2]	3,065.85	3,065.85	3,065.85
HMB5 Series Total Claim (incl. accrued to 9/9/2011)	27,663.41	27,663.41	27,663.41
HMB5 Series Deficiency Claim	24,597.56	24,597.56	24,597.56
Deficiency Claim as % of Unsecured Pool	3.1%	3.1%	3.1%
HMB5 Series Deficiency Claim Recovery	5,850.86	8,406.43	11,500.15
Additional Recovery from Taberna Notes[1]	602.67	897.19	1,276.53
HMB5 Series Total Recovery	9,519.38	12,369.47	15,842.53
Recovery from HMB5 Guarantee	11%	11%	11%
Recovery from Deficiency Claim	21%	30%	42%
Additional Recovery from Taberna Notes	2%	3%	5%
HMB5 Recovery Including Accrued Interest %	34%	45%	57%
HMB6 Residual Collateral Value[3]	13,301.53	19,111.44	26,144.81
HMB6 Series Total Claim (incl. accrued to 9/9/2011)	43,174.82	43,174.82	43,174.82
HMB6 Series Deficiency Claim	29,873.29	24,063.38	17,030.01
Deficiency Claim as % of Unsecured Pool	3.8%	3.1%	2.2%
HMB6 Series Deficiency Claim Recovery	7,105.76	8,221.87	7,962.08
Additional Recovery from Taberna Notes	731.93	877.71	883.80
HMB6 Series Total Recovery	21,139.22	28,213.02	34,990.69
Recovery from Residual Collateral Value	[illegible]	44%	61%
Recovery from Deficiency Claim	16%	19%	18%
Additional Recovery from Taberna Notes	1%	2%	2%
HMB6 Recovery Including Accrued Interest %	49%	65%	81%
HMB7 Residual Collateral Value	13,985.00	23,357.50	32,818.00
HMB7 Series Total Claim (incl. accrued to 9/9/2011)	43,154.13	43,154.13	43,154.13
HMB7 Series Deficiency Claim	29,249.13	19,796.63	10,344.13
Deficiency Claim as % of Unsecured Pool	[illegible]	2.5%	1.3%
HMB7 Series Deficiency Claim Recovery	6,957.30	6,765.63	4,836.21
Additional Recovery from Taberna Notes	[illegible]	[illegible]	536.87
HMB7 Series Total Recovery	21,578.93	30,845.24	38,183.04
Recovery from Residual Collateral Value	32%	54%	76%
Recovery from Deficiency Claim	16%	16%	11%
Additional Recovery from Taberna Notes	2%	2%	1%
HMB7 Recovery Including Accrued Interest %	50%	71%	88%

(1) EUR40mm of Taberna notes are subordinated to HB series and HMB series deficiency claims. Their recovery will flow up to support the HB series recovery and HMB deficiency claim recovery.

(2) HMB5 bondholders voted to release their security in return for a lump sum payment to be made at emergence.

(3) HMB6 realizable security consists of a receivable due from HI to HSL. HMB6 has a claim on the assets of HSL.

HMB4 and HMB5 Recovery

- HMB4 holders have a security interest directly on a section of development land called Homburg Springs West
- Homburg Springs West is listed for sale at $13.3MM ($14MM less 5% broker fee)
- HMB4 holders would therefore receive $6.65-$13.3MM from their security and recover 26-52% on their deficiency claim (general unsecured recovery plus Taberna note subrogation)
- Total recovery of 44-75% of claim value
- HMB5 holders voted to release their security in return for a guaranteed €2.25MM cash payment
- The remaining claim is the deficiency claim, on which holders would recover 26-52% (general unsecured recovery plus Taberna note subrogation)
- HMB5 holders would therefore recover a total of 34-57% of their total claim

HMB4 (in C$000s unless otherwise noted)					
Assets					
			Low	Mid	High
Property	Lender	Entity	50%	75%	100% of List Price
Homburg Springs, Calgary AB. NW quarter of Section Eleven, Township 26, Range 1, Calgary AB	na	Homco 52 LP	6,650	9,975	13,300
Mortgage Bonds Payable					
Mortgage Bond HMB4 (EUR 20.01mm) @ 1.3626 CAD/EUR			27,266	27,266	27,266
Accrued interest HMB4 - 7.50% from 6/30/2011 to 9/9/2011			398	398	398
Total			27,663	27,663	27,663
Recovery			*24.0%*	*36.1%*	*48.1%*
Collateral Value			$6,650	$9,975	$13,300
Deficiency Claim			$21,013	$17,688	$14,363
Deficiency Claim as % of Unsecured Pool			2.7%	2.3%	1.8%
Deficiency Claim Recovery (%)			23.8%	34.2%	46.8%
Deficiency Claim Recovery			$4,998	$6,045	$6,715
Additional Recovery from Taberna Notes			$515	$645	$745
HMB4 Total Recovery			$12,163	$16,665	$20,761
Recovery from Collateral Value			24.0%	36.1%	48.1%
Recovery from Deficiency Claim			18.1%	21.9%	24.3%
Additional Recovery from Taberna Notes			1.9%	2.3%	2.7%
Total Recovery %			44.0%	60.2%	75.0%

HMB5 (in C$000s unless otherwise noted)			
Assets			
	Low Value	Mid Value	High Value
HMB5 Guarantee (EUR 2.25mm)	3,066	3,066	3,066
HMB5 Mortgage Bond Payable			
Mortgage Bond HMB5 (EUR 20.01mm) @ 1.3626 CAD/EUR	27,266	27,266	27,266
Accrued interest HMB5 - 7.50% from 6/30/2011 to 9/9/2011	398	398	398
Total	27,663	27,663	27,663
Recovery	11.1%	11.1%	11.1%
Guarantee Value	$3,066	$3,066	$3,066
Deficiency Claim	$24,598	$24,598	$24,598
Deficiency Claim as % of Unsecured Pool	3.1%	3.1%	3.1%
Deficiency Claim Recovery (%)	23.8%	34.2%	46.8%
Deficiency Claim Recovery	$5,851	$8,406	$11,500
Additional Recovery from Taberna Notes	$603	$897	$1,277
HMB5 Total Recovery	$9,519	$12,369	$15,843
Recovery from Guarantee Value	11.1%	11.1%	11.1%
Recovery from Deficiency Claim	21.2%	30.4%	41.6%
Additional Recovery from Taberna Notes	2.2%	3.2%	4.6%
Total Recovery %	34.4%	44.7%	57.3%

HMB6 Recovery

- HMB6's security comprises a direct claim on Homco 61's assets, as well as units (i.e. equity) of Homco 71, Homco 72, Homco 73, Homco 74, Homco 76, Homco 84, Homco 85, Homco 98 and Homco 120
- Homco 71-Homco 120 have no equity value and those properties are being relinquished to their lenders, and therefore HMB6 holders receive no recovery from that collateral
- Homco 61 has no property assets; it previously held the Homburg Harris Centre in Calgary which was sold in 2007
- However, Homco 61 has a large receivable from Homburg (parent), and is therefore an unsecured creditor of Homburg. Homco 61's recovery on this claim will flow through to HMB6 holders, who comprise 99% of the claims against Homco 61
- This $13.3-$26.1MM recovery against Homco 61 can be considered "secured", while HMB 6's remaining claim is the deficiency claim
- HMB6 holders would therefore recover a total of 49-81% of their total claim

HMB6 (in C$ 000s unless otherwise noted)					
Assets					
			Low	Mid	High
General Unsecured Recovery			24%	34%	47%
H61 Receivable from HII - HMB6 Portion			55,921	55,921	55,921
H61 Receivable Recovery - HMB6 Portion			13,302	19,111	26,145
			Low	Mid	High
Property	Lender	Entity	70% of BV	85% of BV	100% of Book Value
Carat Park, Teucheler Weg / Feldstrasse, Lutherstadt, Wittenburg, Germany	Hatfield Phillips	Homco 98 LP	13,456	16,340	19,223
1st Lien Mortgage Debt					
First Lien Mortgage Debt (EUR 20.4m) @ 1.34 CAD/EUR			27,717	27,717	27,717
LTV			*206.0%*	*169.6%*	*144.2%*
Recovery			*48.5%*	*59.0%*	*69.4%*
Homco 98 Residual Value					
Assets					
			Low	Mid	High
Property	Lender	Entity	70% of BV	85% of BV	100% of Book Value
Industrielaan 24, Uden, The Netherlands	SNS Bank	Homco 74 LP	5,425	6,588	7,750
Mathildenlaan 1, Eindhoven, The Netherlands	SNS Bank	Homco 85 LP	24,290	29,495	34,700
Fortranweg 10, Amersfoort, The Netherlands	SNS Bank	Homco 73 LP	2,009	2,440	2,870
Stationsplein 7-9, Groningen, The Netherlands	FHP Bank	Homco 84 LP	16,870	20,485	24,100
Keesomlaan 6-10, Amstelveen, The Netherlands	FHP Bank	Homco 120 LP	8,190	9,945	11,700
Meidomkade 22-24, Houten, The Netherlands	Direktbank (ABN)	Homco 71 LP	3,430	4,165	4,900
Daalakkersweg 2-2a&8, Eindhoven, The Netherlands	Fortis Bank NV	Homco 76 LP	5,684	6,902	8,120
Industriestraat 6,8,20, Numansdorp, The Netherlands	Fortis Bank NV	Homco 72 LP	1,197	1,454	1,710
Sub-Total: Homco 71-120 Property Value			67,096	81,473	95,850
1st Lien Mortgage Debt					
First Lien Mortgage Debt (EUR 154.3m) @ 1.34 CAD/EUR			206,704	206,704	206,704
LTV			*308.1%*	*253.7%*	*215.7%*
Recovery			*32.5%*	*39.4%*	*46.4%*
Homco 72, Homco 120 Residual Value					
Remaining Residual Value for HMB6			13,302	19,111	26,145
HMB6 Mortgage Bond Payable					
Mortgage Bond HMB6 (EUR 31.23mm) @ 1.3626 CAD/EUR			42,554	42,554	42,554
Accrued Interest HMB6 - 7.50% from 6/30/2011 to 9/9/2011			621	621	621
Total			43,175	43,175	43,175
Recovery			*30.8%*	*44.3%*	*60.6%*
Collateral / Residual Value			$13,302	$19,111	$26,145
Deficiency Claim			$29,873	$24,063	$17,030
Deficiency Claim as % of Unsecured Pool			*3.8%*	*3.1%*	*2.2%*
Deficiency Claim Recovery (%)			*23.8%*	*34.2%*	*46.6%*
Deficiency Claim Recovery			$7,106	$8,224	$7,962
Additional Recovery from Taberna Notes			$732	$878	$884
HMB6 Total Recovery			$21,139	$28,213	$34,991
Recovery from Collateral / Residual Value			*30.8%*	*44.3%*	*60.6%*
Recovery from Deficiency Claim			*16.5%*	*19.0%*	*18.4%*
Additional Recovery from Taberna Notes			*1.7%*	*2.0%*	*2.0%*
Total Recovery %			*49.0%*	*65.3%*	*81.0%*

HMB7 Recovery

- HMB7 holders have a security interest directly on a piece of development land in Calgary's Beltline district
- The land is zoned for residential use and Homburg had originally planned to construct a pair of residential towers there ("Kai Mortensen Towers")
- Only the parking garage has been completed while the rest of the land remains vacant
- Kai Mortensen Towers are listed for sale at \$37.8MM (\$39.8MM less 5% broker fee)
- HMB7 holders would therefore receive \$18.9-\$37.8MM from their security and recover 26-52% on their deficiency claim (general unsecured recovery plus Taberna note subrogation)
- Total recovery of 50-89% of claim value

HMB7 (in C\$ 000s unless otherwise noted)					
Assets					
			Low	Mid	High
Property	Lender	Entity	50%	75%	100% of List Price
Kai Mortensen Towers, Calgary AB	HSBC	Homco 88 LP	18,905	28,358	37,810
Homco 88 HSBC Construction Financing					
Construction Financing			5,000	5,000	5,000
Total			5,000	5,000	5,000
Residual Value to HMB7			13,905	23,358	32,810
HMB7 Mortgage Bond Payable					
Mortgage Bond HMB7 (EUR 31.23mm) @ 1.3626 CAD/EUR			42,554	42,554	42,554
Accrued Interest HMB7 - 7.25% from 6/30/2011 to 9/9/2011			600	600	600
Total			43,154	43,154	43,154
Recovery			*32.2%*	*54.1%*	*76.0%*
Residual Value			\$13,905	\$23,358	\$32,810
Deficiency Claim			\$29,249	\$19,797	\$10,344
Deficiency Claim as % of Unsecured Pool			*3.7%*	*2.5%*	*1.3%*
Deficiency Claim Recovery (%)			*23.8%*	*34.2%*	*46.8%*
Deficiency Claim Recovery			\$6,957	\$6,766	\$4,836
Additional Recovery from Taberna Notes			\$717	\$722	\$537
HMB7 Total Recovery			\$21,579	\$30,845	\$38,183
Recovery from Residual Value			*32.2%*	*54.1%*	*76.0%*
Recovery from Deficiency Claim			*16.1%*	*15.7%*	*11.2%*
Additional Recovery from Taberna Notes			*1.7%*	*1.7%*	*1.2%*
Total Recovery %			*50.0%*	*71.5%*	*88.5%*

Property-by-Property Waterfall

Germany

- Campeon is not collateral for any Private Mortgage Notes and therefore its equity value flows entirely to the unsecured pool
  - As per *Corporate Structure*, the Campeon asset is held by MoTo Objekt Campeon, which in turn is owned by Valbonne Real Estate 5 BV, which in turn is owned by Homco 110 (of which Homburg is the sole LP). The Falcon loan is at the Valbonne Real Estate 5 BV level, not on the property itself
- Homco 98, units of which secure HMB6, is a shopping mall in suburban Germany. Catalyst, through extensive onsite due diligence, discovered its main tenant vacated the property and correctly determined it has no equity value (a view confirmed by the Monitor). There may be an opportunity to purchase direct property notes on the mall at a substantial discount

HII Waterfall Analysis
(C$ in 000s, unless otherwise indicated, as at September 30, 2012 or as per updated Monitor reports)

Germany		Low Case	Mid Case	High Case (BV)
Assets				
Property	Entity	NAV	NAV	NAV
AM Campeon 1, 1-12, 85579 Neubiberg (Munich), Germany	Homco 110 LP	456,350.40	481,703.20	507,056.00
Total CAD		456,350.40	481,703.20	507,056.00
Total EUR	1.34	340,560.00	359,480.00	378,400.00
AM Campeon Property Mortgage				
First Lien Mortgage Debt CAD[1]		321,483.42	321,483.42	321,483.42
First Lien Mortgage Debt EUR[1]	1.34	239,913.00	239,913.00	239,913.00
Recovery %		*100%*	*100%*	*100%*
Loan to Value	70%	*70%*	*67%*	*63%*
Irmtech Debt CAD[1]		4,250.48	4,250.48	4,250.48
Irmtech Debt EUR[1]	1.34	3,172.00	3,172.00	3,172.00
Recovery %		*100%*	*100%*	*100%*
Loan to Value	0%	*3%*	*2%*	*1%*
Remaining Residual Value CAD		130,616.50	155,969.30	181,322.10
Remaining Residual Value EUR		97,475.00	116,395.00	135,315.00
Equity Stake in LP[2]	100.00%	130,616.50	155,969.30	181,322.10
Equity Stake in LP	100.00%	97,475.00	116,395.00	135,315.00
Valbonne Real Estate 5 BV Secured Loan (2nd Lien Term Loan)[1]				
Second Lien Secured Loan CAD		32,239.11	32,239.11	32,239.11
Second Lien Secured Loan EUR	1.34	24,059.04	24,059.04	24,059.04
Fair Value Adjustment[3]				
Fair Value Adjustment CAD		-	-	-
Fair Value Adjustment EUR	1.34	-	-	-
Remaining Residual Value CAD		98,377.39	123,730.19	149,082.99
Remaining Residual Value EUR		73,415.96	92,335.96	111,255.96
Assets				
Property	Entity			NAV
Carat Park, Teucheler Weg / Feldstrasse, Lutherstadt, Wittenberg, Germany	Homco 98 LP	19,223.12	23,342.36	27,461.60
Total CAD		19,223.12	23,342.36	27,461.60
Total EUR	1.34	14,345.61	17,419.67	20,493.73
Homco 98 LP Mortgage				Principal
First Lien Mortgage Debt CAD[1]		27,716.56	27,716.56	27,716.56
First Lien Mortgage Debt EUR[1]	1.34	20,684.00	20,684.00	20,684.00
Recovery %		*69%*	*84%*	*99%*
Loan to Value	70%	*144%*	*119%*	*101%*
Remaining Residual Value CAD		-	-	-
Remaining Residual Value EUR		-	-	-
Mortgage Bond Payable				Principal
Mortgage Bond HMB6 CAD[4]		42,554	42,554	42,554
Accrued Interest HMB6 CAD[5]		621	621	621
Total CAD		43,175	43,175	43,175
Mortgage Bond HMB6 EUR[4]	1.3626	31,230	31,230	31,230
Accrued Interest HMB6 EUR[5]		456	456	456
Total EUR		31,686	31,686	31,686
Recovery including accrued interest%		*0%*	*0%*	*0%*
Remaining Residual Value CAD		-	-	-
Remaining Residual Value EUR		-	-	-
Undersecured HMB6 Bond Portion CAD		43,175	43,175	43,175
Undersecured HMB6 Bond Portion EUR		31,686	31,686	31,686

Germany (cont'd)

- Homco 69 and Homco 70 were collateral for HMB5; however, as noted above, HMB5 holders voted to release this security and therefore the equity value from those properties flows to the unsecured pool
    - As per *Corporate Structure*, Homco 69 owns Valbonne Real Estate 2 and Homco 70 owns Coet BV, which are the respective titleholders of their assets
- The highlighted portion at the bottom of the table indicates the residual value (assets less liens) from the Germany properties available to the unsecured pool

Germany		Low Case	Mid Case	High Case (BV)
Homco 69 LP				
Assets				
Property	Entity			NAV
Philippstrasse 3, Bochum, Germany	Homco 69 LP	41,432.80	46,571.70	51,710.60
Total CAD		41,432.80	46,571.70	51,710.60
Total EUR	1.34	30,920.00	34,755.00	38,590.00
Homco 69 LP				
First Lien Mortgage Debt CAD[1]		34,404.50	34,404.50	34,404.50
First Lien Mortgage Debt EUR[1]	1.34	25,675.00	25,675.00	25,675.00
Recovery %		*100%*	*100%*	*100%*
Loan to Value	70%	*83%*	*74%*	*67%*
Remaining Residual Value CAD		7,028.30	12,167.20	17,306.10
Remaining Residual Value EUR		5,245.00	9,080.00	12,915.00
HSH Bank Properties / Homco 70 LP				
Assets				
Property	Entity			NAV
Industriestrasse 19, Hassmersheim, Germany	Homco 70 LP	18,076.60	20,522.10	22,967.60
Elbestrasse 1-3, Marl, Germany	Homco 70 LP	9,862.40	11,048.30	12,234.20
Bienenbahn 26, Schwerte, Germany	Homco 70 LP	2,693.40	3,075.30	3,457.20
Wolfraamweg 2, Wolvega, The Netherlands	Homco 70 LP (1)	6,097.00	7,470.50	8,844.00
Total CAD		36,729.40	42,116.20	47,503.00
Total EUR	1.34	27,410.00	31,430.00	35,450.00
HSH 1st Lien Mortgage / Homco 70 LP[1]				
Total CAD		32,227.00	32,227.00	32,227.00
Total EUR	1.34	24,050.00	24,050.00	24,050.00
Recovery %		*100%*	*100%*	*100%*
Remaining Residual Value CAD		4,502.40	9,889.20	15,276.00
Remaining Residual Value EUR		3,360.00	7,380.00	11,400.00
Mortgage Bond Payable				Principal
Mortgage Bond HMB5 CAD[6]		27,266	27,266	27,266
Accrued Interest HMB5 CAD[5]		398	398	398
Total CAD		27,663	27,663	27,663
Mortgage Bond HMB5 EUR[6]	1.3626	20,010	20,010	20,010
Accrued Interest HMB5 EUR[5]		292	292	292
Total EUR		20,302	20,302	20,302
HMB5 Guarantee CAD[6]		3,065.85	3,065.85	3,065.85
HMB5 Guarantee EUR[6]		2,250.00	2,250.00	2,250.00
Undersecured HMB5 Bond Portion CAD		24,598	24,598	24,598
Undersecured HMB5 Bond Portion EUR		18,052	18,052	18,052
German Remaining Residual Value CAD		99,813.94	130,553.54	161,293.14
German Remaining Residual Value EUR		74,525.96	97,465.96	120,405.96

Note: Low/Mid/High values for H69 and H70 based on 12/31/12 DTZ appraisals. Low/Mid/High range for Campeon and H98 based on 90-100% of BV and 70-100% of BV, respectively.
(1) Source: Data Room amortization schedules.
(2) Assumes 100% is purchased.
(3) Adjustment for scheduled accounting depreciation of EUR48mm as per Information Circular dated March 5, 2013.
(4) Security consists of H61 and units of H71, H72, H73, H74, H76, H84, H85, H98 and H120.
(5) Accrued interest from 6/30/2011 to 9/9/2011 (filing date).
(6) HMB5 bondholders voted to release collateral in return for the Guarantee Payment.

Netherlands

- HMB6 has a claim on the equity of Homco 71, 72, 73, 74, 76, 84, 85 and 120 as noted above. These properties have no equity value and are being relinquished to their respective lenders
- HMB6's sole security is its claim on the assets of Homco 61, which comprise a receivable from HII – therefore, the recovery on this receivable will flow through to HMB6 as security
- Additionally, the two properties which HBOS/Lloyds is financing, Homco 86 and Homco 87, do have residual equity value (and will in fact form part of Newco's portfolio as noted earlier), so their equity value flows to the unsecured pool

Netherlands			Low Case	Mid Case	High Case (HV)
Assets					
Property		Entity			NAV
Mortgage Bond HMB6 Collateral [1]					
Industrielaan 24, Uden, The Netherlands		Homco 74 LP (1)	5,425.00	6,587.50	7,750.00
Mathildenlaan 1, Eindhoven, The Netherlands		Homco 85 LP (1)	24,290.00	29,495.00	34,700.00
Daalakkersweg 2-2a&8, Eindhoven, The Netherlands		Homco 76 LP (2)	5,684.00	6,902.00	8,120.00
Stationsplein 7-9, Groningen, The Netherlands		Homco 84 LP (1)	16,870.00	20,485.00	24,100.00
Meidoornkade 22-24, Houten, The Netherlands		Homco 71 LP (1)	3,430.00	4,165.00	4,900.00
Keesomlaan 6-10, Amstelveen, The Netherlands		Homco 120 LP (2)	8,190.00	9,945.00	11,700.00
Fortranweg 10, Amersfoort, The Netherlands		Homco 73 LP (2)	2,009.00	2,439.50	2,870.00
Industriestraat 6,8,10, Nunspeet/dorp, The Netherlands		Homco 72 LP (2)	1,197.00	1,453.50	1,710.00
Total CAD			67,095.00	81,472.50	95,850.00
Total EUR	1.34		50,070.90	60,800.37	71,529.85
Netherlands Mortgage Debt [4]					Principal
First Lien Mortgage Debt CAD [1]			206,703.70	206,703.70	206,703.70
First Lien Mortgage Debt EUR [1]	1.34		154,256.49	154,256.49	154,256.49
Recovery %			*32%*	*39%*	*46%*
Loan to Value			*308%*	*254%*	*216%*
Remaining Residual Value CAD			-	-	-
Remaining Residual Value EUR			-	-	-
H61 Receivable					Principal
Allocable to HMB6 - CAD [2]			55,920.88	55,920.88	55,920.88
Allocable to HMB6 - EUR [2]	1.34		41,732.00	41,732.00	41,732.00
Recovery - H61 Security (Receivable) CAD			13,301.53	19,111.44	26,144.81
Recovery - H61 Security (Receivable) EUR			9,926.52	14,262.27	19,511.05
Mortgage Bond Payable					Principal
Mortgage Bond HMB6 CAD [3]			43,174.82	43,174.82	43,174.82
Mortgage Bond HMB6 EUR [3]	1.3626		31,685.62	31,685.62	31,685.62
Recovery including accrued interest%			*0%*	*0%*	*0%*
Remaining Residual Value CAD			13,301.53	19,111.44	26,144.81
Remaining Residual Value EUR			9,926.52	14,262.27	19,511.05
Undersecured HMB6 Bond Portion CAD			29,873.29	24,063.38	17,030.01
Undersecured HMB6 Bond Portion EUR			21,759.10	17,423.34	12,174.56
HBOS Properties [4]					
Energieweg 9, Rotterdam, The Netherlands		Homco 87 LP (1)	9,112.00	11,658.00	14,204.00
Benthemstraat 10, Rotterdam, The Netherlands		Homco 86 LP (1)	12,663.00	16,984.50	21,306.00
Total CAD			21,775.00	28,642.50	35,510.00
Total EUR	1.34		16,250.00	21,375.00	26,500.00
			5,383.00	9,704.50	14,026.00
HBOS Mortgage Debt [4]					
First Lien Mortgage Debt CAD [4]			19,296.00	19,296.00	19,296.00
First Lien Mortgage Debt EUR [4]	1.34		14,400.00	14,400.00	14,400.00
Recovery %			*100%*	*100%*	*100%*
Loan to Value			*89%*	*67%*	*54%*
Remaining Residual Value CAD			2,479.00	9,346.50	16,214.00
Remaining Residual Value EUR			1,850.00	6,975.00	12,100.00

Netherlands (cont'd)

- The remaining properties in the Netherlands are all deeply distressed, with extremely high vacancy rates
- As a result, they are underwater and being relinquished to their respective bank lenders, so they will not contribute any value to any creditor recovery

Netherlands			Low Case	Mid Case	High Case (BV)
Assets					
Property[1]		Entity			NAV
Bruitensingel, Den Bosch, The Netherlands		Homco 142 LP (1)	4,464.38	6,378.40	7,504.00
Garden Court, Amsterdam, The Netherlands		Homco 142 LP (2)	7,973.00	11,390.00	13,400.00
Total CAD			12,437.88	17,768.40	20,904.00
Total EUR	1.34		9,282.00	13,260.00	15,600.00
FGB Mortgage Debt					
First Lien Mortgage Debt CAD[1]			25,178.60	25,178.60	25,178.60
First Lien Mortgage Debt EUR[1]	1.34		18,790.00	18,790.00	18,790.00
Recovery %			*49%*	*71%*	*83%*
Loan to Value			316%	221%	188%
Remaining Residual Value CAD			-	-	-
Remaining Residual Value EUR			-	-	-
Assets					
Property[1]		Entity			NAV
Beefaarts van Bloklandstraat 10-14, Tilburg, The Netherlands		Homco 114 LP (2)	4,614.96	5,603.88	6,592.80
Platinawerf 22, 6641 TL Beuningen, The Netherlands		Homco 123 LP (1)	8,160.60	9,909.30	11,658.00
Corkstraat 38-46, Sheffield Straat 21-39, Stuttgartstraat 30-34 Rotterdam, The Netherlands		Homco 113 LP (1)	8,273.16	10,045.98	11,818.80
Tarasconweg 2, Eindhoven, The Netherlands		Homco 111 LP (1)	6,097.00	7,403.50	8,710.00
Hoevenweg 11-11a, Eindhoven, The Netherlands		Homco 116 LP (1)	5,159.00	6,264.50	7,370.00
Hardwareweg 11, Amersfoort, The Netherlands		Homco 102 LP (1)	4,396.20	5,581.10	6,566.00
Wilhelminasingel 5, Roermond, The Netherlands		Homco 118 LP (2)	3,752.00	4,556.00	5,360.00
Gentsweg 5-19, Gouda, The Netherlands		Homco 115 LP (1)	3,376.80	4,100.40	4,824.00
Valkstraat 14, Sittard, The Netherlands		Homco 112 LP (1)	2,345.00	2,847.50	3,350.00
Wilhelminaplein 26-26a, Roermond, The Netherlands		Homco 117 LP (1)	1,688.40	2,050.20	2,412.00
Noorderpoort 33, Venlo, The Netherlands		Homco 119 LP (1)	1,688.40	2,050.20	2,412.00
Industrieweg 6-8,9, 't Harde, The Netherlands		Homco 92 LP	957.54	1,367.92	1,367.92
Nijverheidsweg 12, 't Harde, The Netherlands		Homco 92 LP (2)	957.54	1,367.92	1,367.92
Nijverheidsweg 14A, 't Harde, The Netherlands		Homco 92 LP (3)	957.54	1,367.92	1,367.92
Nijverheidsweg 18, 't Harde, The Netherlands		Homco 92 LP (3)	957.54	1,367.92	1,367.92
Nijverheidsweg 18A, 't Harde, The Netherlands		Homco 92 LP (3)	957.54	1,367.92	1,367.92
Nijverheidsweg 14, 't Harde, The Netherlands		Homco 92 LP (3)	957.54	1,367.92	1,367.92
Homburg Eastern European Fund		HEEF B.V.	-	-	-
Total CAD			55,496.77	68,620.06	79,281.10
Total EUR	1.34		41,415.50	51,209.00	59,165.00
Netherlands Mortgage Debt [4]					Principal
First Lien Mortgage Debt CAD[1]			101,081.56	101,081.56	101,081.56
First Lien Mortgage Debt EUR[1]	1.34		75,434.00	75,434.00	75,434.00
Recovery %			*55%*	*68%*	*78%*
Remaining Residual Value CAD			-	-	-
Remaining Residual Value EUR			-	-	-
Total Remaining Residual Value CAD			15,789.53	28,457.54	42,358.81
Total Remaining Residual Value EUR			11,776.52	21,237.27	31,611.05

(1) Source: Data Room. These properties are being relinquished to lenders due to negative equity value. Low and Mid values based on 70% and 85% of Book Value.
(2) Source: IC dated 4/18/13. HMB6 has a claim on H61's assets. H61 has a receivable due from HII which will participate in the general unsecured recovery and flow through to HMB6.
(3) Accrued interest from 6/30/2011 to 9/9/2011 (filing date).
(4) Source: Data Room. Low/Mid/High based on DTZ appraisals dated 12/31/2012.

Baltics

- The Baltic properties are financed under a single loan from SEB Bank and SEB is the primary tenant, resulting from a sale/leaseback of their portfolio
- The Baltic properties do have residual equity value and will form part of the Newco portfolio, and therefore their residual value flows to the unsecured pool

Baltics			Low Case	Mid Case	High Case (BV)
Assets					
Property[1]		Entity			NAV
Tornimae 2, Tallinn, Estonia		Homburg Baltic (ES) AST Investments UU	44,990.50	47,637.00	52,930.00
Unicentrs, Riga, Latvia		Homburg Baltic (LV) Investments UU	23,235.60	24,602.40	27,336.00
Laisves 75, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 1	4,556.00	4,824.00	5,360.00
Maironio 19, Kaunas, Lithuania		KUB Homburg LT Baltijos Investicijos 1	3,530.90	3,738.60	4,154.00
Tartu mnt. 13, Tallinn, Estonia		Homburg Baltic (ES) Investments UU	3,417.00	3,618.00	4,020.00
Laisves 82, Kaunas, Lithuania		KUB Homburg LT Baltijos Investicijos 2	7,859.10	8,321.40	9,246.00
Gedimino 10, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 1	9,112.00	9,648.00	10,720.00
Tilzes 157, Siauliai, Lithuania		KUB Homburg LT Baltijos Investicijos 2	3,872.60	4,100.40	4,556.00
Jogailos 9/1, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 1	7,973.00	8,442.00	9,380.00
Gedimino 12, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 2	8,770.30	9,286.20	10,318.00
Maleva 1, Tallinn, Estonia		Homburg Baltic (ES) Investments UU	774.32	820.08	911.20
Ukmerges 20, Panevezys, Lithuania		KUB Homburg LT Baltijos Investicijos 2	3,417.00	3,618.00	4,020.00
Riisti 40a, Parnu, Estonia		Homburg Baltic (ES) AST Investments UU	3,075.30	3,256.20	3,618.00
Bannicas iela 4/6, Liepaja, Latvia		Homburg Baltic (LV) Investments UU	1,480.70	1,567.80	1,742.00
Ozola iela 1, Gulbene, Latvia		Homburg Baltic (LV) Investments UU	683.40	723.60	804.00
Jogailos 9a, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 2	3,303.10	3,497.40	3,886.00
Aia 5, Valga, Estonia		Homburg Baltic (ES) AST Investments UU	1,082.05	1,145.70	1,273.00
Kestucio 38, Kaunas, Lithuania		KUB Homburg LT Baltijos Investicijos 2	1,366.80	1,447.20	1,608.00
Vamu 11, Paide, Estonia		Homburg Baltic (ES) AST Investments UU	820.08	868.32	964.80
Rigas iela 9, Saldus, Latvia		Homburg Baltic (LV) Investments UU	683.40	723.60	804.00
Zirmunu 70, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 2	569.50	603.00	670.00
Vaksali 2, Viljandi, Estonia		Homburg Baltic (ES) AST Investments UU	945.37	1,000.98	1,112.20
Basanaviciaus 51, Kedainiai, Lithuania		KUB Homburg LT Baltijos Investicijos 2	1,366.80	1,447.20	1,608.00
Burbos 3, Mazeikiai, Lithuania		KUB Homburg LT Baltijos Investicijos 2	569.50	603.00	670.00
Tallinna mnt. 28, Narva, Estonia		Homburg Baltic (ES) AST Investments UU	1,321.24	1,398.96	1,554.40
Pulko, Alytus, Lithuania		KUB Homburg LT Baltijos Investicijos 2	1,070.66	1,133.64	1,259.60
Brivibas iela 14, Dobele, Latvia		Homburg Baltic (LV) Investments UU	797.30	844.20	938.00
Vytauto 11, Marijampole, Lithuania		KUB Homburg LT Baltijos Investicijos 2	774.52	820.08	911.20
Turgaus 15, Klaipeda, Lithuania		KUB Homburg LT Baltijos Investicijos 1	1,195.95	1,266.30	1,407.00
Rotuses 8, Birzai, Lithuania		KUB Homburg LT Baltijos Investicijos 2	273.36	289.44	321.60
Tallinna mnt. 12, Rapla, Estonia		Homburg Baltic (ES) AST Investments UU	580.89	615.06	683.40
Pormalu iela 11, Jekabpils, Latvia		Homburg Baltic (LV) Investments UU	797.30	844.20	938.00
Rakvere 3a, Johvi, Estonia		Homburg Baltic (ES) AST Investments UU	774.52	820.08	911.20
Dzirnavu iela 5, Kuldiga, Latvia		Homburg Baltic (LV) Investments UU	478.38	506.52	562.80
Talsu iela 3, Preila, Latvia		Homburg Baltic (LV) Investments UU	318.92	337.68	375.20
Kuldigas iela 3, Ventspils, Latvia		Homburg Baltic (LV) Investments UU	569.50	603.00	670.00
Rigas iela 1, Sigulda, Latvia		Homburg Baltic (LV) Investments UU	398.65	422.10	469.00
Burtnieku iela 8, Limbazi, Latvia		Homburg Baltic (LV) Investments UU	284.75	301.50	335.00
Utenio 15, Utena, Lithuania		KUB Homburg LT Baltijos Investicijos 2	535.33	566.82	629.80
Rigas iela 25, Valka, Latvia		Homburg Baltic (LV) Investments UU	136.68	144.72	160.80
Lacplesa iela 2, Aizkraukle, Latvia		Homburg Baltic (LV) Investments UU	250.58	265.32	294.80
Berzpils iela 6, Balvi, Latvia		Homburg Baltic (LV) Investments UU	227.80	241.20	268.00
Saltoniskiu 29, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 2	273.36	289.44	321.60
Studentu iela 2, Kraslava, Latvia		Homburg Baltic (LV) Investments UU	250.58	265.32	294.80
Aia 1, Jogeva, Estonia		Homburg Baltic (ES) AST Investments UU	227.80	241.20	268.00
Turgaus 19, Klaipeda, Lithuania		KUB Homburg LT Baltijos Investicijos 1	512.55	542.70	603.00
Turgaus 17, Klaipeda, Lithuania		KUB Homburg LT Baltijos Investicijos 1	512.55	542.70	603.00
Joniskis, Lithuania		KUB Homburg LT Baltijos Investicijos 2	91.12	96.48	107.20
Vokiecia 9, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 2	1,241.51	1,314.54	1,460.60
Daran 13, Klaipeda, Lithuania		KUB Homburg LT Baltijos Investicijos 2	1,537.65	1,628.10	1,809.00
Kalvariju 98, Vilnius, Lithuania		KUB Homburg LT Baltijos Investicijos 2	284.75	301.50	335.00
Keskvaljak 7, Kardla, Estonia		Homburg Baltic (ES) AST Investments UU	113.90	120.60	134.00
Liela iela 11, Kandava, Latvia		Homburg Baltic (LV) Investments UU	68.34	72.36	80.40
Total CAD			153,354.96	162,375.84	180,417.60
Total EUR	1.34		114,444.00	121,176.00	134,640.00
SEB Baltic State Mortgage Debt[2]					Principal
First Lien Mortgage Debt CAD[2]			134,000.00	134,000.00	134,000.00
First Lien Mortgage Debt EUR[2]	1.34		100,000.00	100,000.00	100,000.00
Recovery %			*100%*	*100%*	*100%*
SEB Baltic State Fair Value Adjustment[3]					
Fair Value Adjustment CAD[3]			10,687.84	10,687.84	10,687.84
Fair Value Adjustment EUR[3]	1.34		7,976.00	7,976.00	7,976.00
Remaining Residual Value CAD			8,667.12	17,688.00	35,729.76
Remaining Residual Value EUR			6,468.00	13,200.00	26,664.00

(1) Book value based on Information Circular dated April 18, 2013.

(2) Mortgage debt based on book value EUR118mm balance at Q3/12, less EUR15mm payment to SEB and 3mm amortization. Note that this does not reconcile with Newco's pro-forma balance sheet, which measures the debt at fair value.

(3) Reflects loss on disposal of Baltic assets to reflect "true" fair value.

U.S.

- The U.S. portfolio is currently listed for sale for a total of $18MM. None of the properties are collateral for any of Homburg's bonds
- It has positive overall equity value; however, it will not form a part of Newco, which will be entirely focused on Europe
- Net proceeds from the sale of these assets will secure the Non-Core Property Notes, and eventually fund distributions to unsecured creditors from their realization

North America USA			Low Case (BV) 50%	Mid Case 75%	High Case List Price
Assets					
Property[(1)]		Entity			NAV
669 Airport Freeway, Hurst, Texas, USA		Homburg Holdings (US) Inc	1,441.68	2,162.52	2,883.35
555 East pikes Peak Avenue, Colorado Springs,Colorado, USA		Homburg Holdings (US) Inc	1,455.41	2,183.12	2,910.82
559 East pikes Peak Avenue, Colorado Springs,Colorado, USA		Homburg Holdings (US) Inc	1,132.53	1,698.79	2,265.05
557 East pikes Peak Avenue, Colorado Springs,Colorado, USA		Homburg Holdings (US) Inc	1,006.73	1,510.09	2,013.46
3740 Colony Drive, San Antonio, Texas, USA		Homburg Holdings (US) Inc	839.43	1,259.15	1,678.86
10800 and 10829 Hillpoint Drive, San Antonio,Texas, USA		Homburg Holdings (US) Inc	824.31	1,236.46	1,648.61
4718 and 4738 Cotton Belt Drive, San Antonio,Texas, USA		Homburg Holdings (US) Inc	492.14	738.21	984.28
15510 Lexington Boulevard, Sugarland, Texas, USA		Homburg Holdings (US) Inc	581.13	871.69	1,162.25
8400 Blanco Road, San Antonio, Texas, USA		Homburg Holdings (US) Inc	536.93	805.39	1,073.86
3535 Van Teylingen Drive, Colorado Springs,Colorado, USA		Homburg Holdings (US) Inc	409.00	613.51	818.01
4375 Hilton Parkway, Colorado Springs, Colorado, USA		Homburg Holdings (US) Inc	280.72	421.08	561.44
Total CAD			9,000.00	13,500.00	18,000.00
Total USD	1.00		9,026.38	13,539.26	18,052.35
US Mortgage Debt					Principal
First Lien Mortgage Debt CAD			4,867.00	4,867.00	4,867.00
First Lien Mortgage Debt USD	1.00		4,881.16	4,881.16	4,881.16
Recovery %			*100%*	*100%*	*100%*
Remaining Residual Value CAD			4,133.00	8,633.00	13,133.00
Remaining Residual Value USD			4,145.02	8,658.11	13,171.20
Total Remaining Residual Value CAD			4,133.00	8,633.00	13,133.00
Total Remaining Residual Value USD			4,145.02	8,658.11	13,171.20

(1) US properties are listed for a total of $18mm. Values have been allocated by square footage.

Canada

- The Canadian portfolio comprises development properties in Alberta, and condominiums in Alberta, PEI and Nova Scotia. It has positive overall equity value; however, it will not form a part of Newco, which will be entirely focused on Europe
- As noted earlier, HMB4 holds a direct claim on Homburg Springs West, while Kai Mortensen Towers are collateral for HMB7, and therefore their net proceeds are applied directly to repayment of those series
- The difference between the residual value of those properties and the HMB claim value is the undersecured portion, or deficiency claim

Canada As % of Listing Price		Low Case 50%	Mid Case 75%	High Case (BV) 100%
Mortgage Bond HMB4 Collateral [1]				
Assets				
Property	**Entity**			**NAV**
Homburg Springs, Calgary AB. NW quarter of Section Eleven, Township 26, Range 1, Calgary AB	Homco 52 LP	6,650.00	9,975.00	13,300.00
Total CAD		6,650.00	9,975.00	13,300.00
Mortgage Bond Payable				**Principal**
Mortgage Bond HMB4 CAD (EUR 20.01mm) [2]	1.3626	27,265.63	27,265.63	27,265.63
Accrued Interest HMB4 CAD [4]		397.78	397.78	397.78
Total CAD		27,663.41	27,663.41	27,663.41
Recovery %		*24%*	*36%*	*48%*
Remaining Residual Value HMB4 CAD				
Undersecured HMB4 Bond Portion CAD		**21,013.42**	**17,688.41**	**14,363.41**
Mortgage Bond HMB5 Collateral [2]				
Homburg Gateway to North, Calgary, AB	Homco 53 LP	-	-	-
Total CAD		-	-	-
Mortgage Bond Payable				**Principal**
Residual Mortgage Bond HMB5 CAD (EUR 20.01mm) [2]		24,597.56	24,597.56	24,597.56
Recovery %		*0%*	*0%*	*0%*
Remaining Residual Value HMB5 CAD				
Undersecured HMB5 Bond Portion CAD		**24,597.56**	**24,597.56**	**24,597.56**
Mortgage Bond HMB7 Collateral [4]				
Assets				
Property	**Entity**			**NAV**
TBD	Homco 62 LP			-
Total CAD		-	-	-
Remaining Residual Value CAD		-	-	-
Kai Mortensen Towers, Calgary AB	Homco 88 LP	18,905.00	28,357.50	37,810.00
Total CAD		18,905.00	28,357.50	37,810.00
Homco 88 LP HSBC Construction Financing				**Principal**
Construction Financing CAD [1]		5,000.00	5,000.00	5,000.00
Recovery %		*100%*	*100%*	*100%*
Remaining Residual Value CAD		13,905.00	23,357.50	32,810.00
Homco 88 LP Trade Payables and Other Creditors		-	-	-
Remaining Residual Value CAD		13,905.00	23,357.50	32,810.00
Residual Value to HMB7 CAD		**13,905.00**	**23,357.50**	**32,810.00**
Mortgage Bond Payable				**Principal**
Mortgage Bond HMB7 CAD (EUR 31.23mm) [1]	1.3626	42,554.00	42,554.00	42,554.00
Accrued Interest HMB7 CAD [1]		600.13	600.13	600.13
Total CAD		43,154.13	43,154.13	43,154.13
Recovery %		*32%*	*54%*	*76%*
Remaining Residual Value HMB7 CAD				
Undersecured HMB7 Bond Portion CAD		**29,249.13**	**19,796.63**	**10,344.13**

Canada (cont'd)

- The remaining Canadian properties are not collateral for any of Homburg's bond series and therefore any residual value from the net proceeds of their sale will flow to the unsecured pool
- Henderson Farms has no equity value and is being relinquished to its lender, HSBC

Canada As % of Listing Price		Low Case 50%	Mid Case 75%	High Case (BV) 100%
Assets				
Property	Entity			NAV
Residence-Eau Claire (Condos), 307-6th Street SW, Calgary AB - 40 units total	Churchill Estates Development Ltd	2,476.00	3,714.00	4,952.00
Total CAD		2,476.00	3,714.00	4,952.00
Remaining Residual Value CAD		2,476.00	3,714.00	4,952.00
Churchill Trade Payables		118.90	118.90	118.90
Churchill Other Creditors		439.21	439.21	439.21
Total Churchill Trade and Other Unsecured Creditors		558.11	558.11	558.11
Recovery %		*100%*	*100%*	*100%*
Remaining Residual Value CAD		1,917.89	3,155.89	4,393.89
Henderson Farms, AB	Homco 121 LP			
Total CAD		-	-	-
Homco 121 LP HSBC Construction Financing				Principal
Construction Financing CAD(1)		6,575.00	6,575.00	6,575.00
Recovery %		*0%*	*0%*	*0%*
Remaining Residual Value CAD		-	-	-
200 Lougheed Dr., Fort McMurray, AB	Homco 122 LP	3,289.84	4,934.77	6,579.69
Total CAD		3,289.84	4,934.77	6,579.69
Homco 122 LP Mortgage Financing				
Mortgage Financing CAD(1)		6,340.00	6,340.00	6,340.00
Recovery %		*52%*	*78%*	*100%*
Remaining Residual Value CAD		-	-	239.69
Cristal Towers, Calgary AB	Homco 105 LP	4,037.50	6,056.25	8,075.00
Total CAD		4,037.50	6,056.25	8,075.00
Homco 105 LP HSBC Construction Financing				
Construction Financing CAD(1)		4,772.00	4,772.00	4,772.00
Recovery %		*85%*	*100%*	*100%*
Remaining Residual Value CAD		-	1,284.25	3,303.00
Pointe North, Calgary, AB	Homco 96 LP	15,200.00	22,800.00	30,400.00
Total CAD		15,200.00	22,800.00	30,400.00
Homco 96 LP & NCLL HSBC Construction Financing				
Construction Financing CAD(1)		7,250.00	7,250.00	7,250.00
Remaining Residual Value CAD		7,950.00	15,550.00	23,150.00
Castello Towers (Condos), 522A & 526 - 12th Av SW, Calgary, AB - 104 units total	Castello Development Ltd	693.75	1,040.63	1,387.50
Homburg Springs West, NW 1/4 Section 10, Township 26, Range 1, Calgary AB	Homco 94 LP	6,412.50	9,618.75	12,825.00
135 - 137 Pownal Street, Charlottetown, PEI	Homco 83 LP	3,006.25	4,509.38	6,012.50
Total CAD		10,112.50	15,168.75	20,225.00
Remaining Residual Value CAD		10,112.50	15,168.75	20,225.00
Total Remaining Residual Value CAD		19,960.39	35,158.89	51,311.58

(1) Source: Sedar, Monitors Creditor List and 2nd & 10th reportMonitor's Report
(2) Source: CCAA filings. Mortgage Bonds also have a corporate guarantee from HIL
(3) Accrued Interest 6/30/2011 to 3/31/2013.

8. Capital Structure Summary

- Terms of the Company's key debt securities are mortgages are summarized below

Bonds

Series	HMB4	HMB5	HMB6	HMB7
Type	Private Mortgage Notes			
Issuer	Homburg Shareco Inc.			
Guarantor	Homburg Invest Inc.			
Amount	€ 20,010,000	€ 20,010,000	€ 31,230,000	€ 31,230,000
Coupon	7.50%	7.50%	7.50%	7.25%
Maturity Date	30-Nov-11	31-Dec-11	30-Jun-12	30-Jun-12
Rank / Security	1st Lien on assets of Homco 52 (Homburg Springs West)	Security released at bondholder vote in return for €2.25MM guarantee payment from Homburg	1st Lien: Homco 61 Units of: Homco 71, 72, 73, 74, 76, 84, 85, 120	1st Lien on assets of Homco 88 (Kai Mortensen Towers)

Series	HB8	HB9	HB10	HB11
Type	Private Unsecured Notes			
Issuer	Homburg Invest Inc.			
Guarantor	n/a			
Amount	€ 50,010,000	€ 60,000,000	€ 100,005,000	€ 100,005,000
Coupon	7.00%	7.00%	7.25%	7.25%
Maturity Date	31-May-13	31-Oct-13	28-Feb-14	31-Jan-15
Rank / Security	Senior Unsecured			

Mortgages

Property	Homco 69	Homco 70	Homco 86	Homco 87
Borrower	Valbonne Real Estate 2 BV	Coet BV	Homco Realty Fund (86) BV	Homco Realty Fund (87) BV
Lender	NIBC Bank NV	HSH Nordbank	HBOS (now Lloyds)	
Rank	First Lien	First Lien	First Lien	First Lien
Remaining Amount	€ 25,950,000	€ 24,100,000	€ 9,251,877	€ 4,988,123
Interest Rate	5.22%	EURIBOR +4%	EURIBOR +1.25%	EURIBOR +1.25%
Maturity Date	1-Jun-14	28-Oct-15	22-Jun-16	22-Jun-16
Annual Amortization	€ 1,100,000	€ 282,000	€ 207,192	€ 112,104
Additional Notes	n/a	Not yet finalized. Terms reflect what is likely to be agreed upon	Cross-Default with each other	

Property	Homco 110	Homco 110	Homco 110
Borrower	MoTo Objekt Campeon	MoTo Objekt Campeon	Valbonne Real Estate 5 BV
Lender	Bayerische Landesbank	Imtech Ict Financial	Falcon Bank
Rank / Collateral	First Lien	Second Lien	Share Pledge
Remaining Amount	€ 24,534,404	€ 3,652,416	€ 25,309,037
Interest Rate	4.90%	8.44%	LIBOR +8%
Maturity Date	16-Oct-20	31-Dec-15	1-Mar-18
Annual Amortization	€ 4,861,920	€ 1,361,952	€ 5,000,000
Additional Notes	n/a	n/a	Not yet finalized. Terms reflect what is likely to be agreed upon

9. Operating and Credit Statistics

Operating Summary (C$ Thousands)				LTM	3 Months Ending			
Notes	31-Dec-09	31-Dec-10	31-Dec-11	30-Sep-12	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Revenue and Sale of Properties Developed for Resale	$285,853	$148,065	$139,966	$136,350	$33,507	$35,794	$36,632	$30,417
Operating Expenses and Cost of Sales	$190,320	$46,997	$37,958	$41,395	$9,033	$10,946	$12,152	$9,264
Gross Income from Operations	**$95,533**	**$101,068**	**$102,008**	**$94,955**	**$24,474**	**$24,848**	**$24,480**	**$21,153**
General and Administrative	$14,238	$14,820	$24,728	$20,643	$9,984	$3,997	$3,480	$3,182
Expenses Relating to CCAA Filings	-	-	$13,151	$35,002	$10,733	$8,238	$6,974	$9,057
EBITDA	**$81,295**	**$86,248**	**$64,129**	**$39,310**	**$3,757**	**$12,613**	**$14,026**	**$8,914**
(Impairment) of Properties Under Development	($27,779)	($7,811)	($2,455)	($2,682)	($2,455)	($666)	$424	$15
Change in FV of Investment Properties	($312,227)	($40,231)	($196,391)	($317,873)	($193,661)	($5,920)	($102,334)	($15,958)
Change in FV of Properties Held for Sale	-	$9,109	($15,116)	($15,175)	($15,116)	($59)	-	-
Change in FV of Properties Under Development	($48,707)	($16,777)	($58,957)	($10,838)	($49,846)	$6,522	($7,460)	($54)
Change in FV of Trading Financial Assets	($1,187)	$88	$32,490	$18,782	$18,764	$93	($41)	($34)
Change in FV of Derivatives	($7,486)	($677)	($5,299)	($8,248)	($1,579)	($907)	($3,711)	($2,051)
EBIT	**($316,891)**	**$29,959**	**($181,599)**	**($336,724)**	**($240,136)**	**$11,676**	**($99,096)**	**($9,168)**
Interest Expense	$124,614	$110,648	$103,436	($28,345)	$16,162	($15,828)	($13,794)	($14,885)
Net Income (Loss)	($449,262)	($88,054)	($360,306)	($385,869)	($249,380)	($11,857)	($103,276)	($21,356)
Capital Expenditures	($1,951)	($1,908)	($2,584)	($2,062)	($413)	($276)	($1,073)	($300)
Cash from Operations	$57,682	($16,518)	($9,254)	($23,140)	($27,520)	($465)	($479)	$5,322
Cash from Investing	($53,016)	$66,680	$58,972	$49,769	$9,774	$15,416	$16,251	$8,328
Cash from Financing	$11,544	($69,114)	($42,812)	($54,033)	($8,504)	($16,600)	($22,826)	($6,103)

Balance Sheet (C$ Thousands)				LTM				
Notes	31-Dec-09	31-Dec-10	31-Dec-11	30-Sep-12	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Assets								
Non-Current								
Investment Properties	$2,739,415	$1,401,727	$1,224,291	$1,028,011	$1,224,291	$1,226,591	$1,090,479	$1,028,011
Investment Properties Under Development	$245,896	$217,363	$143,768	$141,260	$143,768	$148,720	$141,310	$141,260
Investments, at Fair Market Value	$27,942	$8,864	$28,278	$7,193	$28,278	$7,605	$7,365	$7,193
Investment in an Associate, Equity	-	$191,702	-	-	-	-	-	-
Restricted Cash	$23,159	$4,088	$8,314	$118,466	$8,514	$143,719	$126,224	$118,466
Deferred Tax Assets	$26,715	$8,316	$950	-	$950	$375	$35	-
Current								
Cash and Cash Equivalents	$32,569	$13,617	$20,523	$19,369	$20,523	$18,876	$11,822	$19,369
Investment, at Fair Market Value (Current)	-	-	$120,222	-	$120,222	-	-	-
Properties under Development for Resale	$73,957	$36,932	$26,487	$15,961	$26,487	$22,805	$16,915	$15,961
Receivables and Other	$49,659	$36,025	$31,472	$14,127	$31,472	$30,668	$32,638	$14,127
Assets Classified as Held for Sale	$72,957	$144,247	$123,742	$135,854	$123,742	$115,319	$116,247	$135,854
Total Assets	**$3,292,349**	**$2,062,881**	**$1,728,247**	**$1,480,241**	**$1,728,247**	**$1,714,678**	**$1,543,035**	**$1,480,241**
Liabilities								
Non-Current Liabilities								
Long Term Debt	$2,017,440	$1,433,340	$595,324	$392,069	$595,324	$594,490	$485,317	$392,069
Derivative Financial Instruments	$24,045	$21,847	-	-	-	-	-	-
Deferred Tax Liabilities	$31,474	$40,055	$22,152	$19,173	$22,152	$22,244	$19,442	$19,173
Other Liabilities	$12,838	$10,340	-	-	-	-	-	-
Provisions	$17,124	$10,287	$869	$3,166	$869	$708	$708	$3,166
Total Non-Current Liabilities	**$2,102,921**	**$1,515,869**	**$618,345**	**$414,408**	**$618,345**	**$617,442**	**$505,467**	**$414,408**
Current Liabilities								
Accounts Payable and Other Liabilities	$195,891	$102,783	$62,210	$35,475	$62,210	$56,975	$43,128	$35,475
Income Taxes Payable	$13,760	$8,243	$5,491	$3,195	$5,491	$5,913	$5,581	$3,195
Construction Financing	$94,999	$40,231	$7,414	-	$7,414	$7,253	-	-
Current Portion of Long Term Debt	$624,284	$185,168	$392,343	$480,505	$392,343	$387,998	$453,307	$480,505
Provisions	$16,965	$16,922	$3,624	-	$3,624	$3,372	$2,607	-
Derivative Financial Instruments	-	-	$26,850	$32,284	$26,850	$27,962	$30,771	$32,284
Liabilities Subject to Compromise	-	-	$794,383	$807,474	$794,383	$807,980	$808,504	$807,474
Liabilities Associated with Assets Held for Sale	$43,358	$91,989	$87,936	$122,371	$87,936	$81,833	$83,122	$122,371
Total Current Liabilities	**$989,257**	**$445,336**	**$1,380,251**	**$1,481,304**	**$1,380,251**	**$1,379,286**	**$1,427,020**	**$1,481,304**
Total Liabilities	**$3,092,178**	**$1,961,205**	**$1,998,596**	**$1,895,713**	**$1,998,596**	**$1,996,728**	**$1,932,487**	**$1,895,712**
Total Debt	**$2,736,723**	**$1,658,739**	**$1,789,464**	**$1,680,048**	**$1,789,464**	**$1,797,721**	**$1,747,128**	**$1,680,048**
Shareholder's Equity	**$200,071**	**$101,676**	**($270,349)**	**($415,471)**	**($270,349)**	**($282,050)**	**($389,452)**	**($415,471)**

Credit Statistics (C$ Thousands)				LTM	3 Months Ending			
	31-Dec-09	31-Dec-10	31-Dec-11	30-Sep-12	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Sales Growth	NA	(48.2%)	(5.5%)	NA	NA	6.8%	2.3%	(17.0%)
Gross Margin	33.4%	68.3%	72.9%	69.6%	73.0%	69.4%	66.8%	69.5%
SG&A / Sales	-	-	9.4%	25.7%	32.0%	23.0%	19.0%	29.8%
EBITDA / Sales	28.4%	58.3%	45.8%	28.8%	11.2%	35.2%	38.3%	29.3%
EBITDA / Interest Expense	0.7x	0.8x	0.6x	(1.4x)	0.2x	(0.8x)	(1.0x)	(0.6x)
(Total Debt - Cash) / EBITDA	33.3x	19.1x	27.6x	16.6x	NA	NA	NA	NA
(Total Debt - Cash) / (EBITDA - Capex)	34.1x	19.5x	28.7x	15.8x	NA	NA	NA	NA
Net Investment in Working Capital	($146,252)	($66,758)	($30,738)	($243,616)	($30,738)	($26,307)	($10,490)	($21,348)

10. Review of Historical Asset Values

Catalyst Capital Group Summary - Quarterly Asset Movements							
(C$ millions, unless otherwise indicated)							Change since
	Q3 2011	Q4 2011	2011	Q1 2012	Q2 2012	Q3 2012	CCAA Filing
Germany - EUR	558.70	505.91	505.91	505.30	490.85	487.87	
# of Investment Properties	16	16	16	16	16	16	0
Total Change in Value - EUR	(0.19)	(52.80)	(58.90)	(0.61)	(14.46)	(2.98)	(70.84)
% of Assets	*0.0%*	*-9.5%*	*-10.4%*	*-0.1%*	*-2.9%*	*-0.6%*	*-12.5%*
Netherlands - EUR	321.25	242.96	242.96	249.19	216.15	187.07	
# of Investment Properties	32	32	32	32	32	32	0
Total Change in Value - EUR	(0.01)	(78.29)	(76.07)	6.23	(33.04)	(29.08)	(134.18)
% of Assets	*0.0%*	*-24.4%*	*-23.8%*	*3.6%*	*-13.3%*	*-13.5%*	*-39.0%*
Baltics - EUR	164.12	154.98	154.98	145.00	114.94	114.04	
# of Investment Properties	53	53	53	53	53	53	0
Total Change in Value - EUR	1.00	(9.13)	(2.15)	(9.98)	(30.07)	(0.89)	(50.07)
% of Assets	*0.6%*	*-5.6%*	*-1.4%*	*-6.4%*	*-20.7%*	*-0.8%*	*-32.1%*
Total European Assets - EUR	1,044.07	903.85	903.85	899.50	821.93	788.98	
# of Investment Properties	101	101	101	101	101	101	0
Total Change in Value - EUR	0.80	(140.23)	(137.12)	(4.35)	(77.56)	(32.95)	(255.09)
% of Assets	*0.1%*	*-13.4%*	*-13.2%*	*-0.5%*	*-8.6%*	*-4.0%*	*-23.9%*
Total North America	30.90	30.50	30.50	30.00	30.70	29.70	
# of Investment Properties	12	12	12	12	12	12	0
Total Change in Value - CAD	9.60	(0.40)	8.70	(0.50)	0.70	(1.00)	(1.20)
% of Assets	*45.1%*	*-1.3%*	*39.9%*	*-1.6%*	*2.3%*	*-3.3%*	*-3.2%*
Total # of Investment Properties	113	113	113	113	113	113	0
Total Investment Properties - CAD	1,497.30	1,224.30	1,224.30	1,226.60	1,090.50	1,028.00	(469.30)
Investment Properties Under Development - CAD	197.58	143.77	143.77	148.72	141.31	141.26	(56.32)
Properties under development for resale	30.99	26.49	26.49	22.81	16.92	15.96	(15.03)
Total Assets - CAD	**2,099.15**	**1,728.26**	**1,728.26**	**1,714.69**	**1,543.24**	**1,480.23**	**(618.92)**
% Change in Total Assets		**-18%**	**-16%**	**-1%**	**-10%**	**-14%**	**-29%**

11. Summary / Issues / Next Steps

Summary

- Catalyst believes the fundamental value of the Company's core assets, which are being transferred to Newco, have been overlooked due to its fragmented investor base, complex capital structure, and history of mismanagement
- Catalyst had been tracking Homburg for 2 years, and used its unique understanding of the situation to insert itself into the process by purchasing notes privately and via a tender offer
  - The Monitor's recovery indications have confirmed Catalyst's thesis around value, as the cash-on-cash multiple for claims already owned by Catalyst is 1.7x-4.2x based on these indications
- Catalyst's involvement and activist strategy culminated in it being named Plan Sponsor, whereby it is offering an equity buy-out of existing bondholders valuing the Newco at €95,000,000 versus the Monitor's estimated book value of €160-165MM representing a potential immediate cash-on-cash return on 1.7x
- Potential for a 4x-5x cash-on-cash return based on peer multiples, with downside limited due to intrinsic value of one of Newco's key assets

Issues

- The Trustee's enmity towards Catalyst may create an obstacle in getting holders of the Private Mortgage Notes and Private Unsecured Notes to sell their Newco equity to Catalyst. Catalyst has mitigated this risk through a pre-planned publicity strategy to separately market its cash-out option directly to bondholders
- Catalyst may, at first, be a minority (albeit the controlling) shareholder of Newco
  - Catalyst has added protections to its deal as Plan Sponsor (ensuring itself a board seat, an independent nominee, and setting up to backstop an equity deal via the inclusion of pre-emptive rights which are unlikely to be exercised by the other shareholders), but must be prepared to initially work with the Trustee, who will also be on the board
- A large portion of Newco's asset and equity value will be in a single asset (Campeon)
  - Catalyst believes the risk can be mitigated by properly capitalizing the Company and growing its asset base to minimize concentration risk

Next Steps

- Co-opting the Trustee in parallel with media strategy: Utilize its distribution channels to disseminate Catalyst's message to bondholders in a simple, friendly, informative manner
- Work with Heidrick & Struggles to finalize and select board and management team members
- Continue to craft Newco's initial strategy and business plan, with a view to stabilizing the Company's core assets and aggressive growth through opportunistic asset acquisitions
- Build acquisition and growth targets and geographic areas through multiple sourcing channels

12. Appendix

Newco Property Summary

Germany

Homco Realty Fund (69) LP

- Philippstrasse 3, Bochum, Germany
  - Leased to Veba Immobilien AG, the property is located in Bochum-Altenbochum and is close to several highway connections including BAB 40 and 43. The complex offers easy access by both car and public transportation. The site contains approximately 5 acres. The building provides total leaseable space of 285,461 square feet and has 250 parking spaces. It is a well maintained office complex fitted out to a high standard

Homco Realty Fund (70) LP

- Elbestrasse 1-3, Marl, Germany
  - Located in the industrial section of Marl-West, the property is close to highway connections A43-A2 and contains land area of approximately 7.5 acres. The building provides 169,178 square feet leaseable. It is a well maintained property consisting of office and warehouse/distribution space, fitted out to good and functional standards
- Binnerheide 26, Schwerte, Germany
  - The property is centrally located in an industrial area of Binnerheide Schwerte and is well connected to the German motorway system. The site contains approximately 10 acres. The building provides a leaseable area of 54,584 square feet and is a well maintained mixed use property consisting of office and storage space
- Industriestrasse 19, Hassmersheim, Germany
  - The property is centrally located in an industrial area of Hassmersheim and is well connected to the German motorway system and to the river Neckar. The property contains approximately 18 acres. The building contains a total leaseable area of 304,567 square feet and is a well maintained mixed use property consisting of office and storage space

Homco Realty Fund (110) LP

- AM Campeon 1-12, Neubiberg (Munich), Germany
  - Leased to Infineon Technologies AG, this property comprises six low-rise buildings containing nearly 1.5 million square feet. It is Homburg's (and Newco's) largest and most valuable asset

The Netherlands

Homco Realty Fund (70) LP

- Wolfraamweg 2, Wolvega, Netherlands
  - Leased to Motip Dupli Group B.V., the property is centrally located in an industrial area of Wolvega and is well connected to the Dutch Highway system. The building provides gross leaseable area of 191,836 square feet consisting of warehouse and office space

Homco Realty Fund (86) LP

- Benthemstraat 10, Rotterdam, Netherlands

- o Leased to David Lloyd Fitness and used as a fitness center. 104,637 square foot building constructed in 1969 with 75,670 square feet leaseable. Renovations were carried out in 1999 and 2002

Homco Realty Fund (87) LP

- Energieweg 9, Rotterdam, Netherlands
    - o Leased to David Lloyd Fitness and used as a fitness center. 35,306 square foot building constructed in 2002-2003

Lithuania

KUB Homburg LT Baltijos Inveticijos 1

- Laisvės 75, Vilnius, Lithuania
    - o Site consists of approximately 107,639 square feet. There is a two storey warehouse building with office premises totalling approximately 69,215 square feet. The remaining area of the site is occupied by a car park
- Jogailos 9/1, Vilnius, Lithuania
    - o Site consists of approximately 10,118 square feet. The four storey office building is occupied by SEB Bank and comprises approximately 33,648 square feet. There is also a yard and a car park
- Gedimino 10, Vilnius, Lithuania
    - o Site consists of approximately 50,127 square feet. The three storey office building is currently leased to SEB Bank and consists of approximately 39,116 square feet
- Maironio 19, Kaunas, Lithuania
    - o Site consists of approximately 19,342 square feet. The four storey retail building is a modern shopping centre with approximately 54,706 square feet
- Turgaus 15, Klaipėda, Lithuania
    - o Site consists of approximately 11,528 square feet. The two storey office building with basement is occupied by SEB Bank with a total of approximately 9,957 square feet
- Turgaus 19, Klaipėda, Lithuania
    - o Site consists of approximately 11,528 square feet. The three storey office building with basement and attic consists of approximately 2,838 square feet and is leased to SEB Bank
- Turgaus 17, Klaipėda, Lithuania
    - o Site consists of approximately 11,528 square feet. The three storey office building with basement and attic comprises approximately 2,430 square feet

KUB Homburg LT Baltijos Inveticijos 2

- Gedimino 12, Vilnius, Lithuania
    - o Site consists of approximately 26,866 square feet. The five storey administrative building with basement and attic is mainly office space with approximately 32,389 total square feet and is occupied by SEB Bank
- Vokieciu 9, Vilnius, Lithuania
    - o The building was constructed in 1959 and renovated in 2000. The three storey residential building has commercial premises on the ground floor. Commercial premises consist of approximately 2,090 square feet
- Laisves 82, Kaunas, Lithuania

  - Site consists of approximately 41,850 square feet. The three storey modern office building with basement and attic houses mainly offices, with the main tenant being SEB Bank
- Tilzes 157, Siauliai, Lithuania
  - Site consists of approximately 33,894 square feet. The three storey commercial building houses SEB Bank with the remaining areas leased to other tenants. There is also a car park for approximately 60 cars
- Ukmerges 20, Panevezys, Lithuania
  - Site consists of approximately 28,222 square feet. The four storey with basement commercial building houses SEB Bank with a total of 22,799 square feet. The property also has a car park
- Burbos 3, Maziekiai, Lithuania
  - Site consists of approximately 33,465 square feet. The modern three storey commercial building is mainly leased to SEB Bank. There is also a car park on site
- Basanaviciaus 51, Kedainiai, Lithuania
  - Site consists of approximately 15,521 square feet. The modern two storey commercial building houses mainly offices with a total of approximately 12,032 square feet
- Vytauto 11, Marijampole, Lithuania
  - Site consists of approximately 10,451 square feet. The two storey commercial building with basement and attic comprises approximately 10,281 square feet with the main tenant being SEB Bank. There is also a car park (garage) and transformer building on site
- Pulko, Alytus, Lithuania
  - Site consists of approximately 13,928 square feet. The two storey bank building consists of approximately 11,135 square feet with both office and retail premises. There is also a car park
- Rotuses 8, Birzai, Lithuania
  - Site consists of approximately 31,968 square feet. The two storey commercial building with basement and attic is mainly occupied by SEB Bank and has a total of approximately 9,544 square feet
- Jogailos 9a, Vilnius, Lithuania
  - Site consists of approximately 10,118 square feet. The modern four storey administrative building with basement houses mainly offices with approximately 17,642 square feet in total. Building is vacant
- Žirmūnų 70,Vilnius, Lithuania
  - Site consists of approximately 298,041 square feet. The seven storey office building has a total of approximately 12,798 square feet and is occupied by SEB Bank
- LT107 Kalvarijų 98, Vilnius, Lithuania
  - The six storey residential building with commercial premises on the ground floor has approximately 1,632 square footage. SEB Bank is the main tenant
- Saltoniškių 29, Vilnius, Lithuania
  - Site consists of a four storey administrative building with commercial premises on the ground floor. Total square footage is approximately 4,015 square feet
- Utenio 15, Uteria, Lithuania
  - Site consists of approximately 11,463 square feet. The two storey office building of approximately 5,651 square feet is mainly occupied by SEB Bank
- Kęstučio 38, Kaunas, Lithuania

- Site consists of approximately 12,507 square feet. The six storey office building consists of both office and retail space with approximately 14,816 square feet. The property also includes a garage with approximately 258 square feet

- Daržų 13, Klaipėda, Lithuania
  - Site consists of approximately 8,664 square feet. The two storey office building with basement and attic comprises approximately 11,765 square feet, with the main tenant being SEB Bank
- Joniskis, Lithuania
  - Site consists of approximately 3,003 square feet. The two storey commercial building with basement and attic comprises approximately 2,250 square feet and houses SEB Bank

Estonia

Homburg Baltic (ES) Investments UU

- Tartu mnt. 13, Tallinn, Estonia
  - Site consists of approximately 25,693 square feet. The five storey office building consists of approximately 42,431 square feet
- Maleva 1, Tallinn, Estonia
  - Site consists of approximately 97,294 square feet. The six storey building houses offices and retail on the first floor. The remaining floors contain apartments. Total square footage of the building is 26,953

Homburg Baltic (ES) AST Investments UU

- Rüütli 40a, Pärnu, Estonia
  - Site consists of approximately 24,617 square feet with a three storey bank/office building of approximately 22,714 square feet, leased to SEB Bank
- Aia 5, Valga, Estonia
  - Site consists of approximately 31,333 square feet. The two storey bank office also has a spacious sales hall, with a total square footage of 16,031
- Vainu 11, Paide, Estonia
  - Site consists of approximately 21,000 square feet. The two storey bank office totals approximately 12,895 square feet and includes a spacious sales hall
- Vaksali 2, Viljandi, Estonia
  - Site consists of approximately 33,884 square feet. The two storey bank office totals approximately 12,099 square feet and includes a spacious sales hall
- Tallinna mnt. 28, Narva, Estonia
  - Site consists of approximately 37,835 square feet. The two storey bank office with spacious sales hall totals approximately 11,603 square feet
- Tallinna mnt.12, Rapla, Estonia
  - Site consists of approximately 12,486 square feet. The three storey office building has a total of approximately 9,447 square feet
- Rakvere 3a, Jõhvi, Estonia
  - Site consists of approximately 9,192 square feet. The two storey bank office includes approximately 9,117 square feet
- Aia 1, Jõgeva, Estonia

- Site consists of approximately 4,833 square feet. The two storey bank building has approximately 3,601 square feet which includes a spacious sales hall. SEB Bank is the main tenant
- Keskväljak 7, Kärdla, Estonia
  - Site consists of approximately 5,425 square feet. The one storey bank office also has a spacious sales hall, with a total of approximately 1,574 square feet

AS Tornimagi

- Tornimäe 2, Tallinn, Estonia
  - Site consists of approximately 17,997 square feet. The 24 storey office building consists of approximately 172,825 square feet

Latvia

Homburg Baltic (LV) Investments UU

- Unicentrs, Riga, Latvia
  - Site consists of approximately 111,472 square feet. The 11-storey administrative building with canteen building with originally constructed in 1982 with complete reconstruction completed in 2004. There is also a two storey car wash building on site constructed in 1990
- Baznīcas iela 4/6, Liepāja, Latvia
  - Site consists of approximately 21,772 square feet. This four storey plus a basement bank and office building is situated in the central part of Liepāja city
- Ozolu iela 1, Gulbene, Latvia
  - Site consists of approximately 18,446 square feet. This two-storey bank and office building is situated in the central part of Cesis town
- Rīgas iela 9, Saldus, Latvia
  - Site consists of approximately 12,875 square feet. This two-storey plus a basement bank and office building is situated in the center of Saldus City
- Brīvības iela 14, Dobele, Latvia
  - Site consists of approximately 11,056 square feet. This two-storey plus a basement office building is currently being used as a bank and was originally constructed in 1980
- Pormalu iela 11, Jēkabpils, Latvia
  - Site consists of approximately 9,229 square feet. This two storey (plus garage) office building was originally constructed in 1929 and reconstructed in 1998
- Kuldīgas iela 3, Ventspils, Latvia
  - Site consists of approximately 7,289 square feet. This two storey (plus garage) office building is currently being used as a bank and was originally constructed in 1908. Reconstruction of both the building and garage was completed in 2001
- Rīgas iela 1, Sigulda, Latvia
  - Site consists of approximately 7,174 square feet. This two-storey plus a basement office building is currently being used as a bank and was originally constructed in 1912. Renovations were completed in 2005
- Dzirnavu iela 5, Kuldīga, Latvia

- Site consists of approximately 7,638 square feet. This two-storey plus a basement office building is currently being used as a bank and was originally constructed in 1930. Renovations were completed in 2005
- Talsu iela 3, Preili, Latvia
  - Site consists of approximately 7,584 square feet. This two-storey (plus a garage) office building is currently being used as a bank and was originally constructed in 1974. Renovations were completed in 2005
- Burtnieku iela 8, Limbaži, Latvia
  - Site consists of approximately 6,314 square feet. This one storey (plus a garage) office building is currently being used as a bank and was originally constructed in 1962
- Lāčplēša iela 2, Aizkraukle, Latvia
  - Site consists of approximately 4,240 square feet. This one storey office building is currently being used as a bank and was originally constructed in 1963 with renovations implemented in 1997
- Rīgas iela 25, Valka, Latvia
  - Site consists of approximately 4,482 square feet. This office building is currently being used as a bank and was originally constructed in 1910 with structural renovations implemented in 1995
- Bērzpils iela 6, Balvi, Latvia
  - Site consists of approximately 4,049 square feet. This two-storey office building is currently being used as a bank and was originally constructed in 1967. Renovations have subsequently been completed in 1997 and 2004
- Studentu iela 2, Krāslava, Latvia
  - Site consists of approximately 3,762 square feet. This two-storey plus a basement office building is currently being used as a bank and was originally constructed in early 1900. Major renovations were completed in 2004
- Lielā iela 11, Kandava, Latvia
  - Site consists of approximately 1,540 square feet. This one-storey office building is currently being used as a bank and was originally constructed in 1930 with major renovations completed in 2001

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

RONA INC. (TICKER: RON) NOV. 2012

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

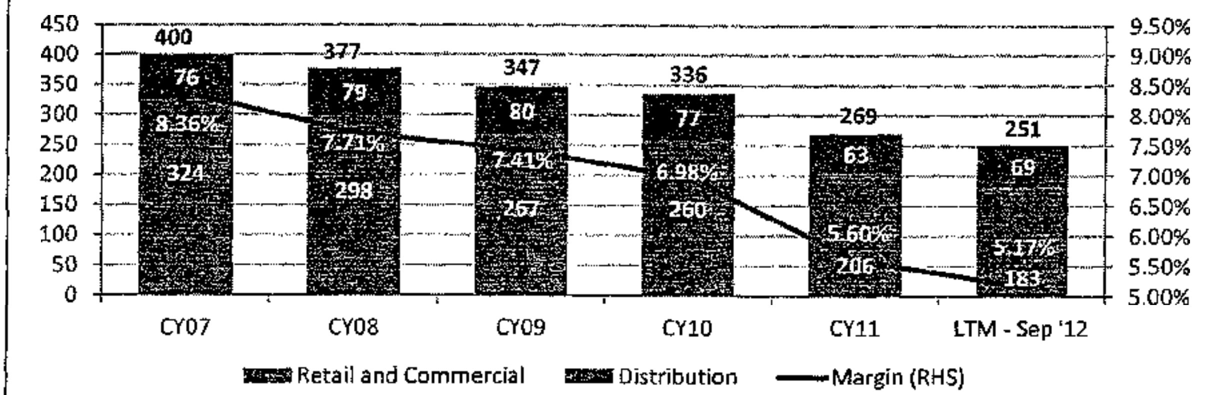
RONA INC. (TICKER: RON) NOV. 2012

All figures in C$ unless otherwise noted. RONA Inc. referred to as "RONA" or the "Company".

1. Business Description

- Headquartered in Boucherville, Quebec, RONA is the largest Canadian retailer and distributor of hardware, home renovation and gardening products with a current TEV of $1.8B

2007 – LTM EBITDA Evolution (C$ millions)



Current Capitalization

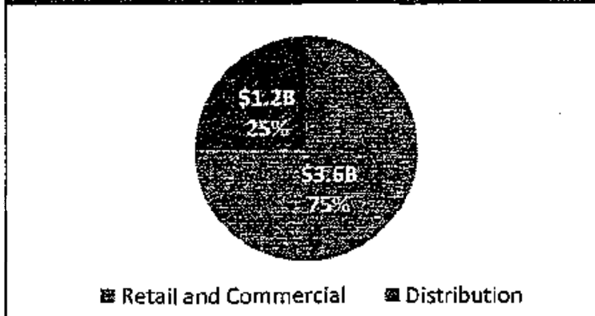
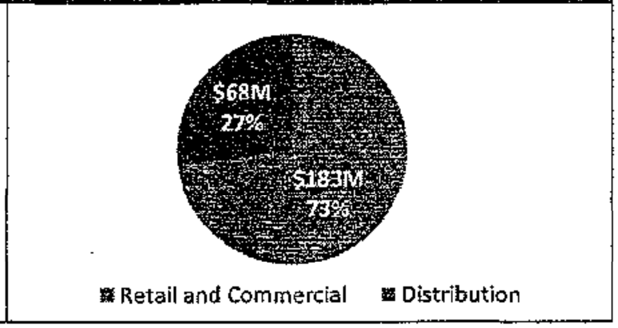
(C$ Thousands) as of 11/28/12

Capitalization	*Face Value*	*Leverage Metrics*	
Cash	$50,410	LTM EBITDA	$251,209
Total Secured Debt (Mortgages & Cap Leases)	$27,140	Secured Debt / EBITDA	0.1x
$950M Revolving Facility	$231,616		
5.4% Senior Debt due 2016	$116,829		
Total Unsecured Debt	$348,445	Unsecured Debt / EBITDA	1.5x
Preferred Shares	$173,500		
Total Debt	$549,085	Total Debt / EBITDA	2.2x
Total Net Debt	$498,675	Net Total Debt / EBITDA	2.0x
Equity	$1,306,298		
Non-Controlling Interests	$37,055		
Enterprise Value	$1,842,028	EV / EBITDA	7.3x

Source: Company filings.

- The Company generated revenue and EBITDA ex. unusual items of $4.9B and of $252M (5.2% margin) over the LTM ended September 30, 2012, respectively
- RONA operates under two main segments: Retail and Commercial, and Distribution
    - Revenues in the Retail and Commercial segment are produced by RONA's big-box stores; smaller "Proximity" or "Specialized" stores; and stores adapted to specifically serve commercial and professional customers

- The Distribution segment supports RONA's retail and commercial stores as well as affiliated independently owned stores (both inside and outside the RONA banner network) which purchase a large portion of their supplies from RONA's warehouses

LTM Revenue by Segment – $4.8B	LTM EBITDA by Division – $251M
	

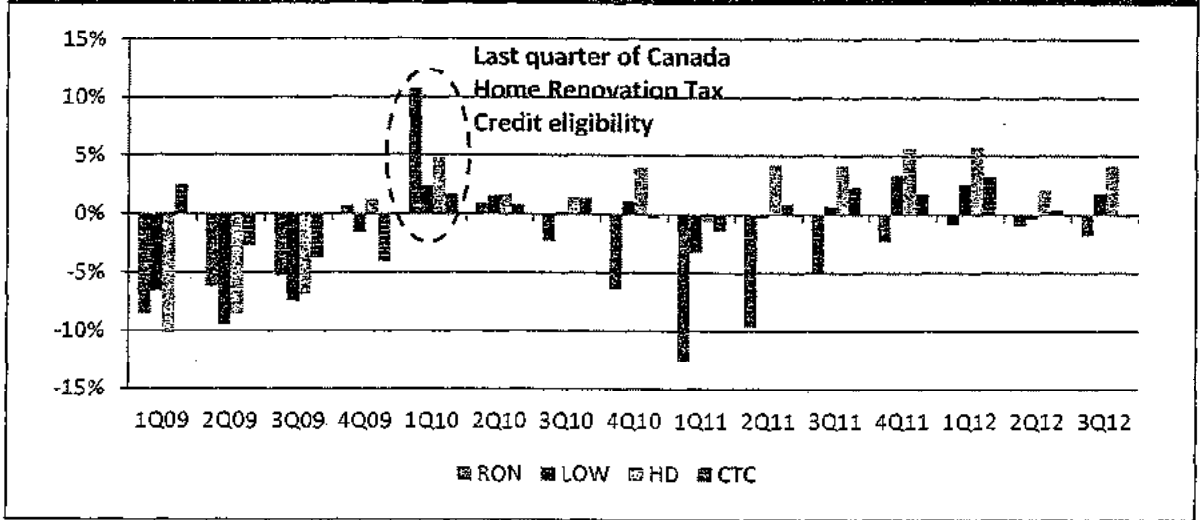
Source: Company filings.

2. Situation Overview

Recent Operating Performance

- Same store sales have declined for nine consecutive quarters (and 12 of the last 15), and RONA is the only member of its comparable set to register overall same store sales declines in 2012

YoY Same Store Sales Growth



Source: Company filings, research reports.

- Since 2009, the Company has consistently underperformed its peers
  - 1% sales growth (vs. 10% average) from 2009 to LTM ended September 30, 2012, despite several small-to-medium acquisitions
  - EBITDA margins have fallen from 7.1% in 2009 to 5.2% LTM, versus a peer average of 10.0% in 2009 and 10.9% LTM
  - LTM ROA of 2.6% (8.7% average) and LTM ROE of 4.1% (15.6% average)
- RONA's operational metrics are consistently worse than those of its closest competitors
  - Lower gross margins
  - Higher selling, general and administrative expenses
  - Longer cash conversion cycle
  - Massive inventory build-up
  - Large working capital needs
- Profitability metrics are also weaker and RONA trades at a large discount to HD / LOW

(Please see next page for detailed efficiency/operational and profitability benchmarking)

Operational Benchmarking

C$000s equivalents	Assets	Sales	Gross Profit %	SG&A % Sales	A/P	A/R	Inventory	A/P Days	A/R Days	Inventory Days	Inventory % Assets	Cash Conv. Cycle	NWC % Sales
LTM													
Lowe's Companies Inc.	33,705	50,731	34.3%	23.4%	5,376	1,737	8,929	58.9	12.5	64.2	26.5%	17.9	1.9%
The Home Depot, Inc.	41,357	71,993	34.6%	22.2%	4,821	1,633	10,880	37.4	8.3	55.2	26.3%	26.1	3.8%
Canadian Tire Corp. Ltd.(1)	8,718	9,483	26.6%	21.5%	1,739	779	1,840	91.1	30.0	70.8	21.1%	9.7	10.1%
Rona Inc.	3,024	4,858	30.0%	24.8%	625	429	1,000	64.7	32.2	75.1	33.1%	42.7	16.5%
CY2011													
Lowe's Companies Inc.	33,314	49,841	34.6%	24.1%	4,320	1,787	8,294	48.3	13.1	60.7	24.9%	25.5	1.9%
The Home Depot, Inc.	40,222	69,881	34.5%	22.8%	4,821	1,236	10,250	38.4	6.5	53.5	25.5%	21.6	4.5%
Canadian Tire Corp. Ltd.(1)	8,342	9,363	26.1%	21.2%	1,638	814	1,449	86.5	31.7	56.5	17.4%	1.7	7.3%
Rona Inc.	2,780	4,805	30.6%	25.0%	488	370	840	51.5	28.1	63.8	30.2%	40.4	15.0%
CY2010													
Lowe's Companies Inc.	33,453	48,459	35.1%	24.4%	4,319	1,688	8,260	50.2	12.7	62.2	24.7%	24.8	3.6%
The Home Depot, Inc.	39,832	67,501	34.3%	23.3%	4,683	1,077	10,547	38.5	5.8	57.0	26.5%	24.3	5.7%
Canadian Tire Corp. Ltd.(1)	7,247	8,178	26.4%	20.9%	1,087	669	901	66.0	29.8	40.2	12.4%	4.1	5.5%
Rona Inc.	2,922	4,820	30.7%	22.7%	454	300	905	49.7	23.7	68.6	31.0%	41.6	15.6%

Source: Company filings, Capital IQ
(1) Canadian Tire retail segment.

Financial Benchmarking

C$000s equivalents	Assets	Equity	Sales	EBITDA	Net Income	EBITDA %	ROA	ROE	EV / EBITDA	EV / Sales
LTM										
Lowe's Companies Inc.	33,705	14,121	50,731	5,620	2,266	11.1%	6.7%	16.1%	8.4x	0.9x
The Home Depot, Inc.	41,357	17,609	71,993	9,050	4,244	12.6%	10.3%	24.1%	11.4x	1.5x
Canadian Tire Corp. Ltd.(1)	8,718	na	9,483	780	317	8.2%	3.6%	na	na	na
Rona Inc.	3,024	1,900	4,858	251	77	5.2%	2.6%	4.1%	7.3x	0.4x
CY2011										
Lowe's Companies Inc.	33,314	16,412	49,841	5,303	2,105	10.6%	6.3%	12.8%	8.9x	0.8x
The Home Depot, Inc.	40,222	17,767	69,881	8,282	3,765	11.9%	9.4%	21.2%	12.5x	1.0x
Canadian Tire Corp. Ltd.(1)	8,342	na	9,363	769	288	8.2%	3.4%	na	na	na
Rona Inc.	2,780	1,956	4,805	269	82	5.6%	2.9%	4.2%	6.3x	0.4x
CY2010										
Lowe's Companies Inc.	33,453	17,980	48,459	5,286	2,053	10.9%	6.1%	11.4%	7.1x	0.8x
The Home Depot, Inc.	39,832	18,751	67,501	7,502	3,272	11.1%	8.2%	17.4%	8.0x	0.8x
Canadian Tire Corp. Ltd.(1)	7,247	na	8,178	723	270	8.8%	3.7%	na	na	na
Rona Inc.	2,922	1,912	4,820	336	122	7.0%	4.2%	6.4%	6.2x	0.5x

Source: Company filings, Capital IQ
(1) Canadian Tire retail segment.

- Normalizing operating performance would release significant value for shareholders
    - Boosting EBITDA margins by 3.3% (equal to half the delta between RONA and its peers, and in line with the Company's EBITDA margin in 2007) would add $160M in EBITDA or $1.2B in equity value assuming a 7.3x multiple
        - Share price would increase from $10.76 today to $20.42, a 90% return
    - Value creation would likely be even greater as margin expansion would also likely translate into a higher EV/EBITDA multiple
- RONA's working capital management is also problematic, although this may be due in part to the impact of the Company's Distribution segment on cash management (distributors may use RONA to finance their working capital needs)
    - Reducing NWC to 2010 levels would release $52M to the Company (which could then be dividended to shareholders), equivalent to $0.43/share or a 4% return
- Future performance will be predicated on the Company executing the strategic plan ("*New Realities, New Solutions*") introduced in February 2012 — more detail below

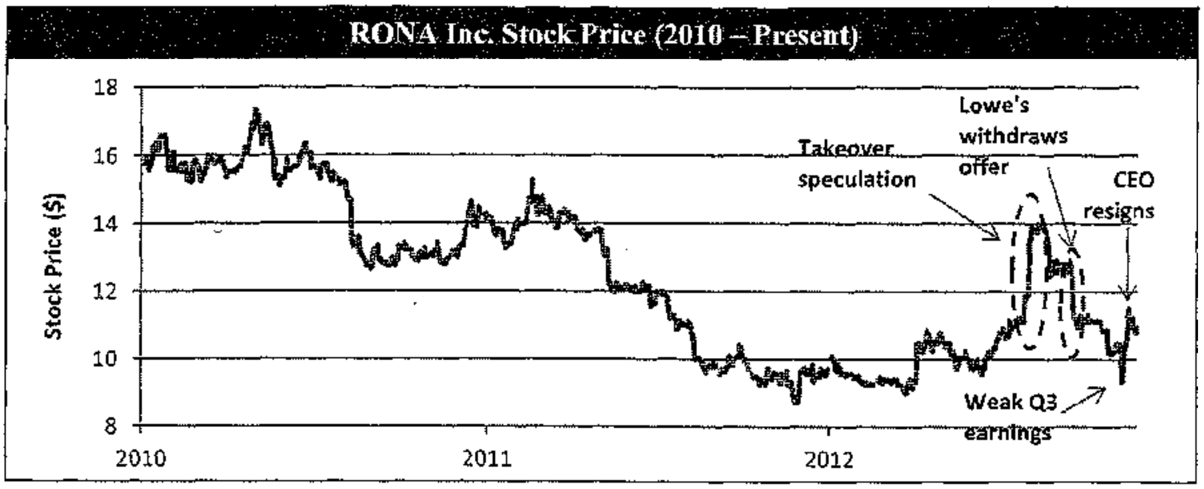
<u>Lowe's Offer</u>

- On July 8, 2012, Lowe's made a private non-binding proposal to acquire the Company for $14.50/share, representing a value of ~$1.8B and premium of 37% to the closing price on July 6
    - RONA's and Lowe's CEOs had held several meetings over the prior year to discuss a potential relationship between the two companies
    - Lowe's indicated it had support of approximately 15% of RONA's shareholders
- On July 31, RONA made Lowe's offer public, announcing its Board unanimously rejected the proposal as it is focused instead on executing its strategic plan
    - That same day, the Caisse de depot et placement du Quebec ("CDP"), a public pension plan manager with over $150B of assets, acquired an additional 2% of RONA, bringing its stake to over 14% and making it the largest shareholder
        - CDP has played a key role in previous attempted takeovers of Quebec-based companies, either in a blocking or acceding position
    - RONA's network of affiliated dealers, who purchase items from the Company's wholesale distribution segment, own approximately 10% of its shares and were largely opposed to the takeover

Top RONA shareholders				
Rank	**Investor**	**Shares**	**Value ($mm)**	**% Outstanding**
1	Caisse de Depot et Placement du Quebec	18,231,600	196,172,016	15.02%
2	Invesco	14,438,956	155,363,167	11.89%
3	IA Michael Investment Counsel / ABC Funds	3,650,000	39,274,000	3.01%
4	Dimensional Fund Advisors	3,463,563	37,267,938	2.85%
5	IA Clarington	2,583,600	27,799,536	2.13%
6	Franklin Resources	2,143,400	23,062,984	1.77%
7	CI Investments	1,970,081	21,198,072	1.62%
8	IG Investment Management	1,704,300	18,338,268	1.40%
9	CIBC Global Asset Management	1,431,666	15,404,726	1.18%
10	Robert Dutton (Former CEO)	972,472	10,463,799	0.80%
	RONA Dealer Network			~10%
	RONA Management (excl. Robert Dutton)			~0.16%

Note: Value based on 28/11/12 closing price of $10.76

- Lowe's play for the Company also attracted the attention of Quebec politicians, who were in the midst of a general provincial election
  - The PQ won the election on September 4, and on November 26, 2012, PQ finance minister Nicolas Marceau said he wants legislation which would allow boards of directors to reject takeover proposals without consulting all other stakeholders
- On September 17, Lowe's formally withdrew its offer for the Company, citing repeated failed attempts to engage RONA's Board of Directors in a friendly, negotiated transaction
  - In its statement, Lowe's asserted it still believed a combination "makes business sense" and that it remains committed to the Canadian market
- On November 9, Robert Dutton stepped down as President and CEO after 20 years, and also as a director on the Board
  - Dominique Boies, EVP and CFO, is currently acting CEO. Of note, Mr. Boies previously held various senior positions at CDP
- On November 14, Invesco, the Company's second-largest shareholder, said it plans to request a shareholder's meeting to replace the Board of Directors
  - Later that day, RONA formally called for its annual shareholders meeting to be held on May 14, 2013
    - By calling for the AGM, the Company may be trying to pre-empt Invesco's meeting request or postpone it entirely by arguing two meetings on the same topic cannot be held so close to each other
- RONA's third-largest shareholder, IA Michael Investment Counsel (3%), aka ABC Funds, has also been vocal of RONA's need to undertake major change, including continuing deal discussions with Lowe's
- The Company remains "in play" and rumours persist that Lowe's has made or will make another offer. Lowe's CEO recently commented that the company will continue to look at acquisitions



RONA's Strategic Improvement Plan: "New Realities, New Solutions"

- RONA unveiled its 2012-13 Business Plan *"New Realities, New Solutions"* in its 2011 Annual Report and earnings call on February 23, 2012
- The plan is centred on three main areas, with overall goals of improving efficiency, optimizing the capital structure and increasing return on capital:
  i. Introducing a revamped digital platform
  ii. Rolling out a smaller Proximity store across 20% of the Company's network, which will be ~35,000 square feet versus the big box stores at 60,000 to 165,000 square feet
     - RONA will close 10 big box stores to transfer the customer base to 15 as-yet unconstructed Proximity (or smaller) stores, and reposition an additional 13 as Proximity stores while renting out the unused space
  iii. Continuing expansion of the commercial and professional segment via addition of nine sales outlets and likely further acquisitions
- When announced, the plan was expected to generate EBITDA benefit of $10M in 2012, ramping up to >30$M in 2013 and $40M in 2014; expected restructuring costs of $181M over two years
  - FY07 EBITDA was $150M higher than LTM's $251M, so there remains a large gap to peak performance
- RONA is behind on executing its plan – the closing of five big box stores has been delayed until 2013, which will reduce expected EBITDA benefits by $4-5M in each of 2012 and 2013
- Market reaction to the Plan's shift away from big box stores has been favourable; however, there is skepticism as to management's ability to execute as well as calls for more drastic measures to completely exit unprofitable markets and divest of more assets

3. Pricing Matrix

Pricing Matrix (C$ Thousands) as of 11/29/12
RONA Inc.

Security	Note	Face Value	Drawn as of 9/30/12	Book xLTM EBITDA	Trading Price	Market Adj. Value	Market xLTM EBITDA	Interest Margin	Implied Interest Rate	Maturity	Yield to Maturity	Current Yield
LTM EBITDA				$251,209			$251,209					
Cash		($50,410.0)	($50,410.0)	-0.2x		($50,410.0)	-0.2x					
Mortgage Loans		$26,107	$26,107	0.1x	100	$26,107	0.1x	Variable	na	na	na	na
Capital Leases		1,033	1,033	0.0x	100	1,033	0.0x	Variable	na	na	na	na
Total 1st Lien Debt		**$27,140**	**$27,140**	**0.1x**		**$27,140**	**0.1x**					
Net Total 1st Lien Debt		**($23,270)**	**($23,270)**	**-0.1x**		**($23,270)**	**-0.1x**					
Revolver		$950,000	$231,616	0.9x	100	$231,616	0.9x	Variable	2.470%	10/06/2016	2.470%	2.470%
5.25% Unsecured Notes due 2016		116,829	116,829	0.5x	106	123,839	0.5x	Fixed	5.250%	10/20/2016	3.590%	4.953%
Total Unsecured Debt		**$1,093,969**	**$375,585**	**1.5x**		**$150,979**	**1.5x**					
Net Total Unsecured Debt		**$1,043,559**	**$325,175**	**1.3x**		**$100,569**	**1.3x**					
5.25% Series 6 Class A Preferred		172,500	172,500	0.7x	101.8	175,605	0.7x	Fixed	5.250%	03/31/2016	4.664%	5.157%
4% Class D Preferred		1,000	1,000	0.0x	100	1,000	0.0x	Fixed	4.000%	12/31/2013	3.999%	4.000%
Total Debt		**$1,267,469**	**$549,085**	**2.2x**		**$326,584**	**2.2x**					
Net Total Debt		**$1,217,059**	**$498,675**	**2.0x**		**$276,174**	**2.0x**					

Cash	$50,410.0
Revolver	$950,000.0
Draw	($231,616.0)
Liquidity	$768,794.0

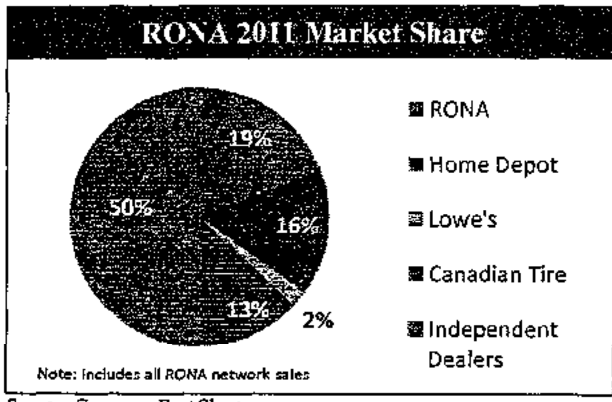
- The Company is trading at 7.3x EV/LTM EBITDA, below its peer average of 10.3x. RONA is also projected to continue to trade at a discount to comparables, at 8.1x vs. 10.1x for 2012E and 7.1x vs. 9.1x for 2013E

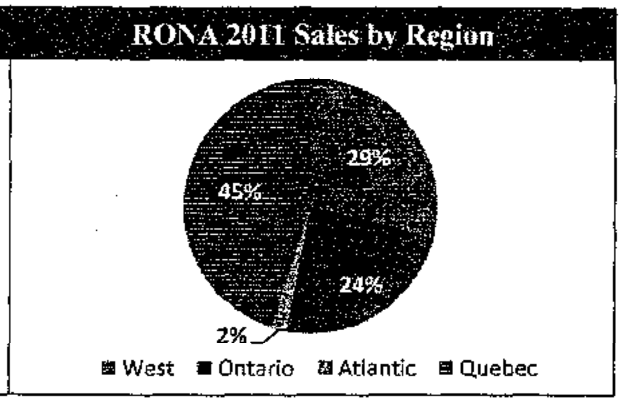
All figures in C$000s equivalent; share price in C$ equivalent

				LTM			EV / EBITDA			
Company	Share Price	Market Cap	TEV	Revenue	EBITDA	Margin	FY2011	LTM	CY2012	CY2013
Lowe's Companies Inc.	$35.08	$39,397.1	$47,089.5	$50,730.9	$5,619.7	11.1%	8.9x	8.4x	9.2x	8.6x
The Home Depot, Inc.	$63.69	$95,230.4	$103,429.1	$71,992.6	$9,050.4	12.6%	12.5x	11.4x	11.0x	10.3x
Canadian Tire Corp. Ltd.	$67.01	$5,488.9	$8,445.7	$11,395.6	$1,163.2	10.2%	8.0x	7.3x	7.2x	6.9x
Lumber Liquidators Holdings, Inc.	$53.74	$1,458.7	$1,419.0	$771.5	$76.9	10.0%	27.8x	18.4x	17.4x	14.2x
Kingfisher plc	$4.46	$10,352.8	$10,421.1	$16,906.4	$1,499.0	8.9%	6.5x	7.0x	6.6x	5.9x
Richelieu Hardware Ltd.	$33.75	$703.5	$668.6	$555.3	$70.6	12.7%	9.9x	9.5x	9.4x	8.8x
Mean				25,392	2,913	10.9%	12.3x	10.3x	10.1x	9.1x
Median				14,151	1,331	10.6%	9.4x	8.9x	9.3x	8.7x
Rona Inc.	$10.76	$1,306.3	$1,342.0	$4,857.8	$251.2	5.2%	6.8x	7.3x	8.1x	7.1x

4. Company Analysis

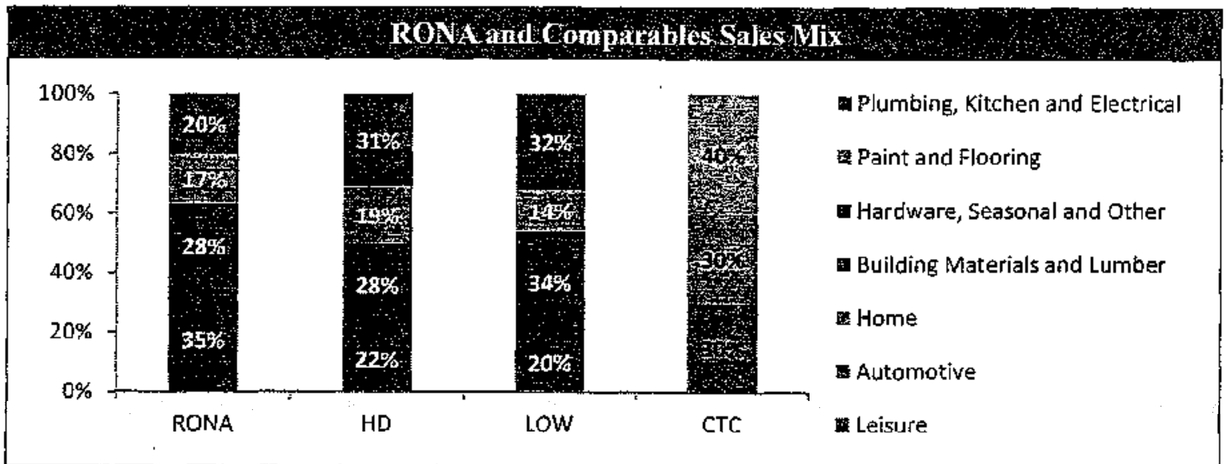
- RONA is the largest Canadian retailer and distributor of hardware, home renovation and gardening products
- The Company derives 45% of its sales from Quebec but also has a strong presence in Ontario and Western provinces (primarily Alberta)





Source: Company Fact Sheet.

- RONA's is more dependent on lower margin and cyclical Building Materials and Lumber than its peers

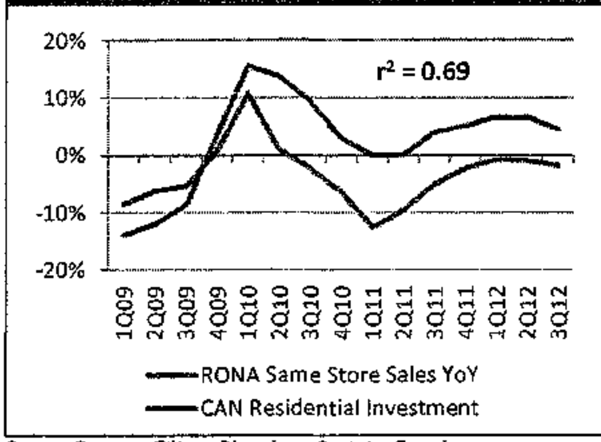


Source: TD Equity Research, Company reports.

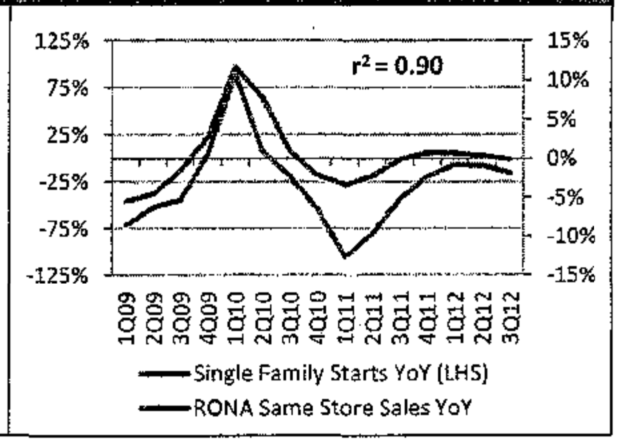
- Accordingly, the Canadian housing backdrop is a key input for RONA. The company notes a significant portion of spending in the renovation, hardware and gardening sector is discretionary and therefore sensitive to economic conditions
- The two charts below plot the Company's same-store sales growth against year-over-year Residential Investment (a GDP component including residential construction and renovation spending) and single-family housing starts
    - o Same-store sales growth has a 0.69 correlation with Residential Investment and a 0.90 correlation with single-family starts

- o Residential Investment has overall been trending lower, and single-family starts have turned negative as a larger portion of residential construction is multi-family dwellings (condos)

SSS Growth vs. Residential Investment



SSS Growth vs. Single Family Starts



Source: Company Filings, Bloomberg, Statistics Canada.

Segment Detail

Retail and Commercial

- RONA employs a multi-banner, multi-format approach in its Retail and Commercial stores
- Retail stores fall under the RONA and Réno-Dépôt banners in the Atlantic provinces, Quebec and Ontario, and under the RONA and TOTEM names in Western provinces
  - o The TOTEM banner will be rolled into the RONA banner and be redesigned into Proximity stores as part of the 2012 Business Plan
- RONA classifies its bannered stores in its retail and commercial segment along store type and ownership format lines, as shown in the tables below
  - o An additional ~600 non-bannered stores are classified as distribution customers

Store Type (as at Dec. 31, 2011)

Number of Bannered Stores	FY2011	FY2010	FY2009
Big-Box	80	78	77
Proximity and Specialized	179	151	138
Commercial and Professional	55	62	40
Affiliates or Independent Dealers	524	522	431
Total Bannered Store Count	838	813	686

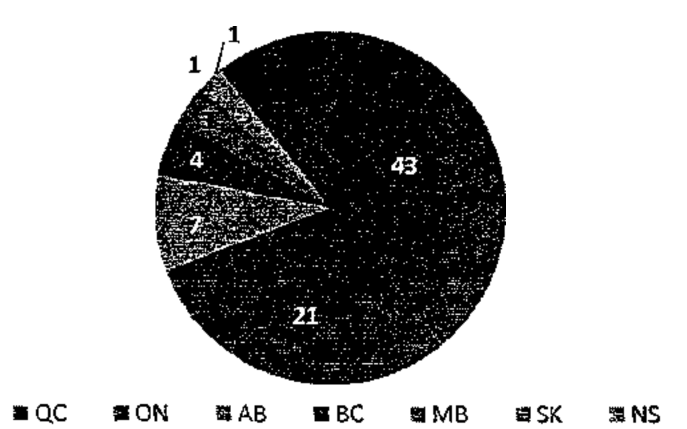
Ownership Format (as at Dec. 31, 2011)

Ownership Type	RONA's Typical Equity Participation	RONA's Economic Interest	# of Bannered Stores FY2011	FY2010	FY2009
Corporate	> 50%	Distribution, retail and commercial sales	295	271	233
Franchised	0 - 50%	Royalties on sales; distribution and retail sales	19	20	22
Affiliates / Independent Dealers	0%	Distribution sales	524	522	431
		Total	838	813	686

Source: Company Filings.

- Big-box stores
  - Typically range from 60,000 to 165,000 square feet in size and carry over 40,000 SKUs across hardware products, tools, building materials, gardening, paint, decoration and seasonal items
  - 62 are corporate stores and 18 are franchised
  - Under the 2012 Business Plan, 10 big box stores are to be closed with traffic diverted to 25 new as-yet-unbuilt Proximity and Specialized stores, while an additional 13 will be repositioned as smaller Proximity stores with the extra space leased out

Big-box Geographical Breakdown (as at Dec. 31, 2011) – 80 stores



Source: CIBC equity research.

  - Given recent management comments that 60 stores are "very profitable", the 43 big-box stores in Quebec are believed to all be in that category
    - Most Ontario big-box stores are likely not profitable and several closures have already been announced as part of the 2012-13 Business Plan
- Proximity and Specialized stores
  - Range from 5,000 to 60,000 square feet
  - 178 are corporate stores and 1 is franchised
  - Specialized stores are small to medium-sized neighborhood hardware stores, mostly serving customers in hardware, painting, interior decorating and seasonal products
  - Proximity stores are on the larger side and include renovation centres. They specialize in building materials and paint, while also offering a large selection of seasonal products and basic merchandise
  - As part of the 2012 Business Plan, a new Proximity store format averaging 35,000 square feet is being rolled out to 20% of the RONA retail network
- Commercial and Professional stores (formed when RONA acquired Noble Trade in 2007)
  - Provide specialized plumbing and HVAC services and products to commercial and professional customers

- Operates under banners of Noble (Ontario and Quebec), Don Park (Ontario), Boutiques Eaudace (Quebec), MPH Supply (British Columbia) and Better Bathrooms (British Columbia)
- All 55 stores are corporate

- Affiliated and Independent stores purchase a large part of their supplies from RONA distribution networks. The dealer-owners enter into a commercial agreement with RONA pursuant to which they must respect certain guidelines regarding marketing, advertising, image and purchasing loyalty

Distribution

- RONA's distribution centres support its ~800 bannered stores and approximately 600 non-bannered distribution clients
  - Stores are supplied by two sources: direct delivery from suppliers and delivery via RONA distribution centres
- As shown in the table below, RONA's distribution network comprises 18 centres with nearly six million square feet of total capacity

RONA Distribution Centres

(in thousands of square feet)	Hardware	Lumber	Commercial and Professional
Boucherville, QC	926	-	-
Le Gardeur, QC	-	-	20
Montreal, QC	-	-	44
Terrebonne, QC	380	-	-
Concord, ON	-	-	328
Halton Hills, ON	-	590	-
Kitchener, ON	250	-	-
Winnipeg, MB	400	-	-
Edmonton, AB	-	185	-
Calgary, AB (5 centres)	780	-	-
Calgary, AB (TOTEM Stores)	104	375	-
Calgary (Palisser), AB	-	1,000	-
Surrey, BC	-	463	-
Langley, BC	-	-	120
Total	2,840	2,613	512

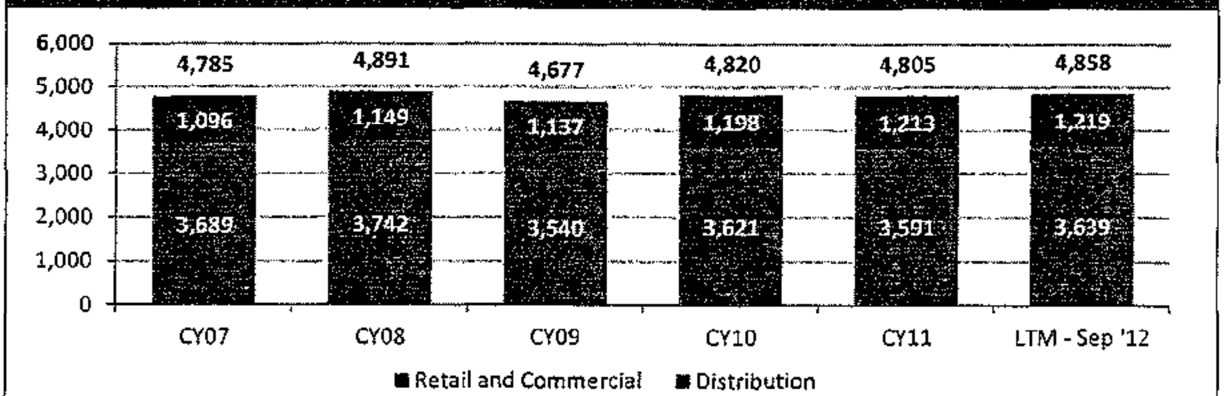
Source: Company Filings

Historical Financial Results

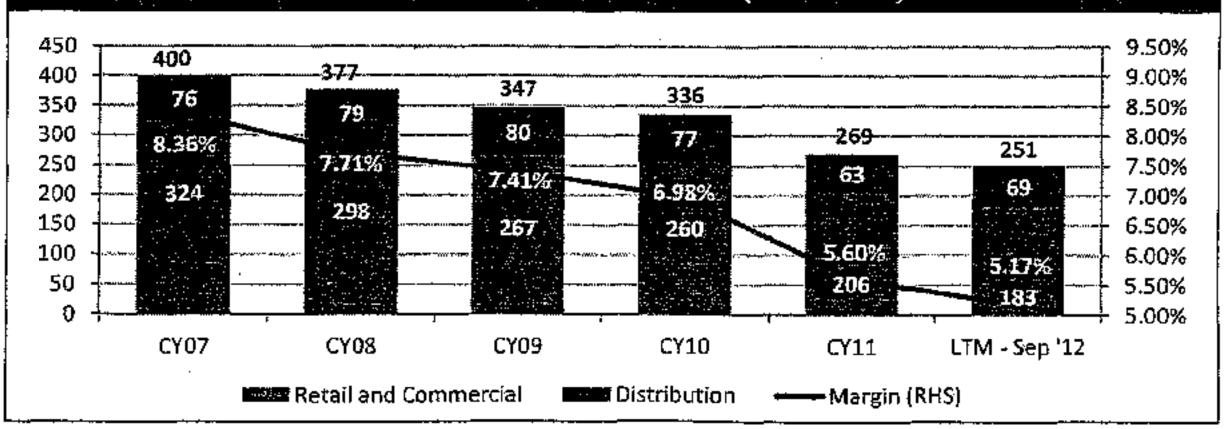
Consolidated

- As seen on the two graphs below, the Company's revenue increased marginally from \$4,785M in 2007 to \$4,805M in 2011 and LTM \$4,858M, representing a 0.3% CAGR
- Organic growth has been challenging for RONA:
    - Retail and Commercial sales have declined despite the acquisition of several smaller firms, primarily in its Commercial and Professional segment
    - Distribution sales only grew by 10% even as RONA expanded its affiliate network from 405 stores at year-end 2007 to over 1,000 bannered and non-bannered stores
- EBITDA and margins have declined sharply over the same period due largely to soft consumer confidence, unfavourable economic conditions and increasing competition
    - RONA's negative same-store sales growth has reduced its return on capital and increased its exposure to cost inflation
    - Company management has noted a 1% change in same-store sales growth translates to a 15bps change in EBITDA margin

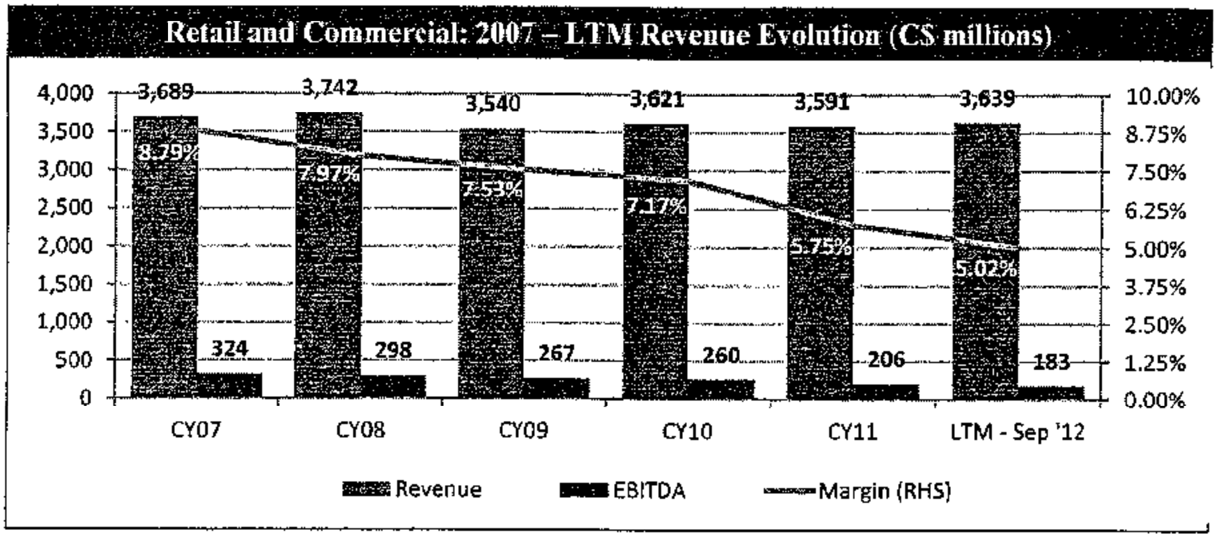
2007 – LTM Revenue Evolution (C\$ millions)



2007 – LTM EBITDA Evolution (C\$ millions)

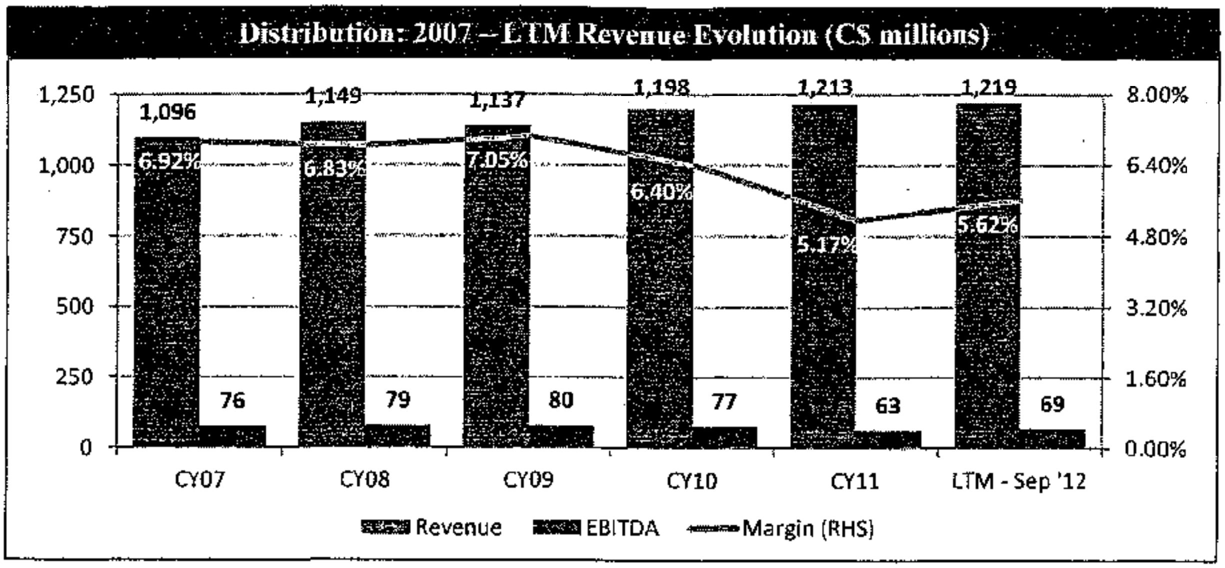


Retail and Commercial



- As seen above, Retail & Commercial revenue fell from $3,689M in 2007 to $3,591M in 2011 and $3,639M LTM, representing a CAGR decline of 0.6%. EBITDA and margins also fell, from $324M and 8.79% in 2007 to $206M and 5.75% in 2011 and $183M and 5.02% LTM
- 2008 sales were positively affected by acquisitions made over the course of 2007 and 2008, as revenues fell 3% excluding the effect of those transactions. Declining consumer confidence and housing starts (particularly in Alberta) were a negative factor. 2008 EBITDA was negatively affected by pressure on same-store sales and by results of stores opened late in the year that had not yet reached full operational potential
- 2009 revenues were negatively affected by a drop in same-store sales due to lower housing starts and weak consumer confidence. Sales of forest products and building materials were soft, while flooring, paint, plumbing and fixtures held firm as consumers undertook smaller renovation projects. EBITDA and margins declined correspondingly, though the improved product mix (away from lower-margin building materials) was a mitigating factor
- 2010's increase in revenues was driven by acquisitions, strong growth in Commercial and Professional sales, and new store openings – same-store sales were flat. 2010 EBITDA and margins decreased, due mainly to store start-up costs and acquisition of lower-margin businesses, although SG&A cost control helped offset some of those effects
- 2011 revenues were negatively impacted by a 7.3% fall in same-store sales, almost entirely offset by acquisitions, new store openings and strong performance from the Commercial and Professional segment. Poor weather conditions, tightening consumer spending, the absence of 2010's home renovation tax credit, and residential investment all contributed to the sharp decline in same-store sales. 2011 EBITDA and margins were negatively impacted by the drop in same-store sales as well as acquisitions of lower-margin businesses
- LTM revenues have been positively affected by sales from stores opened in 2011 as well as solid results from the Commercial and Professional division. LTM EBITDA and margins are lower due largely to start-up costs for Commercial and Professional stores

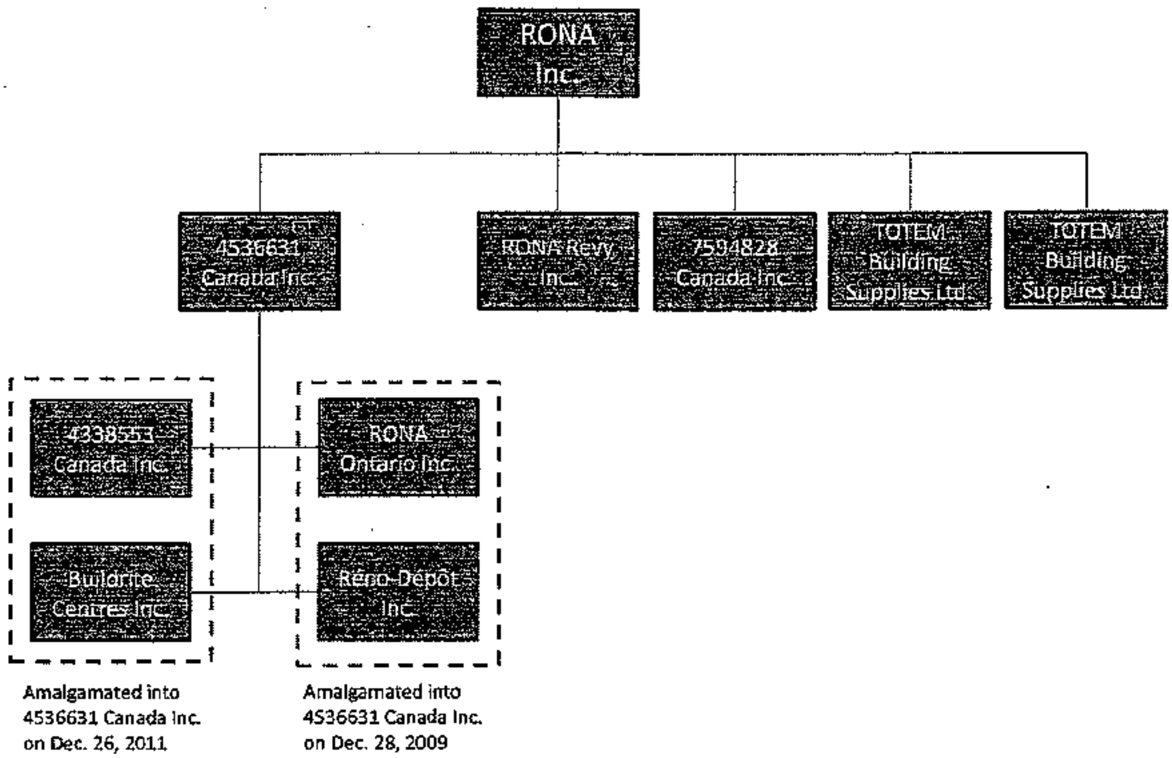
Distribution



- As seen above, Distribution segment revenue rose from $1,096M in 2007 to $1,213M in 2011 and $1,219M LTM, representing a CAGR of 2.5%. EBITDA and margins, however, fell from $76M and 6.92% in 2007 to $63M and 5.17% in 2011 and $69M and 5.62% LTM
- 2008 revenues were positively affected by recruitment of 31 new independent dealers, improved integration of other recent affiliate additions, and improved operational efficiency, also contributing to the $3M rise in EBITDA. 2008 EBITDA margins were negatively impacted by a higher mix of low-priced, lower-margin building materials
- 2009 sales were adversely impacted by a decrease in same-store sales, particularly among those affiliates with a high proportion of building materials, driven by weak consumer confidence and declining housing starts. 2009 EBITDA and margins were positively impacted by an improved product mix of hardware and fixtures, increased efficiency and reduced transportation costs
- 2010 revenues rose due to the expansion of the affiliated dealer network, increased lumber sales and the acquisition of TruServ Canada, which had 650,000 square feet of warehousing space and annual hardware distribution sales of $100 million. EBITDA and margins declined due to increased sales of lower-margin lumber and higher shipping costs
- 2011 revenues were positively affected by the recruitment of new dealers, expansion projects of existing dealers and higher loyalty rates, offset by lower same-store sales (though less pronounced than in corporate stores) and the Company's acquisition of some independent stores. 2011 EBITDA and margins were negatively affected by lower same-store sales as well as high inventory levels in the first part of the year, leading to higher warehousing expenses
- LTM revenues and EBITDA increased due to higher same-store sales to affiliates, bucking the trend seen in the corporate stores, as well as increased efficiency leading to lower warehousing and shipping costs

5. Corporate Structure

- Below are RONA's disclosed significant subsidiaries, all of which are wholly owned by the Company
- More diligence is required to determine the exact structure and if additional subsidiaries exist



Source: AIF

6. Operating Results and Capitalization Table

- Recent operating results, capitalization and credit statistics are tabled below

Operating Summary (C$ Thousands)	Notes	31-Dec-09	31-Dec-10	31-Dec-11	LTM 30-Sep-12	3 Months Ending, 31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Sales		$4,677,359	$4,819,589	$4,804,584	$4,857,823	$1,169,192	$934,934	$1,417,137	$1,336,560
Cost of Sales		-	$3,447,768	$3,455,301	$3,528,857	$844,739	$667,720	$1,039,566	$976,832
Adjustments for Network Support		-	$109,050	$102,668	$99,667	$18,602	$19,365	$32,079	$29,621
Unusual Items		-	-	$18,663	$26,913	$18,663	-	$5,568	$2,680
Gross Margin		$4,677,359	$1,480,871	$1,470,616	$1,455,546	$361,720	$286,579	$415,218	$392,029
SG&A		-	$1,144,553	$1,201,399	$1,204,337	$295,869	$275,466	$320,638	$312,364
EBITDA		$346,803	$336,318	$269,217	$251,209	$65,851	$11,113	$94,580	$79,665
D&A		$103,160	$108,718	$107,055	$100,472	$27,749	$23,406	$24,136	$25,181
EBIT		$243,643	$227,600	$162,162	$150,737	$38,102	($12,293)	$70,444	$54,484
Interest Expense		$23,537	$24,061	$24,889	$20,050	$5,332	$4,453	$5,164	$5,101
Net Income (Loss)	1	$145,583	$142,821	($74,773)	($115,777)	($150,016)	($12,267)	$38,306	$8,200
Capital Expenditures		$111,873	$104,924	$70,198	$44,525	$19,033	$7,483	$10,095	$7,914
Cash from Operations	1	$282,774	$138,072	$230,245	$152,208	$103,280	($139,716)	$39,234	$149,410
Cash from Investing	1	($165,747)	($212,529)	($146,833)	($94,150)	($37,917)	($19,834)	($17,882)	($18,517)
Cash from Financing	1	$109,885	($89,223)	($141,840)	($203,956)	($244,522)	$129,048	($14,305)	($74,177)

Notes:
[1] As reported.

Balance Sheet (C$ Thousands)	Notes	31-Dec-09	31-Dec-10	31-Dec-11	LTM 30-Sep-12	3 Months Ending, 31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Assets									
Cash		$239,257	$75,577	$17,149	$50,410	$17,149	-	-	$50,410
Trade and Other Receivables		$248,201	$299,389	$370,094	$428,761	$370,094	$408,815	$469,890	$428,761
Other Financial Assets (Current)		$2,644	$2,245	$1,468	$3,344	$1,468	$1,526	$3,598	$3,344
Current Tax Assets		$2,436	-	$7,616	$15,286	$7,616	$22,770	$19,702	$15,286
Inventory		$725,810	$905,467	$840,287	$1,000,102	$840,287	$1,027,823	$1,047,468	$1,000,102
Prepaid Expenses		$18,114	$17,955	$20,836	$30,169	$20,836	$25,973	$35,882	$30,169
Derivative Financial Instruments		-	-	-	-	-	-	$538	-
Other Financial Assets (Non-Current)		$11,118	$9,644	$13,617	$14,287	$13,617	$14,681	$14,747	$14,287
PP&E		$827,883	$885,044	$874,246	$824,025	$874,246	$867,369	$849,248	$824,025
Non-Current Assets Held for Sale		$11,080	$16,474	$10,453	$25,734	$10,455	$9,475	$10,821	$25,734
Goodwill		$451,572	$529,094	$426,968	$428,317	$426,968	$428,168	$428,168	$428,317
Intangible Assets		$106,157	$128,223	$126,968	$143,529	$126,968	$129,795	$139,254	$143,529
Other Non-Current Assets		$4,406	$3,245	$5,435	$3,901	$5,435	$4,742	$4,583	$3,901
Deferred Tax Assets		$51,830	$48,763	$65,239	$55,878	$65,239	$52,913	$52,196	$55,878
Total Assets		$2,704,508	$2,921,620	$2,780,378	$3,023,743	$2,780,378	$2,994,053	$3,074,095	$3,023,743
Liabilities									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	$13,353	$6,306	-
Current Portion of Bank Loans		$5,211	$1,943	$4,377	$12,298	$4,377	$9,364	$10,946	$12,298
Trade and Other Payables		$409,764	$454,166	$487,864	$625,479	$487,864	$572,882	$631,221	$625,479
Dividends Payable		-	$9,119	$2,527	$10,589	$2,527	$11,014	$2,277	$10,589
Current Tax Liabilities		-	$3,379	-	-	-	-	-	-
Derivative Financial Instruments		$776	$1,653	$691	$2,312	$691	$1,016	-	$2,312
Provisions		$7,002	$4,625	$6,947	$16,412	$6,947	$6,929	$8,934	$16,412
Instalments on Long-Term Debt		$9,996	$21,151	$20,257	$13,382	$20,257	$17,203	$13,351	$13,382
Total Current Liabilities		$432,749	$496,036	$522,663	$680,472	$522,663	$631,761	$673,035	$680,472
Long Term Liabilities									
Long Term Debt		$430,524	$444,333	$232,073	$369,769	$232,073	$416,568	$436,623	$369,769
Other Non-Current Liabilities		$27,859	$30,601	$33,653	$35,612	$33,653	$35,153	$35,701	$35,612
Provisions		$10,762	$4,539	$3,606	$17,672	$3,606	$3,606	$3,466	$17,672
Deferred Tax Liabilities		$27,724	$34,314	$32,759	$20,378	$32,759	$21,448	$20,251	$20,378
Total Long Term Liabilities		$496,869	$513,787	$302,091	$443,431	$302,091	$476,775	$496,041	$443,431
Total Liabilities		$929,618	$1,009,823	$824,754	$1,123,903	$824,754	$1,108,536	$1,169,076	$1,123,903
Total Debt		$445,731	$467,427	$256,707	$395,449	$256,707	$456,488	$467,226	$395,449
Non-Controlling Interests		$32,761	$35,809	$35,526	$37,055	$35,526	$34,232	$36,120	$37,055
Shareholder's Equity		$1,742,129	$1,875,988	$1,920,098	$1,862,785	$1,920,098	$1,851,284	$1,868,899	$1,862,785
Total Equity		$1,774,890	$1,911,797	$1,955,624	$1,899,840	$1,955,624	$1,885,516	$1,905,019	$1,899,840

Notes:

Credit Statistics (C$ Thousands)	31-Dec-09	31-Dec-10	31-Dec-11	LTM 30-Sep-12	3 Months Ending, 31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Sales Growth (YoY)	NA	3.0%	(0.3%)	NA	NA	1.8%	3.4%	(0.8%)
Gross Margin / Sales	NA	30.7%	30.6%	30.0%	30.9%	30.7%	29.3%	29.3%
SG&A / Sales	NA	23.7%	25.0%	24.8%	25.3%	29.5%	22.6%	23.4%
EBITDA / Sales	7.4%	7.0%	5.6%	5.2%	5.6%	1.2%	6.7%	6.0%
EBITDA / Interest Expense	14.7x	14.0x	10.8x	12.5x	12.4x	2.5x	18.3x	15.6x
(Total Debt - Cash) / EBITDA	0.6x	1.2x	0.9x	1.4x	NA	NA	NA	NA
(Total Debt - Cash) / (EBITDA - Capex)	0.9x	1.7x	1.2x	1.7x	NA	NA	NA	NA
Net Investment in Working Capital	$564,247	$751,190	$722,317	$803,384	$722,517	$863,758	$886,137	$803,384

7. Liquidation Analysis

- In a liquidation scenario, lenders would receive the following recoveries:
  - 1st Lien lenders would recover 100%
  - Unsecured lenders would recover 98-100%
  - Preferred shareholders would recover 0-100%
  - Equity holders would lose 90-100%

RONA Inc.
Liquidation Analysis
C$ Thousands except for ratios and per unit items

Total Assets	NBV	Note	Worst Case %	Mid Case %	Best Case %	Liq - W	Liq - M	Liq - B
Cash	50,410		75%	85%	95%	37,808	42,849	47,890
Trade and Other Receivables	428,761		60%	70%	80%	257,257	300,133	343,009
Other Financial Assets (Current)	3,344	1	70%	75%	80%	2,341	2,508	2,675
Current Tax Assets	15,258		0%	0%	0%	-	-	-
Inventory	1,000,102		45%	50%	55%	450,046	500,051	550,056
Prepaid Expenses	30,169		75%	85%	95%	22,627	25,644	28,661
Derivative Financial Instruments	-		75%	85%	95%	-	-	-
Other Financial Assets (Non-Current)	14,287	1	70%	75%	80%	10,001	10,715	11,430
Non-Current Assets Held for Sale	25,734	2	45%	50%	55%	11,580	12,867	14,154
Goodwill	428,317		0%	0%	0%	-	-	-
Other Non-Current Assets	3,901	3	0%	0%	0%	-	-	-
Deferred Tax Assets	55,376		0%	0%	0%	-	-	-
PP&E								
Land & Parking Lots	282,381		45%	55%	65%	127,071	155,310	183,548
Buildings	271,457		45%	55%	65%	122,156	149,301	176,447
Leasehold Improvements	96,013		5%	10%	15%	4,801	9,601	14,402
Furniture and Equipment	154,838	4	15%	20%	25%	23,226	30,968	38,710
Computer Hardware	22,920	4	0%	5%	10%	-	1,146	2,292
Projects in Process	6,127	5	0%	0%	0%	-	-	-
Land for Future Development	39,445		10%	15%	20%	3,945	5,917	7,889
Intangibles								
Trademark	2,887		0%	0%	0%	-	-	-
Software	113,066		0%	0%	0%	-	-	-
Dealer Recruitment Costs	10,698		0%	0%	0%	-	-	-
Customer relationships	248		0%	0%	0%	-	-	-
Preferential Price Leases	89		0%	0%	0%	-	-	-
Total Assets	3,066,338					1,072,857	1,247,009	1,421,161
Less: Administrative Claims From Liquidation (8.0%)						(85,829)	(99,761)	(113,693)
Net Distributable Assets						987,028	1,147,248	1,307,468
Waterfall								
1. 1st Lien Claims								
Mortgage Loans						26,107	26,107	26,107
Capital Leases						1,033	1,033	1,033
Total First Lien Claims						27,140	27,140	27,140
Recovery to 1st Lien 1						27,140	27,140	27,140
Recovery % to 1st Lien						*100%*	*100%*	*100%*
Remaining Value Available for Unsecured Claims						959,888	1,120,108	1,280,328
2. Unsecured Claims								
Revolver						231,616	231,616	231,616
5.25% Unsecured Notes due 2016						116,829	116,829	116,829
Trade Creditors						625,479	625,479	625,479
Total Unsecured Claims						973,924	973,924	973,924
Recovery to Unsecured						959,888	973,924	973,924
Recovery % to Unsecured						*99%*	*100%*	*100%*
Remaining Value Available for Class A Preferred Claims						-	146,184	306,404
3. Class A Preferred Claims								
5.25% Series 6 Class A Preferred						172,500	172,500	172,500
Total Class A Preferred Claims						172,500	172,500	172,500
Recovery to Class A Preferred						-	146,184	172,500
Recovery % to Class A Preferred							*85%*	*100%*
Remaining Value Available for Class D Preferred Claims						-	-	133,904
4. Class D Preferred Claims								
4% Class D Preferred						1,000	1,000	1,000
Total Class D Preferred Claims						1,000	1,000	1,000
Recovery to Class D Preferred						-	-	1,000
Recovery % to Class D Preferred								*100%*
Remaining Value Available for Equity Holders						-	-	132,904
Market Capitalization						1,329,365	1,329,365	1,329,365
Recovery % to Equity								*10%*

Notes:
[1] Current financial assets mostly comprise equity shares; non-current largely mortgages and term notes
[2] Comprises $16.5M of land and parking lots and $9.2M of buildings
[3] Includes defined benefit assets and capitalized financing costs
[4] Of which $1M of furniture and equipment, and $7K of computer hardware is under finance leases
[5] Include costs related to construction of buildings which will be used for store operations

8. Waterfall Analysis

- As seen below, based on a valuation multiple of 7x – 9x, lenders would receive the following recoveries:
  - 1st Lien lenders would recover 100%
  - Unsecured lenders would recover 100%
  - Preferred shareholders would recover 100%
  - Equity holders would recover 91-129% of current market value

RONA Inc.
Waterfall Analysis
C$ Thousands

Priority Scheme Class	Claim Description	9/30/12
1	Mortgage Loans	26,107
	Capital Leases	1,033
2	Revolver	231,616
	5.25% Unsecured Notes due 2016	116,829
3	5.25% Series 6 Class A Preferred	172,500
4	4% Class D Preferred	1,000
5	Equity Holders	1,329,355

LTM 09/30/2012 EBITDA: 251,209

Class	Distributions by Class	Mult W	Mult M	Mult B
		7.0x	8.0x	9.0x
		1,758,463	2,009,672	2,260,881
1	Mortgage Loans	26,107	26,107	26,107
	Capital Leases	1,033	1,033	1,033
	Revolver	231,616	231,616	231,616
2	5.25% Unsecured Notes due 2016	116,829	116,829	116,829
3	5.25% Series 6 Class A Preferred	172,500	172,500	172,500
4	4% Class D Preferred	1,000	1,000	1,000
5	Equity Holders	1,209,378	1,460,587	1,711,796

Class	Implied Absolute Return by Class	Mult W	Mult M	Mult B
1	Mortgage Loans	100%	100%	100%
	Capital Leases	100%	100%	100%
2	Revolver	100%	100%	100%
	5.25% Unsecured Notes due 2016	100%	100%	100%
3	5.25% Series 6 Class A Preferred	100%	100%	100%
4	4% Class D Preferred	100%	100%	100%
5	Equity Holders	91%	110%	129%

9. Capital Structure Summary

Unsecured credit facility (renewed and increased on December 23, 2011)

- C$950M revolving facility ($232M drawn as of September 30, 2012)
  - No pricing available
- Interest rate determined by base interest rate plus an applicable margin which is determined by a ratings and leverage grid
  - The applicable margin and base rate are not available or disclosed
  - The weighted average interest rate in 2011 on the revolving credit was 2.2%, with the year-end rate at 2.47%
- Maturity date of October 6, 2016
- Covenants are not disclosed; however, the Company states that it is in compliance
- Ranks equally with RONA's unsecured debentures due 2016
- Syndicate led by NBF, BMO, Desjardins and BNS, with NBF as administrative agent

Unsecured Debentures (issued in October 2006)

- C$116.8M outstanding (of $400M issued)
  - Company had repurchased $283.2M via Dutch Auction in 2011 at 102% of par
  - Currently offered at ~106% of par; ~3.60% yield-to-maturity
- Issuer: RONA Inc.
- Interest Rate: 5.40% payable semi-annually
- Maturity Date: October 20, 2016
- Make-whole price: GoC +124bps
- Rank: Direct unsecured obligations of RONA Inc., ranking equally and *pari passu* with all other unsecured and unsubordinated indebtedness
- Key covenants:
  - Limitation on Mergers, Consolidations and Sales of Assets
  - Negative Pledge
- Events of Default:
  - Failure to pay principal or premium within 3 business days when due
  - Failure to pay interest within 30 days when due
  - Failure to observe covenants
  - Defaulting on any indebtedness in excess of the greater of $25M or 2% of shareholders' equity

- Guaranteed by (Initial Guarantors): Cashway Building Centres Ltd., 4246543 Canada Inc., 3641406 Canada Inc., 3641414 Canada Inc., 3510441 Canada Inc., 4152760 Canada Inc., 220 Real Estate Limited Partnership, 4246551 Canada Inc., 220 Financial Limited Partnership, 4246560 Canada Inc., RONA Corporation, RONA Ontario Inc., RONA Revy Inc., Réno-Dépôt Inc., Totem Building Supplies Ltd. and 4338553 Canada Inc.

<u>Series 6 Class A Preferred (issued in February 2011)</u>

- C$172.5M of $25 par shares (6.9M shares)
- Dividend rate: 5.25% per annum, payable quarterly, as and when declared
    - Cumulative
- Redemption / rate reset dates: March 31, 2016 and every five years thereafter
    - Rate reset: 5-year GoC +265bps
- Conversion right: On each rate reset date, holders have the right to convert the Series 6 Class A Preferred Shares into Cumulative Floating Rate Series 7 Class A Preferred Shares
- Rank: Equally with the Class A Preferred Shares of all other series, and ahead of any Class B, Class C and Class D preferred shares

<u>Class D Preferred (issued in February 2011)</u>

- C$1M of zero-par shares
- Dividend rate: 4% fixed and cumulative
- Issued in 2002 to ITM Enterprises, a major French-based distribution company, as part of a strategic purchase alliance
- RONA is obliged to redeem $1M annually; final redemption date is December 2, 2012
- Rank: Subordinated to Class A, Class B, Class C and Class D Preferred Shares

10. Summary / Issues / Next Steps

Summary

- The macroeconomic environment is challenging but cannot explain all of RONA's difficulties, nor their duration
  - RONA has not participated in the same-store growth or multiple expansion of its peers over the past three years
  - Revenues have stagnated, margins have shrunk and return on capital has diminished, while comparables have grown their businesses and maintained or improved efficiency
- The 2012-13 Business Plan, while correctly acknowledging current industry conditions, carries significant execution risk and may not maximize value for the Company
  - Shareholders' incentives are not aligned with those of Management, which owns less than 0.2% of RONA's equity
- RONA has two options: Pursue a sale of some or all of its stores, or implement a more impactful medium-term strategic plan that will return the Company much closer to its peak profitability
- As discussed above, a short/medium term operational restructuring to right-size working capital and bring EBITDA margins back into line with historical levels would generate significant equity value

Issues

- Any further developments regarding a sale of or activist approach toward RONA is likely to be met with heavy scrutiny by the Quebec and perhaps even Canadian governments
  - The government can attempt to block a transaction through legislation/executive action, or through the CDP's ownership stake in RONA
  - Assurance that RONA's distribution/dealer network and product sourcing (80%+ of RONA's suppliers are Canadian) will be left mostly intact may help facilitate a transaction, but also limiting
- The Company is highly leveraged to the Canadian housing market and macroeconomic backdrop
  - Catalyst must develop a clear view and outlook on the Canadian economy, and assess the potential impact on RONA

Next Steps

- Catalyst should consider building a toehold position in RONA's equity and then reach out to other key shareholders who have expressed their desire to see major change at RONA (Invesco, IA Michael/ABC Funds), as well as the CDP
- Catalyst can pitch its restructuring expertise as a key to unlocking significant value for shareholders

- If Catalyst can bring CDP on board, CDP should be able to deliver i) the Board of Directors (current CEO was previously a senior investment official at CDP); and ii) provide political cover with the Quebec government
- Partnering with CDP may also allow Catalyst to build consensus for an LBO of RONA, which would materially improve investment returns
  - Consideration must be given to RONA's independent dealers, who collectively own ~10% of the equity
- A take-private bid would likely induce a topping bid from Lowe's — especially if Catalyst bids below Lowe's initial $14.50/share offer — providing liquidity and the opportunity to exit at an attractive IRR

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

NSI NV **JULY 2013**

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

NSI NV (TICKER: ENXTAM:NISTI) JULY 2013

All figures in Euros unless otherwise noted. NSI NV referred to as "NSI" or the "Company".

1. Executive Summary

- NSI NV (pka Nieuwe Steen Investments NV) is the third-largest mixed-use REIT in the Netherlands, focused primarily on commercial real estate investment
- NSI's equity is currently trading at attractive entry multiples: 0.57x book value, 10.9% revenue capitalization rate (normalized for 100% occupancy) and 12.4% cash flow yield
  - o These multiples can be further improved through spin-outs of NSI's subportfolios — please see the following page for a full creation multiple analysis
- The Company owns a diversified portfolio of 265 high-yielding commercial assets valued at over €2.0B
  - o NSI is focused on office (56%), retail (28%) and industrial (16%) properties in the Netherlands (69%), Belgium (29%) and Switzerland (1%)
  - o Belgian properties are held through a 54.8% interest in Intervest Offices & Warehouses ("Intervest"), a publicly traded Belgian REIT
- On a consolidated basis, NSI has ~€1.2B of debt comprising €911MM of multi-property loans, ~€200MM of credit facilities and €75MM of retail bonds (issued by Intervest and trading at 102%)
- NSI's current valuation is similar to that at which Catalyst invested in Homburg Invest Inc. ("Homburg") and is creating Geneba Properties ("Geneba")
  - o NSI is less levered than Geneba, at a 58% LTV vs. 68% LTV, but also has a much lower occupancy rate, at 81.3% vs. 95.8%, and a lower cash flow yield, at 12.4% vs. 18.1%

Creation Multiple Comparison *(in EUR millions unless otherwise noted)*	Homburg / Geneba	NSI Consolidated	NSI - Dutch Properties	NSI - Dutch Offices
Investment Property Value	€ 613.1	€ 2,039.7	€ 1,412.0	€ 775.1
Market Capitalization	€ 95.0	€ 371.0	€ 223.2[2]	€ 47.3[3]
Book Value of Common Equity	€ 162.1	€ 645.7	€ 535.7[1]	€ 294.1[1]
Occupancy Rate	95.8%	81.3%	79.5%	71.3%
Gross Rental Income @ Current Occupancy	€ 56.7	€ 156.1	€ 109.9	€ 60.4
Gross Rental Income @ 100% Occupancy	€ 59.1	€ 192.0	€ 138.2	€ 84.7
Free Cash Flow @ Current Occupancy	€ 17.2	€ 46.1	€ 28.2	€16.0[1]
Free Cash Flow @ 100% Occupancy	€ 19.5	€ 76.9	€ 52.4	€35.6[1]
Price-to-Book	0.59x	0.57x	0.42x	0.16x
Revenue Cap Rate @ Current Occupancy	10.4%	8.8%	10.0%	11.4%
Revenue Cap Rate @ 100% Occupancy	10.8%	10.9%	12.6%	16.0%
Cash Flow Yield @ Current Occupancy	18.1%	12.4%	12.6%	33.8%
Cash Flow Yield @ 100% Occupancy	20.6%	20.7%	23.5%	75.3%
Dividend Yield	n/a	7.4%	n/a	n/a
LTV	68.0%	58.0%	62.0%	62.0%[1]

(1) Catalyst estimate.
(2) Implied by public valuation of Belgian assets.
(3) Implied by potential breakup value.

NSI NV
Creation Multiple Analysis

(in EUR millions unless otherwise noted)

NSI (Consolidated)	14-day Avg. Open	14-day Avg. Close	14-day VWAP	Current Price	14-day High	
NSI Share Price	€ 5.29	€ 5.31	€ 5.33	€ 5.44	€ 5.65	€ 6.00
NSI Market Capitalization	€ 360.8	€ 362.1	€ 363.5	€ 371.0	€ 385.0	€ 409.2
Book Value of NSI Common Shares	€ 645.7	€ 645.7	€ 645.7	€ 645.7	€ 645.7	€ 645.7
Total Investment Properties	€ 2,039.7	€ 2,039.7	€ 2,039.7	€ 2,039.7	€ 2,039.7	€ 2,039.7
Total Gross Rent @ Current Occupancy (81.3%)	€ 156.1	€ 156.1	€ 156.1	€ 156.1	€ 156.1	€ 156.1
Total Gross Rent @ 90% Occupancy	€ 172.8	€ 172.8	€ 172.8	€ 172.8	€ 172.8	€ 172.8
Total Gross Rent @ 100% Occupancy	€ 192.0	€ 192.0	€ 192.0	€ 192.0	€ 192.0	€ 192.0
LTM Free Cash Flow @ Current Occupancy	€ 46.1	€ 46.1	€ 46.1	€ 46.1	€ 46.1	€ 46.1
LTM Free Cash Flow @ 90% Occupancy	€ 60.4	€ 60.4	€ 60.4	€ 60.4	€ 60.4	€ 60.4
LTM Free Cash Flow @ 100% Occupancy	€ 76.9	€ 76.9	€ 76.9	€ 76.9	€ 76.9	€ 76.9
NSI P/B Ratio	**0.56x**	**0.56x**	**0.56x**	**0.57x**	**0.60x**	**0.63x**
Revenue Cap Rate @ Current Occupancy	**8.9%**	**8.9%**	**8.9%**	**8.8%**	**8.8%**	**8.7%**
Revenue Cap Rate @ 90% Occupancy	**9.8%**	**9.8%**	**9.8%**	**9.8%**	**9.7%**	**9.6%**
Revenue Cap Rate @ 100% Occupancy	**10.9%**	**10.9%**	**10.9%**	**10.9%**	**10.8%**	**10.6%**
Cash Flow Yield @ Current Occupancy	**12.8%**	**12.7%**	**12.7%**	**12.4%**	**12.0%**	**11.3%**
Cash Flow Yield @ 90% Occupancy	**16.7%**	**16.7%**	**16.6%**	**16.3%**	**15.7%**	**14.8%**
Cash Flow Yield @ 100% Occupancy	**21.3%**	**21.2%**	**21.2%**	**20.7%**	**20.0%**	**18.8%**
Intervest Offices & Warehouses (Belgium Properties)						
Intervest Market Capitalization	€ 269.7	€ 269.7	€ 269.7	€ 269.7	€ 269.7	€ 269.7
Book Value of Intervest Common Shares	€ 279.3	€ 279.3	€ 279.3	€ 279.3	€ 279.3	€ 279.3
Total Investment Properties	€ 581.3	€ 581.3	€ 581.3	€ 581.3	€ 581.3	€ 581.3
Total Gross Rent @ Current Occupancy (86%)	€ 45.4	€ 45.4	€ 45.4	€ 45.4	€ 45.4	€ 45.4
Total Gross Rent @ 90% Occupancy	€ 47.4	€ 47.4	€ 47.4	€ 47.4	€ 47.4	€ 47.4
Total Gross Rent @ 100% Occupancy	€ 52.7	€ 52.7	€ 52.7	€ 52.7	€ 52.7	€ 52.7
LTM Free Cash Flow	€ 18.0	€ 18.0	€ 18.0	€ 18.0	€ 18.0	€ 18.0
LTM Free Cash Flow @ 90% Occupancy	€ 19.7	€ 19.7	€ 19.7	€ 19.7	€ 19.7	€ 19.7
LTM Free Cash Flow @ 100% Occupancy	€ 24.2	€ 24.2	€ 24.2	€ 24.2	€ 24.2	€ 24.2
Intervest P/B Ratio	**0.97x**	**0.97x**	**0.97x**	**0.97x**	**0.97x**	**0.97x**
Revenue Cap Rate @ Current Occupancy	**7.9%**	**7.9%**	**7.9%**	**7.9%**	**7.9%**	**7.9%**
Revenue Cap Rate @ 90% Occupancy	**8.3%**	**8.3%**	**8.3%**	**8.3%**	**8.3%**	**8.3%**
Revenue Cap Rate @ 100% Occupancy	**9.1%**	**9.1%**	**9.1%**	**9.1%**	**9.1%**	**9.1%**
Cash Flow Yield	**6.7%**	**6.7%**	**6.7%**	**6.7%**	**6.7%**	**6.7%**
Cash Flow Yield @ 90% Occupancy	**7.3%**	**7.3%**	**7.3%**	**7.3%**	**7.3%**	**7.3%**
Cash Flow Yield @ 100% Occupancy	**9.0%**	**9.0%**	**9.0%**	**9.0%**	**9.0%**	**9.0%**
NSI Dutch Portfolio						
NSI Ownership in Intervest	54.8%	54.8%	54.8%	54.8%	54.8%	54.8%
Value of NSI Intervest Stake	€ 147.8	€ 147.8	€ 147.8	€ 147.8	€ 147.8	€ 147.8
Implied NSI Dutch Market Value	€ 213.0	€ 214.4	€ 215.7	€ 223.2	€ 237.2	€ 261.4
Estimated Actual NSI Dutch Book Value(1)	€ 535.7	€ 535.7	€ 535.7	€ 535.7	€ 535.7	€ 535.7
NSI Dutch Investment Property Value	€ 1,412.0	€ 1,412.0	€ 1,412.0	€ 1,412.0	€ 1,412.0	€ 1,412.0
Implied Dutch Investment Property Value	€ 1,089.3	€ 1,090.6	€ 1,092.0	€ 1,099.5	€ 1,113.5	€ 1,137.7
Dutch Rent @ Current Occupancy (79.5%)	€ 109.9	€ 109.9	€ 109.9	€ 109.9	€ 109.9	€ 109.9
Total Gross Rent @ 90% Occupancy	€ 124.4	€ 124.4	€ 124.4	€ 124.4	€ 124.4	€ 124.4
Dutch Rent @ 100% Occupancy	€ 138.2	€ 138.2	€ 138.2	€ 138.2	€ 138.2	€ 138.2
Implied NSI Dutch P/B Ratio	**0.40x**	**0.40x**	**0.40x**	**0.42x**	**0.44x**	**0.49x**
Implied Revenue Cap Rate @ Current Occupancy	**10.1%**	**10.1%**	**10.1%**	**10.0%**	**9.9%**	**9.7%**
Implied Revenue Cap Rate @ 90% Occupancy	**11.4%**	**11.4%**	**11.4%**	**11.3%**	**11.2%**	**10.9%**
Implied Revenue Cap Rate @ 100% Occupancy	**12.7%**	**12.7%**	**12.7%**	**12.6%**	**12.4%**	**12.1%**
NSI Dutch Office Portfolio						
Implied NSI Dutch Market Value	€ 213.0	€ 214.4	€ 215.7	€ 223.2	€ 237.2	€ 261.4
Retail Market Value (Assume 0.75x P/B)(2)	€ 154.8	€ 154.8	€ 154.8	€ 154.8	€ 154.8	€ 154.8
Industrial Market Value (Assume 0.6x P/B)(2)	€ 21.1	€ 21.1	€ 21.1	€ 21.1	€ 21.1	€ 21.1
Implied Dutch Office Market Value	€ 37.1	€ 38.4	€ 39.8	€ 47.3	€ 61.3	€ 85.5
Estimated Actual Dutch Office Book Value(1)	€ 294.1	€ 294.1	€ 294.1	€ 294.1	€ 294.1	€ 294.1
Implied Dutch Office Investment Property Value	€ 518.1	€ 519.5	€ 520.8	€ 528.3	€ 542.3	€ 566.5
Dutch Office Rent @ Current Occupancy (71.3%)	€ 60.4	€ 60.4	€ 60.4	€ 60.4	€ 60.4	€ 60.4
Total Gross Rent @ 90% Occupancy	€ 76.2	€ 76.2	€ 76.2	€ 76.2	€ 76.2	€ 76.2
Dutch Office Rent @ 100% Occupancy	€ 84.7	€ 84.7	€ 84.7	€ 84.7	€ 84.7	€ 84.7
Implied NSI Dutch Office P/B Ratio	**0.13x**	**0.13x**	**0.14x**	**0.16x**	**0.21x**	**0.29x**
Implied Revenue Cap Rate @ Current Occupancy	**11.7%**	**11.6%**	**11.6%**	**11.4%**	**11.1%**	**10.7%**
Implied Revenue Cap Rate @ 90% Occupancy	**14.7%**	**14.7%**	**14.6%**	**14.4%**	**14.0%**	**13.4%**
Implied Revenue Cap Rate @ 100% Occupancy	**16.3%**	**16.3%**	**16.3%**	**16.0%**	**15.6%**	**14.9%**

(1) Estimated based on proportional allocation. Catalyst requires more information on the actual structure of NSI's debt.

(2) Based on market comparables.

- The tables below present illustrative returns based on Catalyst's entry price for the NSI shares and exit price/book ratio, revenue cap rate (at different occupancy levels) and cash flow yield

Cash-on-Cash Multiple (No Change in Occupancy Rate)

Exit Revenue Cap Rate	14-day Avg. Open €5.26	14-day Avg. Close €5.28	14-day VWAP €5.30	Current Price €5.54	14-day High €5.65
	Entry Share Price				
7.75%	1.73x	1.72x	1.71x	1.64x	1.61x
8.00%	1.56x	1.55x	1.54x	1.48x	1.45x
8.25%	1.39x	1.38x	1.38x	1.32x	1.29x
8.50%	1.23x	1.23x	1.22x	1.17x	1.15x
8.80%	1.06x	1.06x	1.05x	1.01x	0.99x
9.00%	0.95x	0.95x	0.94x	0.90x	0.88x
9.25%	0.82x	0.82x	0.81x	0.78x	0.76x
9.50%	0.70x	0.69x	0.69x	0.66x	0.65x

Cash-on-Cash Multiple (Increase in Occupancy to 85%)

Exit Revenue Cap Rate	14-day Avg. Open €5.26	14-day Avg. Close €5.28	14-day VWAP €5.30	Current Price €5.54	14-day High €5.65
	Entry Share Price				
7.75%	1.99x	1.98x	1.97x	1.88x	1.85x
8.00%	1.80x	1.79x	1.79x	1.71x	1.68x
8.25%	1.63x	1.62x	1.62x	1.55x	1.52x
8.50%	1.47x	1.46x	1.45x	1.39x	1.37x
8.80%	1.29x	1.28x	1.27x	1.22x	1.20x
9.00%	1.17x	1.17x	1.16x	1.11x	1.09x
9.25%	1.03x	1.03x	1.02x	0.98x	0.96x
9.50%	0.90x	0.90x	0.90x	0.86x	0.84x

Cash-on-Cash Multiple (Increase in Occupancy Rate to 90%)

Exit Revenue Cap Rate	14-day Avg. Open €5.26	14-day Avg. Close €5.28	14-day VWAP €5.30	Current Price €5.54	14-day High €5.65
	Entry Share Price				
7.75%	2.33x	2.32x	2.31x	2.21x	2.17x
8.00%	2.14x	2.13x	2.12x	2.03x	1.99x
8.25%	1.96x	1.95x	1.94x	1.85x	1.82x
8.50%	1.78x	1.78x	1.77x	1.69x	1.66x
8.80%	1.59x	1.58x	1.58x	1.51x	1.48x
9.00%	1.47x	1.46x	1.45x	1.39x	1.37x
9.25%	1.32x	1.32x	1.31x	1.26x	1.23x
9.50%	1.19x	1.18x	1.18x	1.13x	1.10x

Cash-on-Cash Multiple (Increase in Occupancy Rate to 95%)

Exit Revenue Cap Rate	14-day Avg. Open €5.26	14-day Avg. Close €5.28	14-day VWAP €5.30	Current Price €5.54	14-day High €5.65
	Entry Share Price				
7.75%	2.68x	2.67x	2.65x	2.54x	2.49x
8.00%	2.47x	2.46x	2.45x	2.35x	2.30x
8.25%	2.28x	2.27x	2.26x	2.16x	2.12x
8.50%	2.10x	2.09x	2.08x	1.99x	1.95x
8.80%	1.89x	1.89x	1.88x	1.80x	1.76x
9.00%	1.77x	1.76x	1.75x	1.68x	1.64x
9.25%	1.61x	1.61x	1.60x	1.53x	1.50x
9.50%	1.47x	1.46x	1.45x	1.39x	1.37x

Cash-on-Cash Multiple – Price/Book

Exit Price-to-Book	14-day Avg. Open €5.26	14-day Avg. Close €5.28	14-day VWAP €5.30	Current Price €5.54	14-day High €5.65
	Entry Share Price				
0.40x	0.72x	0.72x	0.71x	0.68x	0.67x
0.50x	0.90x	0.90x	0.89x	0.85x	0.84x
0.59x	1.07x	1.07x	1.06x	1.02x	1.00x
0.60x	1.08x	1.08x	1.07x	1.03x	1.01x
0.70x	1.26x	1.26x	1.25x	1.20x	1.17x
0.80x	1.44x	1.43x	1.43x	1.37x	1.34x
0.90x	1.62x	1.61x	1.61x	1.54x	1.51x
1.00x	1.80x	1.79x	1.78x	1.71x	1.68x

Cash-on-Cash Multiple - Cash Flow Yield

Exit Cash Flow Yield	14-day Avg. Open €5.26	14-day Avg. Close €5.28	14-day VWAP €5.30	Current Price €5.54	14-day High €5.65
	Entry Share Price				
6.0%	2.14x	2.13x	2.12x	2.03x	2.00x
7.5%	1.71x	1.71x	1.70x	1.63x	1.60x
9.0%	1.43x	1.42x	1.42x	1.36x	1.33x
10.5%	1.22x	1.22x	1.21x	1.16x	1.14x
12.0%	1.07x	1.07x	1.06x	1.02x	1.00x
12.2%	1.05x	1.05x	1.04x	1.00x	0.98x
13.0%	0.99x	0.98x	0.98x	0.94x	0.92x
14.0%	0.92x	0.91x	0.91x	0.87x	0.86x

Potential Value Catalysts

- *Spin-out of Belgian properties* — NSI's Belgian properties are held through its 54.8% interest in Intervest, a public Belgian REIT which trades at 0.97x book value. Buying NSI and divesting the Belgian assets would therefore effectively create the Dutch portfolio at 0.42x book value and a 12.6% revenue cap rate (*see page 3*). Furthermore, the assets are divided into both office and industrial segments which could potentially provide a country/type-specific REIT platform which is currently being demanded by international REIT investors
- *Spin-out of Dutch properties* — Similar to the above strategy, a further spin-out of the Dutch office and/or retail properties could unlock value as investors place additional value on a more specialized portfolio. For example, if Netherland Retail REIT trading multiples of ~0.75x book value are applied to NSI's Dutch retail assets, which comprise 40% of NSI's Netherlands asset value, this would imply creation multiples for NSI's office portfolio of less than 0.2x book value and an 16.0% revenue cap rate at current occupancy (assuming the

Company's Dutch debt is proportionally distributed by asset value between the property types). Note that Catalyst requires further clarity on NSI's capital structure, which is not well-detailed in public filings (*see page 3*)

- *Long-term hold and redevelopment strategy* — A redevelopment of the portfolio could improve occupancy rates and maintain or improve rental revenue from current levels, in turn increasing equity value through a reduction in cap rates and LTV due to favourable revaluations. Also, given the value-oriented pricing of NSI's shares, Catalyst can use a buy-and-hold strategy as markets recover over the medium term
- *Merge with Geneba* — A merger with Geneba would provide short-term portfolio diversification and create a larger platform with the opportunity for accretive spin-outs over the medium term (*see page 35*)
- *Distressed seller situation* — NSI is 20.5% owned by the Habas Group, an Israeli real estate investment firm. Habas is distressed and its investment in NSI was financed with bank debt secured by the NSI shares. Buying the debt at a discount or engaging in direct negotiation with Habas could allow an investor to further improve his creation multiples (*see page 7*)

Key Risks to Investment Thesis and Catalyst Events

- *Short lease profile* — NSI bears substantial re-letting risk with an average remaining lease length of just 3.7 years. Given the Company is re-letting new space at a 10-30% discount to existing rent levels, property values may decline by a similar percentage until the market stabilizes, which could take several more years (*see page 14*)
- *Short debt maturity profile* — NSI's weighted average debt maturity is just 2.8 years, with ~€1B due by 2017. Moreover, at a 58% LTV, NSI is relatively highly levered compared to peers, compounding the Company's refinancing risk (*see pages 13 and 33*)
- *Significant market risks* — Commercial real estate markets in the Netherlands and Belgium, where all but one of NSI's properties are located, remain historically weak – particularly for the B- and C-class properties comprising the Company's portfolio. Both markets are structurally challenged due to heavy office supply, and it therefore could take 5+ years for rents to stabilize and asset valuations to improve (*see pages 19-28*)
- *Potentially unsustainable dividend* — The Company's dividend yield of 7.4% may be unsustainable in light of the high capital expenditures required to improve the properties and the ongoing risks in the portfolio (*see Cash Flow Projections on pages 16-18*). This could expose Catalyst to market repricing risk from current levels if NSI is forced to cut its dividend

2. Situation Overview

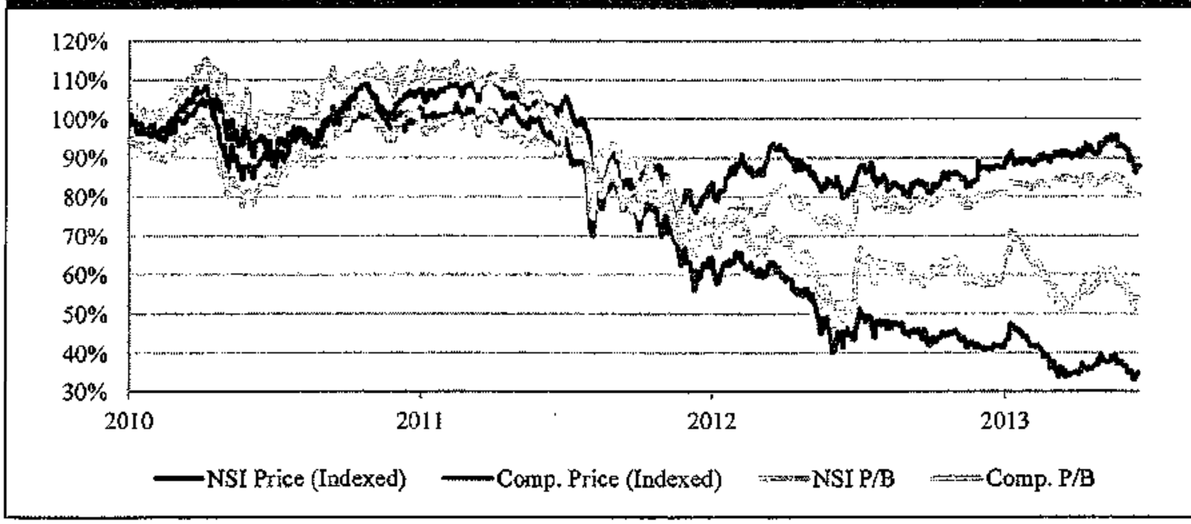
Background

- NSI was founded as Nieuwe Steen Investments in 1993 by Jo Roelof Zeeman and went public on the Amsterdam exchange in 1998
- The Company has focused on retail, office and industrial investments since inception
- Beginning in 2007, a number of actions were undertaken with a goal to focus, internationalize, professionalize and grow the portfolio
    - Mr. Zeeman sold his family's 12.4% stake in the Company to the Habas Group, a 105-year old Israeli real estate investment company headed by Hertzel Habas, after a failed public takeover attempt by the Habas Group
    - The current CEO, Johan Buijs, was hired in September 2008
    - Asset/property management was brought in-house with the acquisition of Zeeman Vastgoed Beheer, a company previously owned by the Zeeman family
        - Substantially all of the Company's property management continues to be handled internally
- The Company made its first international investments at this time, expanding into the Swiss market. This was meant to be a small step towards further internationalization which never truly materialized, likely due to the economic downturn
- Additionally, NSI purchased a portfolio of direct real estate assets held by Phillips' pension arm at the peak of the market in 2008
    - To fund these two investments, the Company's increased its debt load significantly, causing LTV to jump from 46.9% to 57.2%
- Over the next two years, through a combination of share issuance and asset sales NSI reduced its LTV by 250bps to 54.7%. By 2010, NSI's stock was trading above book value as a result of the delevering and recovery in equity markets
- The Company used its favourable valuation to resume its expansion plans. It entered into merger talks with VastNed Office / Industrial ("VNOI"), another Dutch REIT, and completed a stock-for-stock deal in October 2011
    - The deal doubled NSI's size, adding an additional €1B of offices and semi-industrial properties in the Netherlands and Belgium
- The Belgian properties are owned by Intervest Offices & Warehouses ("Intervest"), a publicly traded REIT in which VNOI held a 54.8% stake
    - Following the merger, NSI's asset mix changed from ~50/50 offices and industrial vs. retail to ~70% offices
        - Since the merger, NSI has been focused on improving occupancy levels and divesting non-core assets such as its Swiss properties. As of July 2, 2013, all but one of the Swiss assets has been sold

Recent Performance

- NSI's stock has dramatically underperformed peers over the past two years, falling nearly 70% versus a 13% decline for comparables (Corio NV, Wereldhave Netherlands, Wereldhave Belgium and VastNed Retail)
  - o Note some of these comparables are more geographically diversified and have a higher mix of retail properties than NSI
- As a result, NSI is currently trading at 0.57x book value, versus 0.87x for other Dutch and Belgian real estate companies
- The underperformance has been most pronounced since NSI's merger with VNOI, as the increased dilution (~30%) from the large share issue was exacerbated by a continuing decline in occupancy rates and property values

Indexed Stock Price Performance and Historical Price/Book



Source: Bloomberg, Capital IQ.

Stakeholder Dynamics

- The Habas Group, an Israeli-based real estate development and investment company focused on residential development, is NSI's only significant shareholder, with a 20.5% stake though its 76% interest in Habas Tulip BV
- Hertzel Habas, the Habas Group's chief executive, is also the chairman of NSI
- Habas financed its initial purchase of the NSI stake in 2007, as well as subsequent purchases, with debt secured by the shares
  - o According to a report by *Globes*, an Israeli business publication, Habas borrowed €55MM from a banking syndicate. Rabobank is believed to be the lead lender
- Since the initial acquisition, NSI's stock price has fallen substantially, undermining the value of the collateral and forcing Habas to seek LTV covenant waivers from its lenders in March to stave off foreclosure on the shares

- The sharp drop in the value of Habas' investment has partially contributed to overall financial distress at Habas and it now has negative balance sheet equity
    - *Globes* also reported that in March 2013, Habas was extended a €1.3MM 90-day loan by Mayer Cars and Trucks, an Israeli company which is the 24% minority partner in Habas Tulip BV, in order to post more collateral against its NSI share debt
- A Deutsche Bank indicative term sheet dated May 16, 2013, suggests that Habas was seeking up to €75MM to refinance a €35MM loan from Rabobank, and also to participate in a potential NSI rights offering
    - Financing was to be secured by Habas' NSI shares and first ranking mortgages on three of Habas' properties
    - The contemplated NSI equity raise (or asset disposal) was a minimum €300MM. While Catalyst has learned that the Company was trying to raise at least €200MM, it has not found any other public reports of an attempted rights offering
    - Situs Asset Management, a commercial real estate-focused firm based in the U.S., is listed as the facility agent
- Additionally, an indicative term sheet from an Israeli mezzanine fund, Mustang, dated June 4, 2013, proposes €15MM of financing
    - Use of proceeds to post collateral against its NSI share debt and also to participate in a potential NSI rights offering
- There is no English language context available for either of these term sheets — a Google search resulted in a direct link to a PDF which appears to be hosted on the Tel Aviv stock exchange's website
    - NSI has not recently completed and does not appear to have filed for an equity offering
- Habas is currently the subject of a takeover battle between two other Israeli-based companies: BGI, a clothing manufacturer, and Aspen Group, another real estate company
    - Both are offering a new equity investment and debt-to-equity conversion of its outstanding bonds at a ~40% haircut
- Catalyst has also heard from market participants that KKR has been in discussions with Habas to purchase its equity stake in NSI or provide a loan to Habas
- In addition, Catalyst has been informed by investment bankers at Kempen that Dutch management is also seeking a white knight financial backer to separate itself from Habas
- **The issues at Habas may be causing a negative feedback loop in NSI's shares.** The market believes NSI has lost a backer which previously provided it with much-needed capital, depressing its share price and in turn pushing Habas further into insolvency, thereby continuing the cycle
- A prospective investor in NSI could undertake a direct purchase of either Habas' stake in NSI or the bank debt secured by the shares (and potentially seize the collateral if Habas is in violation of its covenants, which it may be)

- o Given Habas' financial situation and European banks' reticence to take balance sheet risk in the form of risky equity securities (even if publicly traded), it may be possible to effect an acquisition at an even larger discount to NSI's NAV
- o One of NSI's five Supervisory Board seats is attached to the Habas stake

- There is no public information available on the margin loans to Habas and they are not publicly traded

Merger with VastNed Offices / Industrial

- On October 14, 2011, NSI completed a merger with VastNed Office / Industrial ("VNOI")
- As a result, NSI grew from €1.4B to €2.3B of property assets, including a 54.8% stake in the Belgian-listed REIT Intervest Offices & Warehouses ("Intervest")
  - o The combined portfolio was much more heavily weighted towards offices than NSI had been historically. The Company continues to target a ~50/50 balance but has not made any progress toward that goal
  - o VNOI's portfolio had a much higher vacancy rate than NSI, particularly in the Netherlands where many assets were improperly utilized and maintained
- The goal of the merger was to create economies of scale with a larger combined entity and to leverage NSI's internal property management expertise to improve VNOI's portfolio
  - o Expected synergies of €3.5MM were realized on schedule, and NSI was able to let certain VNOI properties under a different approach (multi-tenant vs. single-tenant); however, the Company's vacancy rate remains very high

NSI-VNOI Merger

Combined Financials

(in EUR millions)	NSI	VNOI	Combined
Gross Rent	103.2	78.3	181.5
Net Rent	88.7	68.1	156.8
Direct Result	52.4	25.0	77.4
Investment Properties	1,358.1	1,030.0	2,392.1
Type			
Offices	*53%*	*90%*	*69%*
Retail	*42%*	*10%*	*28%*
Industrial	*5%*	*0%*	*3%*
Geography			
Netherlands	*93%*	*44%*	*72%*
Belgium	*0%*	*48%*	*21%*
Other Europe	*7%*	*8%*	*7%*
Occupancy Rate	90.0%	79.9%	85.6%
LTV	54.8%	54.4%	54.6%
Gross Rental Yield	8.4%	9.5%	8.9%
Net Rental Yield	7.3%	8.3%	7.7%

Source: Company filings. Based on FY 2010.

- All assets and liabilities of VNOI were transferred to NSI entities with VNOI shareholders receiving newly issued NSI shares
- The exchange ratio was set at 0.897 NSI shares for each VNOI share, implying a premium of 19% to VNOI's closing price on December 10, 2010, the date the transaction was announced
  - VNOI was trading at a 0.71x price-to-book prior to the transaction while NSI was valued a premium of 1.13x book value
  - Transaction value implied a 0.84x P/B for VNOI
- VNOI shareholders also received value retention warrants ("VRW"), which entitled them to compensation should NSI sell any shares of Intervest, the publicly traded Belgian REIT 54.8% owned by VNOI, within 18 months of the merger closing date
  - The warrants expired in April 2013

3. Comparables

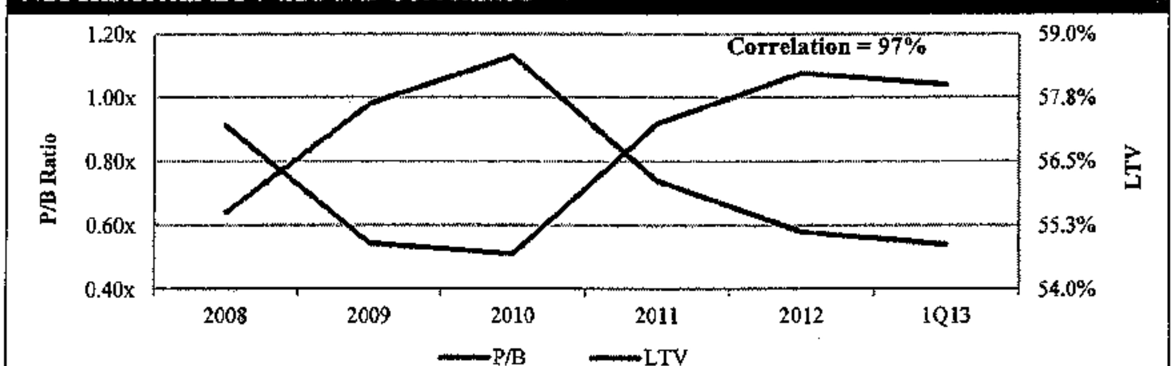
- There are few publicly traded REITs with a majority focus in the Dutch and/or Belgian commercial real estate markets, and unlike NSI, most are heavily weighted toward retail
- At a 58.0% LTV, NSI carries a much higher debt load than its peers, which average 36.6% and are mostly concentrated between 40-45%
- NSI's gross normalized cap rate is 9.4% versus a comparable average of 7.9%, while occupancy is 81.3% versus 93.7% for peers. Both of these differentials partially reflect the higher weighting of office properties in NSI's portfolio, as its retail occupancy rate of 92% is in line with comps
- The Company's price/book ratio of 0.57x is 34% lower than the peer average of 0.87x. This likely reflects NSI's higher LTV and perceived risk, as the Company's historical price/book and LTV have tracked closely since 2008
- Of note, Intervest, of which NSI owns 54.8%, is publicly traded. Intervest's price implies the market is valuing NSI's Dutch properties at 0.42x book value and a 12.6% revenue cap rate at full occupancy. Furthermore, assuming the Company's debt is proportionally distributed by asset value between the property types (Catalyst requires more detail on NSI's structure), this implies a book value below 0.2x and a revenue cap rate of 16.0% for the Dutch offices

NSI NV
Comparables
(in EUR millions unless otherwise noted)

						Property Mix				FY 2012						
Company	Share Price	Market Cap.	Income Properties	Loan-to-Value	Geographical Focus	Office	Industrial	Retail	Occ. Rate	Gross Rent	Net Rental Income[1]	PT Direct Investment Result[2]	Normalized Net Yield[3]	Normalized Gross Yield[4]	Price / Book	Dividend Yield
Corio NV	€32.73	3,217	6,226	40.3%	NED(27%)/FRA(24%)	0.0%	1.0%	99.0%	98.6%	475.6	397.5	229.1	6.6%	7.6%	0.79x	8.4%
Intervest OLW[5]	€18.70	270	561	51.3%	BEL(100%)	61.0%	39.0%	0.0%	86.0%	48.4	37.6	24.9	7.5%	9.1%	0.97x	9.5%
Wereldhave NV	€52.64	1,168	2,073	44.0%	NED(26%)/BEL(24%)	18.0%	3.0%	79.0%	89.3%	147.6	130.6	83.9	7.1%	8.0%	0.64x	8.1%
Wereldhave Belgium	€84.93	535	500	18.2%	BEL(100%)	24.5%	0.0%	75.5%	93.7%	33.2	30.6	28.3	6.6%	7.1%	1.10x	5.1%
Vastned Retail	€31.61	601	1,927	43.9%	NED(38%)/FRA(24%)	0.0%	0.0%	100.0%	95.1%	133.5	116.7	71.0	6.3%	7.3%	0.68x	8.0%
High				51.3%		61.0%	39.0%	100.0%	98.6%	475.6	397.5	229.1	7.5%	9.1%	1.10x	9.5%
Low				18.2%		0.0%	0.0%	0.0%	86.0%	33.2	30.6	24.9	6.3%	7.1%	0.64x	5.1%
Average				[illegible]		20.7%	8.6%	70.7%	92.1%	167.6	142.5	87.4	6.8%	7.8%	0.87x	7.4%
NSI NV	€5.44	374	2,166	58.0%	[illegible]	56.4%	16.7%	26.1%	81.3%	160.5	127.2	73.2	[illegible]	9.4%	0.57x	7.4%

(1) Gross rent less property operating expenses.
(2) Net Rental Income less G&A and finance costs.
(3) Net Rental Income at 100% occupancy as a % of income-producing properties.
(4) Gross Rental Income at 100% occupancy as a % of income-producing properties.
(5) NSI owns 54.8% of Intervest.

NSI Historical LTV and P/B Correlation



Source: Capital IQ, Company filings.

4. Business Overview

Overall Portfolio

- NSI NV (pka Nieuwe Steen Investments NV) is the third-largest mixed-use REIT in the Netherlands, focused primarily on commercial real estate (office, retail and industrial)
- As of March 31, 2013, NSI's portfolio comprised 48 residential units and 265 commercial properties across The Netherlands, Belgium and Switzerland, valued at a total of €2.0B
  - o NSI is in the process of exiting the Swiss market, and only one building remains unsold
  - o The residential assets comprise rental units which are gradually being sold off

Type	Value (EUR 000s)	% of Total
Offices	1,142,693	56.0%
Retail	572,697	28.1%
Industrial	320,116	15.7%
Residential	4,240	0.2%
Total Real Estate Investments	2,039,746	100.0%

Type	Occupancy Rate	Ann. Gross Rent (100% occupancy)	% of Total
Offices	75.1%	118,391	61.3%
Retail	92.0%	45,347	23.5%
Industrial	89.7%	29,107	15.1%
Residential	n/a	330	0.2%
Total	81.3%	193,175	100.0%

Geography	Value (EUR 000s)	% of Total
Netherlands	1,416,233	69.4%
Switzerland	34,219	1.7%
Belgium	589,294	28.9%
Total Real Estate Investments	2,039,746	100.0%

Geography	Occupancy Rate	Ann. Gross Rent (100% occupancy)	% of Total
Netherlands	79.5%	138,186	71.5%
Switzerland	96.5%	2,525	1.3%
Belgium	85.2%	52,464	27.2%
Total	81.3%	193,175	100.0%

NSI NV Financial Performance

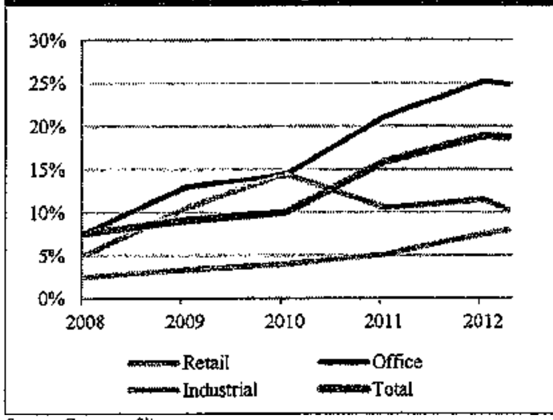
(in EUR 000s)	2008	2009	2010	2011	2012	LTM 1Q13	Change '08-LTM	Change '10-LTM
Gross Rental Income	101.7	103.8	103.2	120.0	160.5	156.1	+54.4	+53.0
y/y		*+2.1%*	*(0.6%)*	*+16.3%*	*+33.8%*	*+15.1%*	*+53.5%*	*+51.3%*
Net Rental Income	83.3	89.6	88.7	101.5	137.3	133.9	+45.7	+45.3
Direct Investment Result (Pre-Tax)	48.7	50.2	49.0	47.8	72.3	69.8	+21.1	+20.8
Free Cash Flow	49.3	44.7	44.4	30.5	41.2	46.1	(3.2)	+1.7
Occupancy Rate	92.4%	90.9%	90.0%	84.1%	81.1%	81.3%	(11.1%)	(8.7%)
Net Rental Yield (Net Cap Rate)	7.1%	7.3%	7.2%	7.6%	8.0%	8.1%	+1.0%	+0.8%
Cash Flow Yield	11.6%	7.7%	6.8%	5.4%	11.7%	13.8%	+2.2%	+7.0%
Loan-to-Value	57.2%	54.9%	54.7%	57.2%	58.2%	58.0%	+0.8%	+3.3%
Debt / Capital	58.1%	56.3%	56.1%	59.4%	60.8%	60.4%	+2.3%	+4.2%
Price / Book Value(1)	0.64x	0.98x	1.13x	0.74x	0.58x	0.57x	-0.07x	-0.56x

(1) LTM 1Q13 Price / Book as at July 17, 2013.

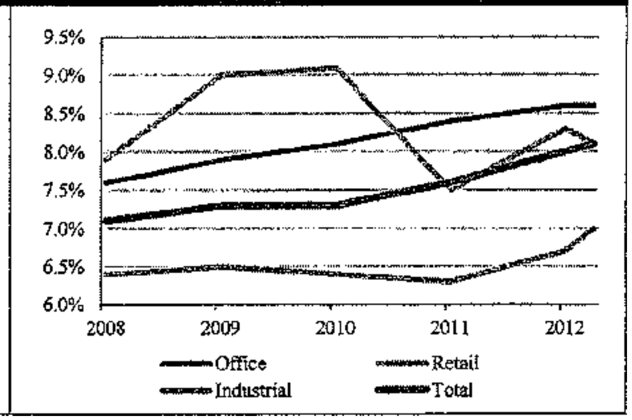
Source: Company filings. As of March 31, 2013.

- With 70% of its properties in the Netherlands, NSI is heavily exposed to the Dutch commercial real estate market which suffered one of the most severe declines of any market in Europe over the past five years
  - o The Belgian market, which is 30% of NSI's assets, has followed a similar trajectory
  - o Property values, occupancy rates and rents in both countries remain depressed
- Between 2008 and March 2013, NSI's overall vacancy rate increased from ~8% to 18.7%
  - o Office vacancy rates climbed from 7.7% to 24.9% as of March 31, 2013, with a slight positive trend since they peaked at 26.2% in Q3 2012
  - o Retail vacancy rates, while much lower than in the office space, have more than tripled since 2008, going from 2.5% to 8.0%
  - o Industrial/logistics vacancy rates went from 5.1% to 10.3% over the past 5 years, though they have steadily (if not constantly) declined since 2009
- Net capitalization rates (also known as "Net Yields", indicating potential net rent as a percentage of property value) have also risen by 100bps over the past five years

Historical NSI Vacancy Rates



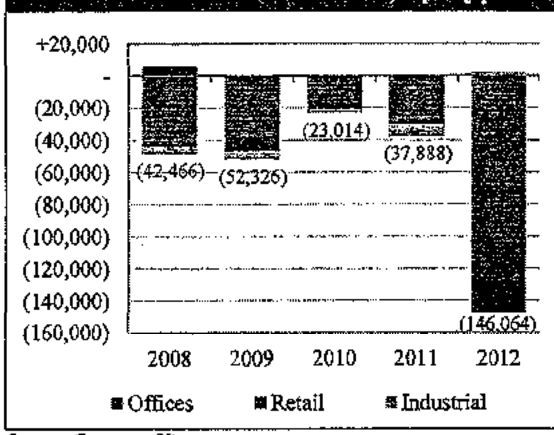
Historical NSI Net Yields



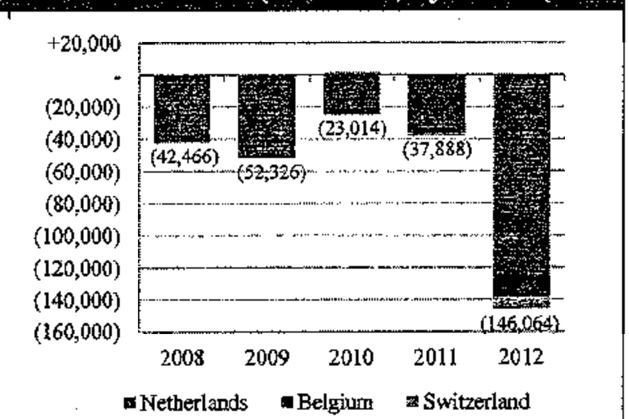
Source: Company filings.

- As a result of the increasing vacancy rates and consequent falling rents, NSI has been forced to write down over €275MM of property since 2008 – almost all in its Dutch office portfolio

Asset Revaluation (EUR 000s) by Type



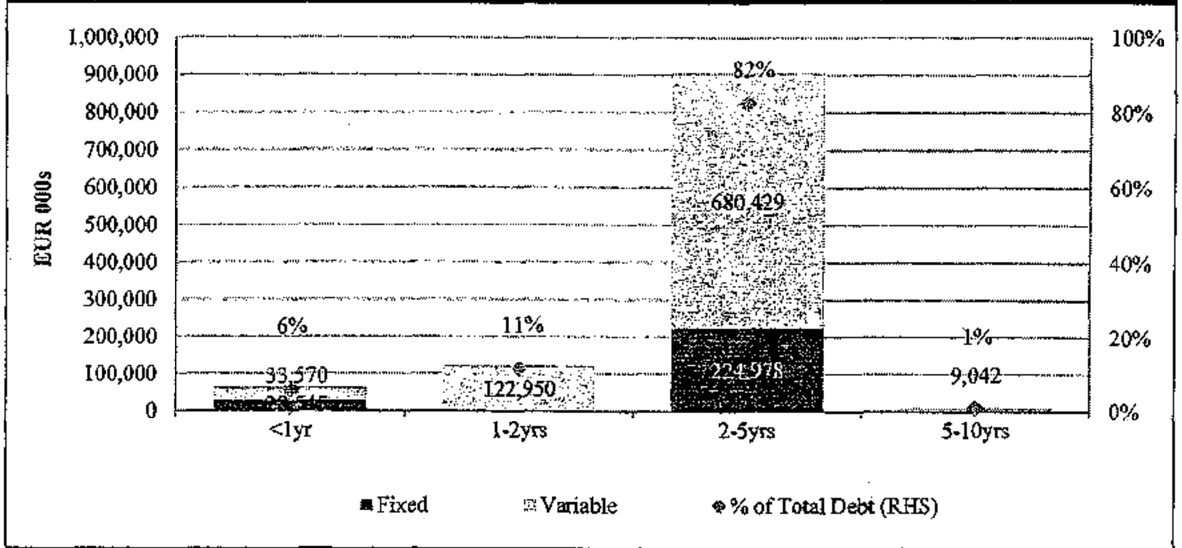
Asset Revaluation (EUR 000s) by Country



Source: Company filings.

- Ill-timed, debt-funded acquisitions of €275MM of property near the peak of the bubble in early 2008 pushed NSI's loan-to-value well above 50%, a level which it had historically remained at or below
- At a current 58.0% LTV, NSI is highly levered relative to peers and also has a short maturity profile, with a weighted average maturity of 2.8 years
  - NSI's debt consists of property-level loans with the exception of a €102.2MM corporate credit facility and €75MM of bonds issued out of Intervest in Belgium
  - On July 1, 2013, NSI refinanced its largest facility of €260MM, extending from 2013/14 to 2017
  - While a large majority of NSI's debt is naturally floating rate, ~90% is either fixed or hedged via swaps
  - The Company has struggled to delever, as a €100MM capital raise and subsequent debt paydown in 2012 (via asset sales and a small share sale) was not enough to offset a (€146MM) asset revaluation

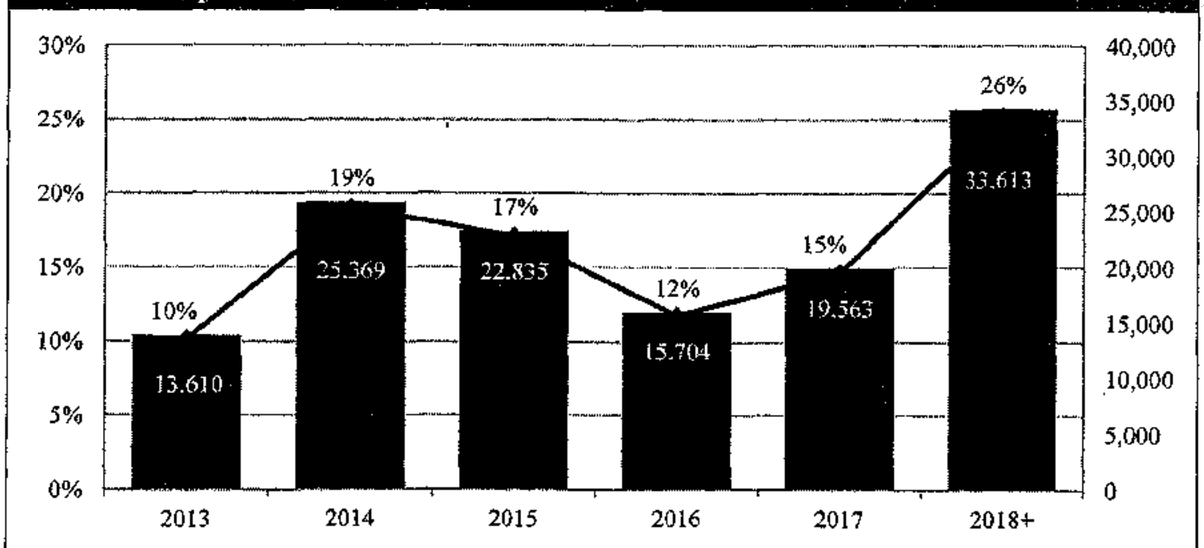
NSI Debt Maturity Profile



Source: Company filings, Catalyst estimates.

- To reach a 50% LTV, NSI would need to raise ~€160MM of additional capital for property equity investments or debt repayment
- In addition to its short-dated maturity stack, NSI's overall lease profile is also relatively short, exposing it to significant re-letting risk
- As of March 31, 2013, the weighted average maturity of NSI's leases is ~3.7 years, compared to an average of 5+ years for its peers
    - ~29% of leases come due in the next 18 months
    - ~45% of leases come due between 2015 and 2017
    - ~26% of leases come due in 2018 or later

NSI Lease Expiration Calendar



Source: Company filings.

- As shown in the table below, NSI has several 2013-14 expansion and redevelopment plans in its retail pipeline, with a total of €44MM budgeted over the next two years, with approximately €10-15MM planned for 2013
    - Budget implies a total investment of €1,637 per incremental square metre. These properties currently average €155/sqm in annual rent, equating to a 10.5-year payback period at current rent and occupancy levels
    - Assuming full occupancy post-renovation and a 20% boost to rent levels, the payback period would be approximately 8 years

NSI Retail Property Redevelopment Pipeline

Property Name	City	Current Occupancy	Size (sqm)	Current Actual Gross Rent / sqm	Investment (EUR 000s)	Expansion / Renovation (sqm)	Expected Delivery
Het Lage Land	Rotterdam	90%	2,745	€ 164.6	1,700	700	2013
't Loon	Heerlen	91%	25,312	€ 101.8	8,000	2,400	2013
De Heeg	Maastricht	96%	3,536	€ 147.6	1,400	3,550	2013/2014
't Plateau	Spijkenisse	99%	5,244	€ 131.2	1,500	450	2013/2014
Sterpassage	Rijswijk	89%	10,516	€ 267.0	9,730	5,100	2013/2014
Keizerslanden	Deventer	98%	6,973	€ 198.0	21,960	14,800	2014
Total		93%	54,326	€ 155.1	44,290	27,000	

Source: 2012 Annual Report.

- There are also a number of redevelopment and expansion plans in the Dutch office pipeline, with a total of €44MM budgeted over the next three years (€30MM in 2013-2014) focused on older and vacant properties
    - The budget implies a total investment of €1,308 per incremental square metre. The properties currently average €133/sqm in actual annual rent, equating to a 9.8-year payback period at current rent and occupancy levels
    - Assuming an average 80% occupancy across these properties post-renovation and a 20% boost to the €133/sqm rent level, the payback period would be 3.7 years

NSI Office Property Redevelopment Pipeline

Property Name	City	Current Occupancy	Size (sqm)	Current Actual Gross Rent / sqm	Investment (EUR 000s)	Expansion / Renovation (sqm)	Expected Delivery
Delftlandlaan	Amsterdam	0%	7,440	€ 0.0	10,720	9,300	2013
Wegalaan	Hoofddorp	0%	3,032	€ 0.0	1,000	3,400	2013
Weg der Verenigde Naties	Utrecht	0%	3,092	€ 0.0	1,500	3,100	2013
Karel du Jardinstraat	Amsterdam	0%	6,107	€ 0.0	3,000	-	2013/2014
Keizersgracht	Eindhoven	98%	10,821	€ 175.7	4,800	10,820	2013/2014
Europaweg	Zoetermeer	77%	10,480	€ 103.0	7,200	3,000	2013/2014
Parkstraat	The Hague	100%	2,953	€ 196.4	2,000	2,950	2014
Geleenstraat	Heerlen	100%	10,072	€ 99.1	15,960	11,900	2016/2017
Total		59%	53,997	€ 132.8	46,180	44,470	

Source: 2012 Annual Report.

Cash Flow Projections

- Catalyst has projected NSI's cash flow and key balance sheet metrics in a Base Case, High Case and Downside Case, anticipating a transaction closing date of August 31
    - All scenarios implicitly assume that NSI is able to refinance its large upcoming maturities. The Company has ~€180MM of debt due over the next two years and ~€1B due within five years (*see page 14*), and will be unable to make these payments without refinancing or completing significant asset sales/equity raises
        - Of note, NSI's lenders have historically been cooperative and it has been able to refinance its bank loans
    - For cash flow purposes, no changes in property values are modeled
    - NSI's starting cash balance is based on its March 31 balance plus an additional €7.5MM to account for net proceeds from sales of its Swiss assets
- The Base Case, presented below, assumes no change in current occupancy rates (currently 81.3%), annual rental growth of +2.0% and annual debt amortization of 1.5%
    - Given high expected capex needs, even in the base case (in line with Company guidance outlined above) it is likely that NSI will have to cut its dividend to a 4.5% yield (from 7.5% today) to be cash flow neutral, implying a repricing on the stock of ~10%
        - However, if capex needs moderate beginning in 2015, NSI should be able to fully restore its dividend
    - In the Base Case, the Company only generates €52MM of free cash flow through the end of 2014, leaving a ~€130MM gap versus maturities, excluding dividend payments

NSI Consolidated Cash Flow Projection – Base Case

(all figures in EUR 000s)	Month Ended,				4 months,	Year ended,			
	Sep-13	Oct-13	Nov-13	Dec-13	2013	2014	2015	2016	2017
Office	7,495	7,495	7,495	7,495	29,980	91,737	93,572	95,443	97,352
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+2.0%*	*+2.0%*	*+2.0%*	*+2.0%*
Retail	3,290	3,290	3,290	3,290	13,162	40,276	41,081	41,903	42,741
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+2.0%*	*+2.0%*	*+2.0%*	*+2.0%*
Industrial	2,133	2,133	2,133	2,133	8,533	26,110	26,632	27,164	27,708
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+2.0%*	*+2.0%*	*+2.0%*	*+2.0%*
Gross Rent	**12,919**	**12,919**	**12,919**	**12,919**	**51,674**	**158,122**	**161,285**	**164,511**	**167,801**
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+2.0%*	*+2.0%*	*+2.0%*	*+2.0%*
Rental Discounts	190	190	190	190	759	1,858	1,421	1,450	1,479
Rental Discounts	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.2%*	*0.9%*	*0.9%*	*0.9%*
OpEx	1,824	1,824	1,824	1,824	7,296	22,325	22,771	23,227	23,691
OpEx %	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*
Net Rental Income	**10,905**	**10,905**	**10,905**	**10,905**	**43,619**	**133,940**	**137,092**	**139,834**	**142,631**
SG&A	509	509	509	509	2,037	6,232	6,357	6,484	6,613
SG&A %	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*
Interest Expense	4,346	4,341	4,336	4,331	17,356	51,586	50,869	50,164	49,469
Pre-Tax Earnings	**6,049**	**6,054**	**6,059**	**6,064**	**24,227**	**76,122**	**79,866**	**83,187**	**86,549**
Income Tax Provision	91	91	91	91	363	1,142	1,198	1,248	1,298
Tax Rate %	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Direct Investment Result	**5,958**	**5,963**	**5,968**	**5,973**	**23,864**	**74,980**	**78,668**	**81,939**	**85,251**
Attributable to NSI Shareholders	*5,093*	*5,098*	*5,103*	*5,107*	*20,401*	*64,025*	*67,111*	*69,981*	*72,886*
Operating Cash Flow	**5,958**	**5,963**	**5,968**	**5,973**	**23,864**	**74,980**	**78,668**	**81,939**	**85,251**
Capital Expenditures	2,917	2,917	2,917	2,917	11,667	35,000	25,000	17,500	17,500
Free Cash Flow	**3,042**	**3,047**	**3,052**	**3,057**	**12,197**	**39,980**	**53,668**	**64,439**	**67,751**
Dividend Payment to NSI Shareholders	1,117	1,123	1,129	1,135	4,504	16,380	29,690	39,151	42,373
Dividend as % of NSI Direct Result	*21.9%*	*22.0%*	*22.1%*	*22.2%*	*22.1%*	*25.6%*	*44.2%*	*55.9%*	*58.0%*
Dividend Yield at Current Market Cap	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*4.5%*	*8.2%*	*10.8%*	*11.6%*
Debt Amortization	1,374	1,373	1,371	1,369	5,487	16,411	16,165	15,922	15,683
Dividend to Minority Interests (Intervest)	551	551	552	552	2,206	7,189	7,813	9,366	9,795
Net Cash Flow	-	-	-	-	-	-	-	-	-
Starting Cash	12,779	12,779	12,779	12,779	12,779	12,779	12,779	12,779	12,779
Ending Cash	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**

- The Downside Case, presented below, assumes occupancy rates fall 15% through 2016 (to 66%); rents decline 5% annually until 2016 (as tenants leave and space is relet at lower rates); and capex remains historically high to retain existing tenants and attract new tenants given the weakening conditions
- In the Downside Case, the Company only generates €36MM of free cash flow through the end of 2014, leaving a ~€150MM gap versus maturities, excluding dividends
  - Moreover, in order to maintain neutral cash flow, NSI must cut its dividend to shareholders entirely by 2015

NSI Consolidated Cash Flow Projection - Downside Case

(all figures in EUR 000s)	Month Ended,				4 months,	Year ended,			
	Sep-13	**Oct-13**	**Nov-13**	**Dec-13**	**2013**	**2014**	**2015**	**2016**	**2017**
Office	7,495	7,495	7,495	7,495	29,980	79,958	70,797	65,661	65,661
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*(11.1%)*	*(11.5%)*	*(7.3%)*	-
Retail	3,290	3,290	3,290	3,290	13,162	35,470	31,756	29,817	29,817
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*(10.2%)*	*(10.5%)*	*(6.1%)*	-
Industrial	2,133	2,133	2,133	2,133	8,533	22,963	20,527	19,240	19,240
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*(10.3%)*	*(10.6%)*	*(6.3%)*	-
Gross Rent	**12,919**	**12,919**	**12,919**	**12,919**	**51,674**	**138,390**	**123,081**	**114,718**	**114,718**
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*(10.7%)*	*(11.1%)*	*(6.8%)*	-
Rental Discounts	190	190	190	190	759	1,630	1,090	1,019	1,019
Rental Discounts	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.2%*	*0.9%*	*0.9%*	*0.9%*
OpEx	1,824	1,824	1,824	1,824	7,296	19,536	17,372	16,189	16,189
OpEx %	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*
Net Rental Income	**10,905**	**10,905**	**10,905**	**10,905**	**43,619**	**117,224**	**104,619**	**97,510**	**97,510**
SG&A	509	509	509	509	2,037	5,454	4,851	4,521	4,521
SG&A %	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*
Interest Expense	4,346	4,341	4,336	4,331	17,356	51,586	50,869	50,164	49,469
Pre-Tax Earnings	**6,049**	**6,054**	**6,059**	**6,064**	**24,227**	**60,184**	**48,899**	**42,826**	**43,521**
Income Tax Provision	91	91	91	91	363	903	733	642	653
Tax Rate %	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Direct Investment Result	**5,958**	**5,963**	**5,968**	**5,973**	**23,864**	**59,282**	**48,166**	**42,184**	**42,868**
Attributable to NSI Shareholders	*5,093*	*5,098*	*5,103*	*5,107*	*20,401*	*50,358*	*40,598*	*35,417*	*36,044*
Operating Cash Flow	**5,958**	**5,963**	**5,968**	**5,973**	**23,864**	**59,282**	**48,166**	**42,184**	**42,868**
Capital Expenditures	2,917	2,917	2,917	2,917	11,667	35,000	35,000	22,500	22,500
Free Cash Flow	**3,042**	**3,047**	**3,052**	**3,057**	**12,197**	**24,282**	**13,166**	**19,684**	**20,368**
Dividend Payment to NSI Shareholders	1,117	1,123	1,129	1,135	4,504	2,713	-	-	430
Dividend as % of NSI Direct Result	*21.9%*	*22.0%*	*22.1%*	*22.2%*	*22.1%*	*5.4%*	*0.0%*	*0.0%*	*1.2%*
Dividend Yield at Current Market Cap	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*0.7%*	*0.0%*	*0.0%*	*0.1%*
Debt Amortization	1,374	1,373	1,371	1,369	5,487	16,411	16,165	15,922	15,683
Dividend to Minority Interests (Intervest)	551	551	552	552	2,206	5,158	3,824	4,175	4,254
Net Cash Flow	-	-	-	-	-	-	**(6,823)**	**(414)**	-
Starting Cash	12,779	12,779	12,779	12,779	12,779	12,779	12,779	5,956	5,542
Ending Cash	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**	**12,779**	**5,956**	**5,542**	**5,542**

- The High Case, presented on the next page, assumes occupancy rates rise 15% through 2016 (to ~95%) and rents rise 2% annually through the projection period, and that capex moderates more than expected after 2015 to levels ~10% below historical trends
  - In this case, NSI should be able to maintain its dividend and even grow the payout ratio (as a % of its Direct Investment Result, which is essentially operating cash flow less working capital changes, which are assumed to be non-material as they are unpredictable for a real estate company)
- In the High Case, the Company only generates €58MM of free cash flow through the end of 2014 (as most of the benefits of higher occupancy rates and rising rents accrue later), still leaving a ~€130MM gap to maturities excluding dividends

NSI Consolidated Cash Flow Projection - High Case									
(all figures in EUR 000s)	Month Ended.				4 months.	Year ended.			
	Sep-13	**Oct-13**	**Nov-13**	**Dec-13**	**2013**	**2014**	**2015**	**2016**	**2017**
Office	7,495	7,495	7,495	7,495	29,980	96,169	102,534	108,895	111,072
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+6.9%*	*+6.6%*	*+6.2%*	*+2.0%*
Retail	3,290	3,290	3,290	3,290	13,162	41,643	43,495	44987	45,887
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+3.5%*	*+4.4%*	*+3.4%*	*+2.0%*
Industrial	2,133	2,133	2,133	2,133	8,533	27,273	28,957	29886	30,483
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+6.5%*	*+6.2%*	*+3.2%*	*+2.0%*
Gross Rent	**12,919**	**12,919**	**12,919**	**12,919**	**51,674**	**165,085**	**174,986**	**183,767**	**187,442**
y/y growth	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*+6.5%*	*+6.0%*	*+5.0%*	*+2.0%*
Rental Discounts	190	190	190	190	759	1,965	1,586	1,677	1,710
Rental Discounts	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.2%*	*0.9%*	*0.9%*	*0.9%*
OpEx	1,824	1,824	1,824	1,824	7,296	23,289	24,662	25,888	26,406
OpEx %	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*	*14.1%*
Net Rental Income	**10,905**	**10,905**	**10,905**	**10,905**	**43,619**	**139,831**	**148,738**	**156,202**	**159,326**
SG&A	509	509	509	509	2,037	6,505	6,894	7,239	7,384
SG&A %	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*	*3.9%*
Interest Expense	4,346	4,341	4,336	4,331	17,356	51,586	50,869	50,164	49,469
Pre-Tax Earnings	**6,049**	**6,054**	**6,059**	**6,064**	**24,227**	**81,740**	**90,975**	**98,800**	**102,474**
Income Tax Provision	91	91	91	91	363	1,226	1,365	1,482	1,537
Tax Rate %	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Direct Investment Result	**5,958**	**5,963**	**5,968**	**5,973**	**23,864**	**80,514**	**89,610**	**97,318**	**100,937**
Attributable to NSI Shareholders	*5,093*	*5,098*	*5,103*	*5,107*	*20,401*	*68,599*	*76,072*	*82,622*	*85,780*
Operating Cash Flow	**5,958**	**5,963**	**5,968**	**5,973**	**23,864**	**80,514**	**89,610**	**97,318**	**100,937**
Capital Expenditures	2,917	2,917	2,917	2,917	11,667	35,000	25,000	12,500	12,500
Free Cash Flow	**3,042**	**3,047**	**3,052**	**3,057**	12,197	**45,514**	**64,610**	**84,818**	**88,437**
Dividend Payment to NSI Shareholders	1,117	1,123	1,129	1,135	4,504	20,955	38,651	56,792	69,166
Dividend as % of NSI Direct Result	*21.9%*	*22.0%*	*22.1%*	*22.2%*	*22.1%*	*30.5%*	*50.8%*	*68.7%*	*70.1%*
Dividend Yield at Current Market Cap	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*5.8%*	*10.6%*	*15.6%*	*16.6%*
Debt Amortization	1,374	1,373	1,371	1,369	5,487	16,411	16,165	15,922	15,683
Dividend to Minority Interests (Intervest)	551	551	552	552	2,206	8,148	9,794	12,104	12,587
Net Cash Flow	-	-	-	-	-	-	-	-	-
Starting Cash	12,779	12,779	12,779	12,779	12,779	12,779	12,779	12,779	12,779
Ending Cash	12,779	12,779	12,779	12,779	12,779	12,779	12,779	12,779	12,779

Sensitivity Analysis

- A 0.5% change in cap rates equates to a ~3% change in NSI's LTV and a ~5% change in NSI's asset value
- A 5% change in NSI's rental income equates to a ~2.5% change in LTV and a ~5% change in asset values

Sensitivity Analysis - LTV					
	Change in Rent				
Change in Cap Rate	(10.0%)	(5.0%)	-	+5.0%	+10.0%
(1.5%)	54.2%	51.3%	48.8%	46.4%	44.3%
(1.0%)	57.6%	54.6%	51.8%	49.4%	47.1%
(0.5%)	61.0%	57.8%	54.9%	52.3%	49.9%
-	64.4%	61.1%	58.0%	55.2%	52.7%
+0.5%	67.9%	64.3%	61.1%	58.2%	55.5%
+1.0%	71.3%	67.5%	64.2%	61.1%	58.3%
+1.5%	74.7%	70.8%	67.2%	64.0%	61.1%

Sensitivity Analysis - Change in Asset Value					
	Change in Rent				
Change in Cap Rate	(10.0%)	(5.0%)	-	+5.0%	+10.0%
(1.5%)	7.1%	13.0%	19.0%	24.9%	30.9%
(1.0%)	0.7%	6.3%	11.9%	17.5%	23.1%
(0.5%)	-5.0%	0.3%	5.6%	10.9%	16.2%
-	-10.0%	-5.0%	0.0%	5.0%	10.0%
+0.5%	-14.5%	-9.8%	-5.0%	-0.3%	4.5%
+1.0%	-18.6%	-14.1%	-9.6%	-5.1%	-0.6%
+1.5%	-22.4%	-18.1%	-13.7%	-9.4%	-5.1%

- In order to get below its target 55% LTV, assuming no change in cap rates, rental income or occupancy levels, NSI would have to raise ~€100MM of equity

Dutch Retail Portfolio

- Following the sale of a Swiss shopping centre in April 2013, all of NSI's retail assets are now located in the Netherlands
- The retail portfolio constitutes ~27% of NSI's total property portfolio (pro-forma for the Swiss mall sale)
    - o 45 properties with over 700 tenants
- The Company's Dutch retail strategy is focused on shopping centres with a strong district or regional function, and not high-street shops in prime city locations. Of NSI's 45 retail properties, approximately 2/3rd's are outside the major cities of Amsterdam, Rotterdam, Utrecht and the The Hague ("G4 cities")
- The retail portfolio comprises three types of properties
    - o Medium scale urban shopping centres (5,000 – 7,500 sqm)
        - ~35-45% of portfolio value (estimated)
    - o Small-city district shopping centres (7,500 – 12,500 sqm)
        - ~40-50% of portfolio value (estimated)
    - o Large scale retail/shopping centres (20,000 sqm)
        - ~15% of portfolio value
        - These are located in more remote municipalities with average populations <100,000

Retail Portfolio Statistics

(In EUR 000s unless otherwise noted)

	Large Scale Retail	Retail	Total
Lettable Area (sqm)	90,499	208,024	298,523
Occupancy Rate	95.8%	91.4%	92.7%
Portfolio Market Value	88,385	480,682	569,067
Gross Rent at Current Occupancy	7,239	33,595	40,834
Gross Rent at 100% Occupancy	7,556	36,756	44,312
Implied Gross Yield	8.5%	7.6%	7.8%
Effective Rent / Sqm (EUR)	83	186	153

Source: Company filings. As at Dec. 31, 2012.

- NSI aims for a mix of 25% food retail (22% as of March 31), targeting daily shopping needs
- Four of NSI's top five tenants are supermarkets/food retailers (*see below*)
- Overall, NSI has a large and diverse retail tenant base, with only two tenants accounting for over 5% of retail rental income and no tenants over 10%

Top 10 Retail Tenants

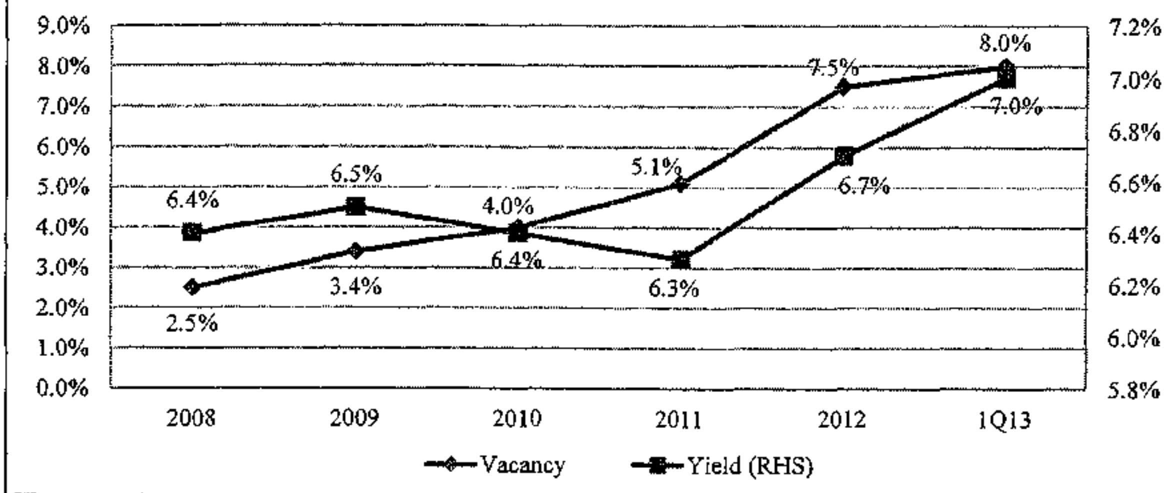
Name	Type	# of Locations	Ann. Rent (EUR MM)	% of Rental Income
Ahold Vastgoed	Supermarkets	11	2.9	6.9%
Eijerkamp	Furniture	n/a	2.1	5.1%
Lidl Nederland GmbH	Supermarkets	7	1.1	2.7%
Jumbo	Supermarkets	n/a	1.0	2.5%
Plus	Supermarkets	4	1.0	2.3%
Blokker	General Retail	n/a	0.9	2.3%
Mediamarkt Saturn	Consumer Electronics	n/a	0.9	2.3%
AS Watson	Health & Beauty Retail	n/a	0.9	2.3%
Detailconsult Groep	Supermarkets	n/a	0.8	1.9%
Action Nederland	General Retail	n/a	0.6	1.4%
Total Top 10			**12.2**	**29.7%**

Source: Company filings, Catalyst. As at Dec. 31, 2012.

- Since 2011, the Dutch retail portfolio has experienced a 60% increase in vacancy rates from 5.1% to 8.0% as the prolonged European recession and curtailed bank lending have weighed on consumer sentiment

- Decreasing occupancy has driven downward revaluations of the retail portfolio, driving net yields up 70bps from 6.3% in 2011 to 7.0% in 1Q13
    - According to CBRE, Dutch prime shopping centre yields are ~5.75%, relatively unchanged since 2009

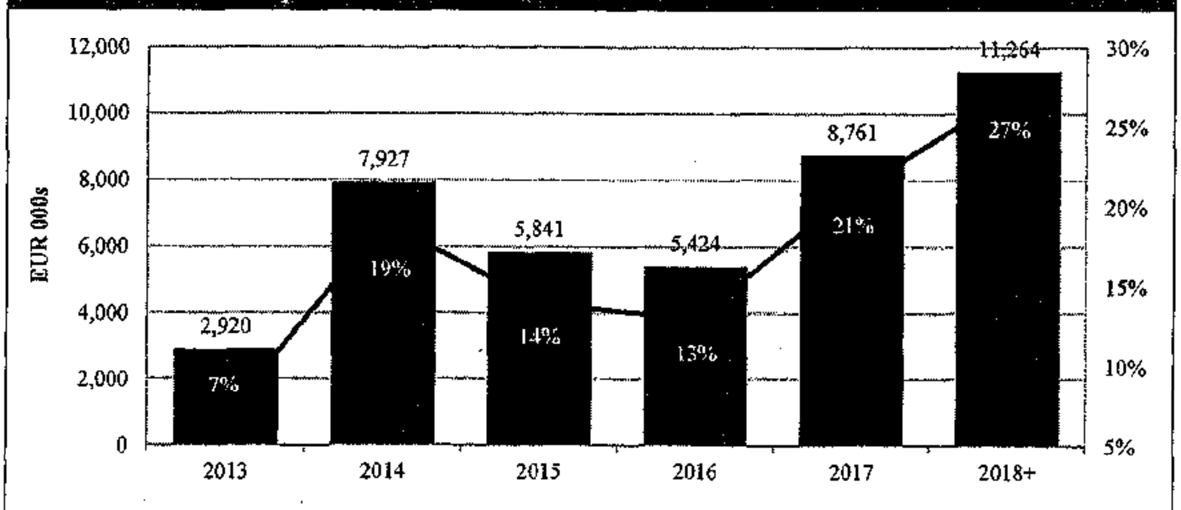
Retail Portfolio Vacancy Rate and Net Yield



Source: Company filings.

- As of March 31, 2013, the weighted average maturity of NSI's retail leases was 3.6 years
    - ~26% of retail leases come due in the next 18 months
    - ~47% of retail leases come due between 2015 and 2017
    - ~27% of retail leases come due in 2018 or later
- Leases in the retail portfolio are generally signed for a period of 5 years with an additional option for a 5-year extension

NSI Retail Lease Expiration Calendar



Source: Company filings.

- Oversupply in the retail space is causing rents to come under pressure, although NSI claims it limits usage of rent-free periods and other incentives
- NSI's retail rents have steadily increased since the crisis, from an average of €140/sqm in 2009 to €152/sqm as of 1Q13; however, that marks a decline from the €153/sqm recorded at year-end 2011 and 2012
  - o There is significant further downside risk: new leases are being entered into well below the average level, which primarily comprises leases signed in previous years
  - o NSI does not report the average rent level for *new leases* in its retail portfolio; however, Catalyst estimates that the average rent for NSI's new/renewed leases in the quarter was approximately €140/sqm. This represents an 8.5% discount to the average effective lease across the retail portfolio as at year-end 2012
    - ▪ Estimate is based on NSI's statements that it had leased or renewed 19,357 sqm. of space in Q1 and retained approximately 242,044 sqm. (assumed to at the effective €153/sqm rate from year-end 2012)
- **Given the short-dated nature of its retail leases, NSI is highly exposed to re-letting risk in its retail portfolio**
  - o As the table below demonstrates, should conditions in the retail market continue to deteriorate and not immediately recover, the Company could lose 10-15% of rental income from the portfolio based on lower new rents and higher vacancy rates
  - o A 10-15% drop in rental income could cause an even greater decline in property value, as cap rates would also likely increase. Furthermore, given the highly levered balance sheet of NSI, this potential decline in asset values would put significant pressure on current equity values

Sensitivity Analysis - Change in Retail Rental Income

New Avg. Rent / sqm	Change in Occupancy Rates: (10%)	(5%)	-	+5%	+10%
130	-23.0%	-18.8%	-14.5%	-10.2%	-5.9%
135	-20.1%	-15.6%	-11.2%	-6.7%	-2.3%
140	-17.1%	-12.5%	-7.9%	-3.3%	1.3%
145	-14.1%	-9.4%	-4.6%	0.2%	4.9%
150	-11.2%	-6.3%	-1.3%	3.6%	8.6%
155	-8.2%	-3.1%	2.0%	7.1%	12.2%

Sensitivity Analysis - Change in Property Value

Change in Revenue Cap Rate	Change in Rental Income: (10%)	(5%)	-	+5%	+10%
+2.0%	-28.1%	-24.1%	-20.1%	-16.1%	-12.1%
+1.5%	-24.3%	-20.1%	-15.8%	-11.6%	-7.4%
+1.0%	-20.0%	-15.6%	-11.2%	-6.7%	-2.3%
+0.5%	-15.3%	-10.6%	-5.9%	-1.2%	3.5%
-	-10.0%	-5.0%	0.0%	5.0%	10.0%
(0.5%)	-4.0%	1.4%	6.7%	12.0%	17.4%

- The outlook for the Dutch retail market is in fact muted, as high unemployment and declining GDP are likely to continue to weigh on retailers — particularly outside of the high-street sector in the G4 cities
- NSI's focus on food retail will provide some stability as the supermarket sector continues to grow, defying non-food retail trends
  - o Overall retail sales declined nearly 4% in the Netherlands last year, with the non-food sector falling 7%
  - o Supermarket sales were 2% higher in 2012 year-on-year

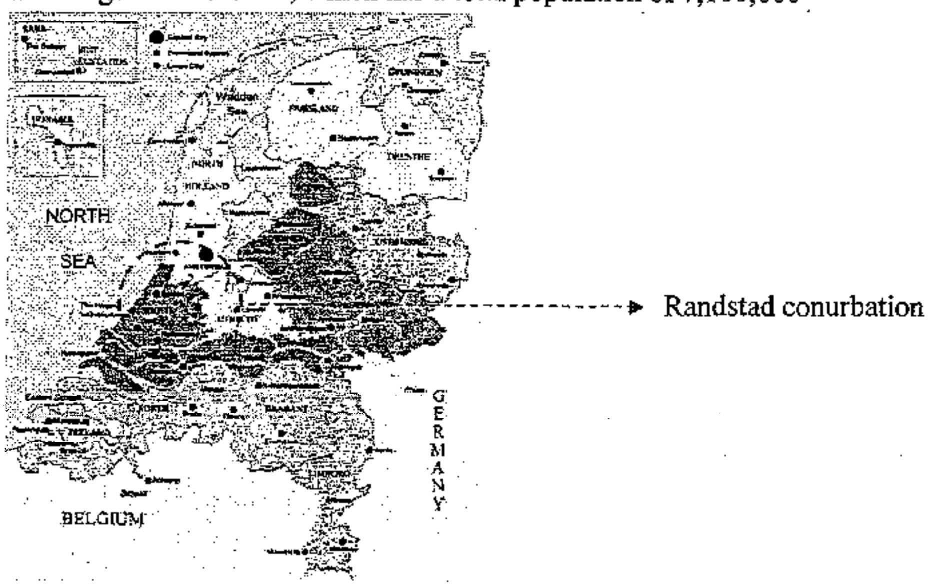
Dutch Office Portfolio

- The Dutch office portfolio constitutes ~38% of NSI's total property portfolio

Dutch Office Statistics	
(in EUR 000s unless otherwise noted)	
Lettable Area (sqm)	622,646
Occupancy Rate	71.3%
Portfolio Market Value	813,160
Gross Rent at Current Occupancy	62,142
Gross Rent at 100% Occupancy	87,155
Implied Gross Yield	10.7%
Effective Rent / Sqm (EUR)	148

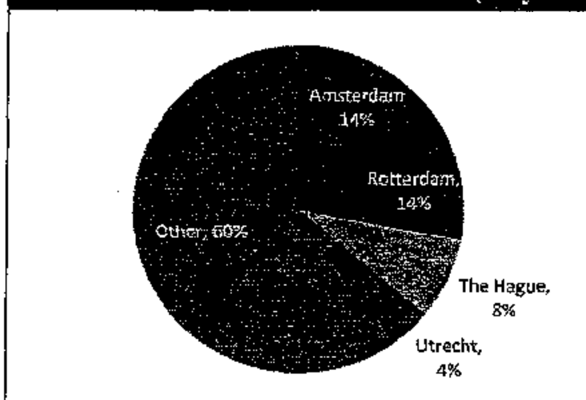
Source: Company filings. As at Dec. 31, 2012.

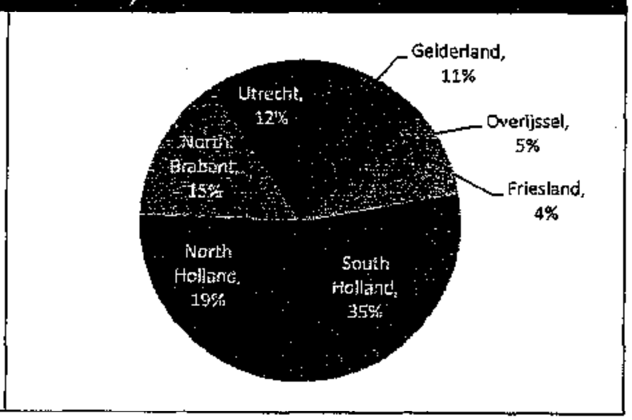
- Properties are concentrated in the Randstad conurbation, comprising Amsterdam, Rotterdam, The Hague and Utrecht, which has a total population of 7,100,000



- Office locations in the major cities are typically located just outside the central business district ("CBD"), while in smaller cities NSI offices are primarily located in the CBD

Dutch Office Location Breakdown (City and Province)





Source: Company filings.

- NSI has a large and diverse tenant base in its Dutch offices, with over 400 tenants in 153 locations
- Four of the top 10 tenants are government agencies (national and municipal)
- Only one tenant accounts for more than 5% of office rental income, and no tenants account for more than 10%

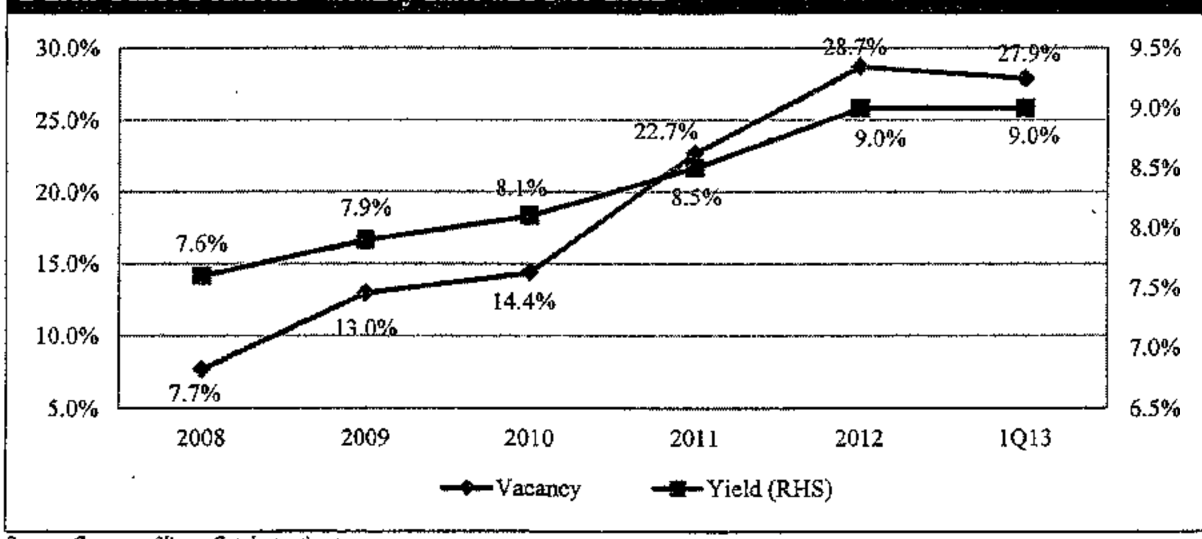
Top 10 Dutch Office Tenants

Name	Type	Ann. Rent (EUR MM)	% of Rental Income
Dutch Government Buildings Agency	National Government	3.8	6.2%
Stichting de Thuiszorg Icare	Healthcare	2.2	3.6%
ProRail BV	National Government	2.0	3.2%
Imtech	Technical Services	1.1	1.7%
RDW	National Government	1.0	1.6%
Gemeente Heerlen	Municipal Government	1.0	1.6%
Stichting RO v.A.	n/a	0.8	1.4%
Ziggo BV	Media	0.8	1.2%
Hewitt Associates	Consulting	0.7	1.2%
Oranjewoud Beheer BV	Engineering	0.7	1.2%
Total Top 10		**14.1**	**22.9%**

Source: Company filings, Catalyst. As at Dec. 31, 2012.

- Vacancies in the Dutch office portfolio have nearly quadrupled since 2008, from 7.7% to 27.9%. The Dutch office market has been among the most negatively impacted in all of Europe through the crisis due to highly unfavourable supply/demand dynamics
- For example, at year-end 2012 in Amsterdam, there were approximately 1,500,000 square metres of available office space with only 200,000 square metres let
  - Vacancy rates were 25% or higher for certain districts
  - Market conditions were largely the same in NSI's other key markets of Rotterdam, Utrecht and The Hague
- Decreasing occupancy has caused large downward revaluations of the office portfolio — over €230MM — driving net yield up 140bps from 7.6% in 2008 to 9.0% in 1Q13

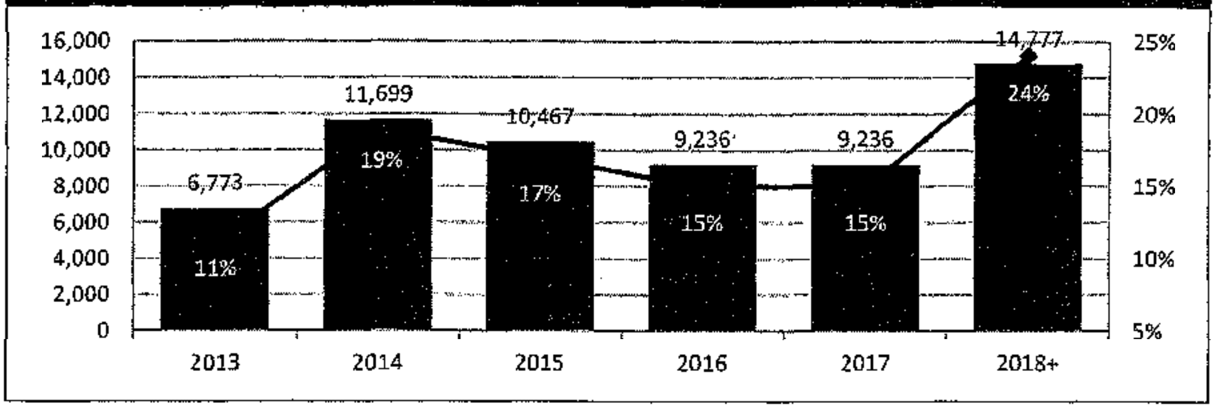
Dutch Office Portfolio Vacancy Rate and Net Yield



Source: Company filings, Catalyst estimates.

- As of March 31, 2013, the weighted average maturity of the Company's Dutch office leases was 3.8 years
  - ~30% of office leases come due in the next 18 months
  - ~46% of office leases come due between 2015 and 2017
  - ~24% of office leases come due in 2018 or later

NSI Dutch Office Lease Expiration Calendar



Source: Company filings.

- Structural factors, such as persistent high unemployment and lower floor space use per employee, are likely to continue to weigh on the Dutch office portfolio. Moreover, NSI's non-prime assets may be among the slowest to recover, and could continue to fall in value
- NSI's overall office rents have been mostly steady through the crisis, declining slightly from an average of €149/sqm in 2009 to €146/sqm in Q1 2013
  - More troubling is the average rent for new office leases NSI is reporting: €120/sqm at year-end 2012 and €104/sqm in Q1 2013. These represent ~20% and ~30% declines, respectively, from the Company's average effective rent in the portfolio
- As in its retail portfolio, NSI **bears substantial re-letting risk in its offices.** It would take less than four years to turn over the entire office lease base, meaning that unless conditions improve, NSI could experience a 30-40% fall in office rental income, assuming no deterioration in occupancy rates
  - Even a 5-10% increase in occupancy rates would still likely result in reduced rental income with little or no recovery in new lease rates, and further declines in property values. Furthermore, given the highly levered balance sheet of NSI, this potential decline in asset values would put significant pressure on current equity values

Sensitivity Analysis - Change in Office Rental Income

New Avg. Rent / sqm	Change in Occupancy Rates: (10%)	(5%)	-	+5%	+10%
100	-38%	-35%	-32%	-28%	-25%
110	-32%	-28%	-25%	-21%	-17%
120	-26%	-22%	-18%	-14%	-10%
130	-20%	-15%	-11%	-7%	-2%
140	-14%	-9%	-4%	1%	5%
150	-8%	-2%	3%	8%	13%

Sensitivity Analysis - Change in Property Value

Change in Revenue Cap Rate	Change in Rental Income: (10%)	(5%)	-	+5%	+10%
+2.0%	-23.9%	-19.7%	-15.5%	-11.3%	-7.0%
+1.5%	-20.9%	-16.5%	-12.1%	-7.7%	-3.3%
+1.0%	-17.5%	-13.0%	-8.4%	-3.8%	0.8%
+0.5%	-13.9%	-9.2%	-4.4%	0.4%	5.2%
-	-10.0%	-5.0%	0.0%	5.0%	10.0%
(0.5%)	-5.7%	-0.4%	4.8%	10.0%	15.3%

- NSI is currently attempting to improve occupancy rates and protect rental revenue through office redevelopment plans. The office redevelopment plans include transforming ~15% of the office entire portfolio to its new letting concept to increase occupancy, called "HNK" ("Het Nieuwe Kantoor" = "The New Office")
  - Targeting under-utilized office spaces that are difficult to rent out in traditional leases
  - HNK is meant to address growing demand for full-service and flexible leasing in the Dutch market, as well as the changing needs of tenants due to shifts in the ways employees are working (e.g. more flex time, more telecommuting, etc…)
- The HNK concept appears to be a more modular approach which provides custom office space that can accommodate any type of user
  - Differentiated pricing schedule based on term, floor area, and range of services provided
- NSI believes that by increasing the lettability of the building, both total rent and return increase. Moreover, tenant and re-letting risk is spread better across the portfolio due to the modular usage and consequent multi-tenant character
  - HNK was premiered in the Vasteland office building in Rotterdam, an 18,000 sqm. complex of which 6,000 sqm. (33%) was redeveloped for a total cost of €2.8 million
  - Renovations were completed in October 2012 and only the 30% of the building which was redeveloped has been let. The renovation's success may have been limited to that portion of the property but appears to have failed in attracting more tenants
- The Company is next rolling out the concept to two vacant assets in Utrecht and Hoofddorp (total investment of €2.5 million), but otherwise has not given any specifics as to which buildings or geographies will be targeted

Intervest Offices & Warehouses (Belgium Portfolio)

- Through its ~55% interest in publicly traded Intervest Offices & Warehouses ("Intervest"), assumed through its merger with VNOI, NSI also owns a portfolio of office and logistics properties in Belgium
- The Belgian assets comprise ~29% of NSI's property value and are weighted approximately 60% offices and 40% logistics by market value

Intervest Portfolio Breakdown

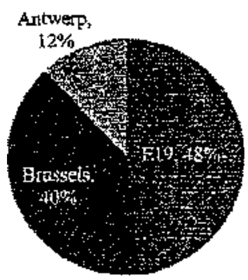
all figures in EUR 000s unless otherwise noted

Regions	Office Space (sqm)	Storage and Other (sqm)	Total (sqm)	Fair Value	Gross Rent at Current Occupancy	Gross Rent at Full Occupancy	Implied Gross Yield	Gross Rent / sqm (€)	Occupancy Rate
Offices									
Brussels	84,388	2,482	86,870	140,957	12,012	13,565	9.6%	156.2	89%
E19 (incl. Malines)	104,281	11,516	115,797	169,356	12,313	15,905	9.4%	137.4	77%
Antwerp	27,289	1,153	28,442	41,561	4,019	4,074	9.8%	143.2	99%
Total Office	**215,958**	**15,151**	**231,109**	**351,854**	**28,344**	**33,544**	**9.5%**	**145.1**	**85%**
Logistics									
Antwerp - Malines	6,670	160,462	167,132	93,366	6,434	8,147	8.7%	48.7	79%
Antwerp - Liege	11,817	161,749	173,566	105,430	8,185	8,326	7.9%	48.0	98%
Brussels	6,649	35,852	42,501	30,630	2,396	2,657	8.7%	62.5	90%
Total Logistics	**25,136**	**358,063**	**383,199**	**229,426**	**17,015**	**19,130**	**8.3%**	**49.9**	**89%**
Total	**241,094**	**373,214**	**614,308**	**581,280**	**45,359**	**52,674**	**9.1%**	**85.7**	**86%**

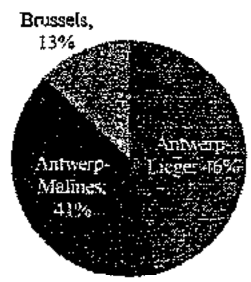
Source: Company filings. As at December 31, 2013.

- All of Intervest's office locations are located on the Brussels-Antwerp axis, which is the most important and most liquid office region in Belgium
  - The Brussels and Antwerp properties are on their respective cities' periphery
  - The E19 European highway between Brussels and Antwerp which includes the smaller city of Malines (also known as Mechelen)
- 87% of logistics properties are located on the A12 and E19 highways between Brussels and Antwerp, and also on the E313, E34 and E314 highways between Antwerp and Liege (closer to Antwerp) — these are the two most important logistics axes in Belgium

Geographic Spread of Office Properties



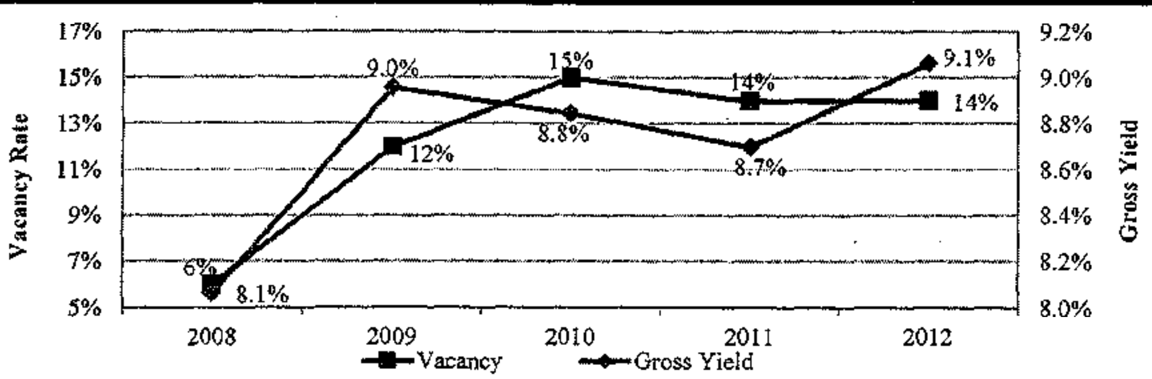
Geographic Spread of Industrial Properties



Source: Company filings.

- Overall, the Belgian office portfolio has followed a similar trajectory to the Netherlands portfolio, albeit to a lesser degree
  - Since 2009, Intervest's office vacancies have risen from 10% to 15%, with gross yields going from 8.7% to 9.5%
  - Over the same period, its logistics vacancies fell from 17% to 11% (though they were only 2% in 2008), and yields have moderately declined from 8.5% to 8.3%
- Vacancy rates in the broader Brussels office market average ~10%, though they are as high as 20% in the periphery (where Intervest's properties are located). The spread between Class A office buildings in prime locations, and Class B and C properties in secondary locations, remains wide
  - Given their locations, Intervest's properties are likely all Class B/C properties; however, further detail has not been publicly provided and needs to be further investigated

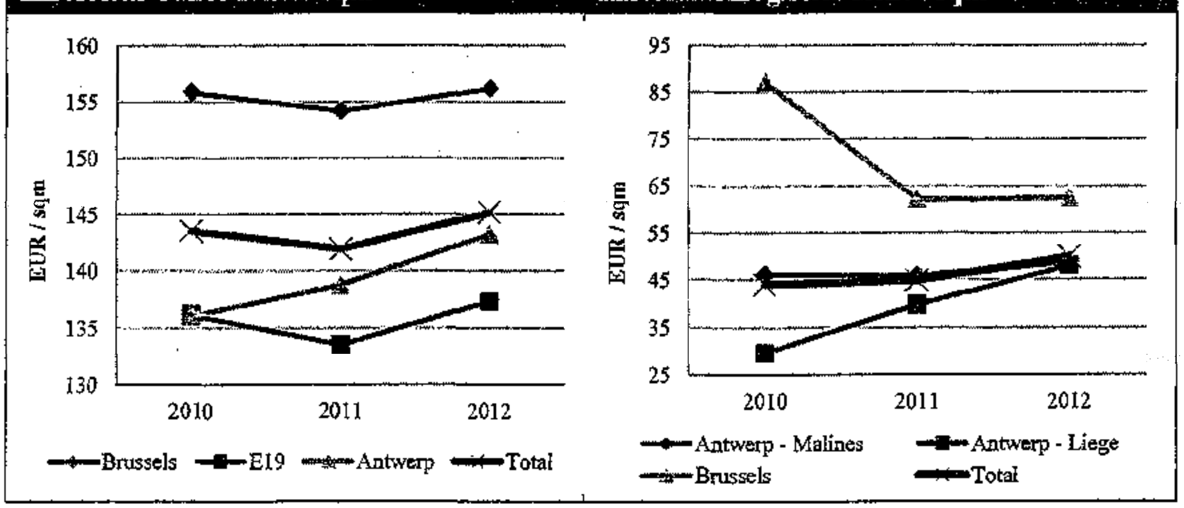
Intervest Gross Yield and Vacancy Development



Source: Company filings.

- Office rents generally ticked higher in 2012 but supply/demand dynamics remain a headwind. There are notable regional differences:
  - Activity in the Brussels office market rebounded after a very weak 2011 and Q1 2012, although overall take-up was ~15% below the 10-year average. A large factor was the lack of large transactions, with none from the public sector and only one from the corporate sector
    - Moreover, the Brussels periphery, where 40% of Intervest's office properties are located, has a large oversupply of office stock, driving aforementioned vacancy rates and yields higher
    - Obsolete/uneconomical office buildings are gradually being repurposed/converted or demolished; however, the office market remains largely a "renter's market", particularly on the periphery
  - On the other hand, Malines/E-19 region, where 48% of Intervest's office properties are located, experienced the highest take-up of office space since 2001
    - Intervest's occupancy rate in the region is only 77% due to growing vacancy of its Mechelen Campus building, the company's largest single property at 60,768 sqm; however, this also presents an opportunity for redevelopment
  - Take-up in the Antwerp market, which accounts for the 12% balance of Intervest's office properties, was above its 10-year average
- The Belgian economy contracted 0.2% in 2012, compared to 1.8% growth in 2011. Expectations are for imports and exports to grow in 2013 which will help support the logistics sector
  - Rents in the logistics and semi-industrial sector have been stable overall, and the market for logistics properties is less structurally challenged from a supply perspective than the office market
  - Note that in 2010, there was a high proportion of office space in the Brussels logistics portfolio which skewed average rent in that geography higher — the effective decline in Brussels industrial rent is less pronounced than in the chart below

Historical Office Rent / sqm | **Historical Logistics Rent / sqm**



Source: Company filings, Catalyst.

- Intervest has approximately 180 tenants in total and its tenant risk is more concentrated than in NSI's retail or office portfolio
    - PwC and Deloitte each accounts for 8% of Intervest's total rental income, while the top 3 tenants comprise 22% of total rental income, or 37% of office rental income

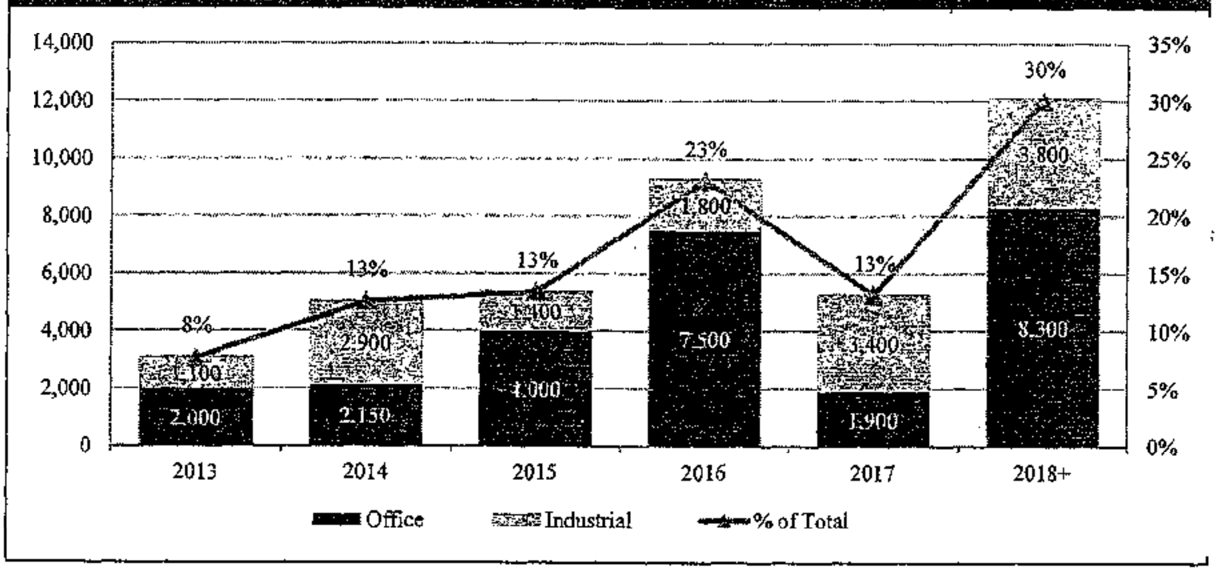
Top Intervest Tenants

Name	Type	Portfolio	Ann. Rent (EUR MM)	% of Rental Income
PricewaterhouseCoopers	Accounting	Office	3.6	8.0%
Deloitte	Accounting	Office	3.6	8.0%
Hewlett-Packard Belgium (EDS Belgium)	Technology	Office	2.7	6.0%
Nike Europe	Apparel	Industrial	2.3	5.0%
Fiege	Logistics	Industrial	2.3	5.0%
Uti Belgium	Logistics	Industrial	1.4	3.0%
PGZ Retail Concept	Consumer Products	Industrial	1.4	3.0%
Pharma Logistics	Logistics	Industrial	1.4	3.0%
Ceva Logistics	Logistics	Industrial	1.4	3.0%
Neovia Logistics	Logistics	Industrial	1.4	3.0%
Total			**21.4**	**47.0%**

Source: Company filings, Catalyst. As at Dec. 31, 2012.

- Catalyst estimates that as of March 31, 2013, the weighted average maturity of the Intervest leases was approximately 4.2 years
    - ~21% of leases come due in the next 18 months
    - ~49% of leases come due between 2015 and 2017
    - ~30% of leases come due in 2018 or later

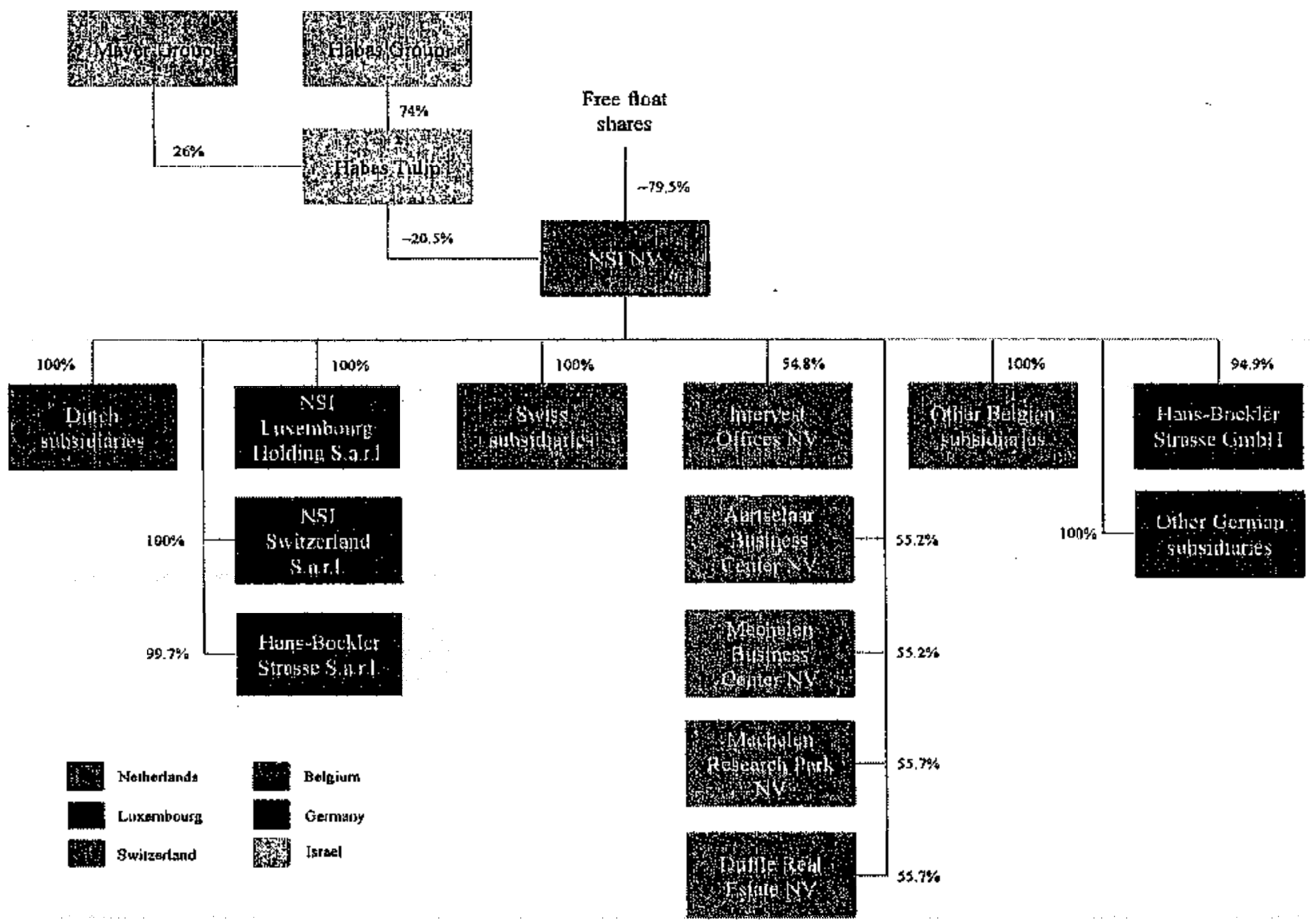
Intervest Lease Expiration Calendar



Source: Company filings, Catalyst estimates.

5. Corporate Structure

- A simplified corporate structure for NSI is shown below
- It is unclear which assets are held by which entities, and which entities are debtors; however, it appears that each subsidiary holds multiple properties



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6. Operating Results and Capitalization Table

- Recent operating results, capitalization and credit statistics are tabled below in Tables 1-3.

Operating Summary (EUR 000s)	Notes	31-Dec-10	31-Dec-11	31-Dec-12	LTM 31-Mar-13	3 Months Ending 30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
Gross Rental Income		$103,170	$119,964	$160,545	$156,121	$39,850	$38,879	$40,317	$37,075
Service Costs Recharged to Tenants		$12,726	$13,594	$23,009	$23,058	$4,994	$6,373	$5,958	$5,733
Service Costs Not Recharged to Tentants		($14,464)	($16,345)	($27,763)	($27,466)	($6,099)	($7,399)	($7,099)	($6,869)
Operating Costs		($12,747)	($15,716)	($18,457)	($17,766)	($4,323)	($4,312)	($4,884)	($4,247)
Net Rental Income		**$88,685**	**$101,497**	**$137,334**	**$133,947**	**$34,422**	**$33,541**	**$34,292**	**$31,692**
Revaluation of Investments		($24,761)	($37,753)	($142,868)	($158,358)	($33,584)	($37,818)	($44,592)	($42,364)
Revaluation of Assets Held for Sale		-	-	($3,211)	($3,211)	-	-	($3,211)	-
Net Result on Sales of Investments		($247)	$835	($7,870)	($7,509)	($7,801)	$47	($116)	$561
Total Net Proceeds from Investments		**$63,677**	**$64,579**	**($16,615)**	**($35,131)**	**($6,963)**	**($4,230)**	**($13,627)**	**($10,311)**
Selling, General & Administrative		($5,932)	($13,913)	($9,023)	($8,787)	($1,917)	($1,966)	($2,743)	($2,161)
Net Interest Expense		($33,742)	($39,775)	($55,973)	($55,322)	($13,355)	($13,664)	($14,452)	($13,851)
Capital Expenditures (Investments in Existing Property)		($4,846)	($14,994)	($22,234)	($22,815)	($11,216)	($172)	($8,947)	($2,480)
Net Income (Loss)		$25,084	$63,279	($99,726)	($103,956)	($27,221)	($28,194)	($30,545)	($17,996)
Cash from Operations		$49,244	$45,453	$60,392	$68,925	$18,902	$6,051	$24,869	$19,103
Cash from Investing		($72,340)	($31,179)	$62,080	$83,854	$63,594	($4,033)	$325	$23,768
Maintenance CapEx		*($4,846)*	*($14,994)*	*($22,234)*	*($22,837)*	*($7,418)*	*($3,970)*	*($8,947)*	*($2,502)*
Growth CapEx		*($67,166)*	*($9,333)*	*($7,966)*	*($7,966)*	*($7,966)*	-	-	-
Proceeds of Sale of Real Estate Investments		*$11,052*	*$5,363*	*$93,041*	*$115,485*	*$79,233*	*$49*	*$9,754*	*$26,449*
Net Investment in Tangible Fixed Assets		*($808)*	*($258)*	*($454)*	*($521)*	*($144)*	*($57)*	*($141)*	*($179)*
Cash from Financing		$4,811	($41,350)	($135,423)	($147,685)	($50,862)	($32,193)	($17,130)	($47,480)
Dividends		*($52,639)*	*($57,073)*	*($43,861)*	*($43,869)*	*($25,340)*	*($10,372)*	*($8,149)*	*($8)*
Debt Drawdown / (Repayment)		*$3,651*	*$16,408*	*($114,419)*	*($127,175)*	*($49,820)*	*($21,803)*	*($8,080)*	*($47,472)*
Share Issuance		*$53,819*	-	*$24,348*	*$24,850*	*$24,850*	-	-	

Balance Sheet (EUR 000s)	Notes	31-Dec-10	31-Dec-11	31-Dec-12	LTM 31-Mar-13	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
Assets									
Non-Current									
Real Estate Investments		$1,360,689	$2,321,313	$2,036,114	$1,981,787	$2,152,289	$2,117,210	$2,006,114	$1,981,787
Intangible Assets		$8,505	$8,509	$8,486	$8,477	$8,495	$8,486	$8,486	$8,477
Tangible Fixed Assets		$3,409	$3,890	$3,750	$3,788	$3,928	$3,836	$3,750	$3,788
Financial Derivatives		$471	-	$666	$388	-	-	$666	$388
Current									
Assets Held for Sale		-	-	$69,977	$57,959	$36,527	$37,544	$69,977	$57,959
Other Investments		$11,835	-	-	-	-	-	-	-
Accounts Receivable		$2,305	$13,957	$21,915	$22,933	$22,885	$21,554	$21,915	$22,933
Cash		$2,885	$4,399	$7,007	$5,279	$27,131	$7,601	$7,007	$5,279
Total Assets		**$1,390,099**	**$2,352,568**	**$2,147,915**	**$2,080,611**	**$2,251,255**	**$2,196,231**	**$2,147,915**	**$2,080,611**
Liabilities									
Non-Current Liabilities									
Interest-Bearing Loans		$669,498	$1,122,648	$961,046	$797,399	$730,832	$847,931	$961,046	$797,399
Financial Derivatives		$28,455	$62,297	$80,787	$72,127	$72,854	$81,133	$80,787	$72,127
Deferred Tax Liabilities		$929	$1,678	$164	$162	$635	$670	$164	$162
Total Non-Current Liabilities		**$698,882**	**$1,186,623**	**$1,041,997**	**$869,688**	**$804,321**	**$929,734**	**$1,041,997**	**$869,688**
Current Liabilities									
Current Portion of Long Term Debt		$44,109	$137,189	$186,273	$302,115	$445,743	$306,644	$186,273	$302,115
Financial Derivatives		$268	$96	-	-	$432	$436	-	-
Debts to Credit Institutions (Revolver)		$45,300	$73,727	$86,119	$88,984	$84,292	$94,992	$86,119	$88,984
Accounts Payable and Deferred Income		$19,914	$45,313	$43,738	$48,045	$49,347	$35,850	$43,738	$48,045
Total Current Liabilities		**$109,591**	**$256,325**	**$316,130**	**$439,144**	**$579,814**	**$437,922**	**$316,130**	**$439,144**
Total Liabilities		**$808,473**	**$1,442,948**	**$1,358,127**	**$1,308,832**	**$1,384,135**	**$1,367,656**	**$1,358,127**	**$1,308,832**
Total Debt		**$758,907**	**$1,333,564**	**$1,233,438**	**$1,188,498**	**$1,260,867**	**$1,249,567**	**$1,233,438**	**$1,188,498**
Shareholder's Equity		**$581,626**	**$909,620**	**$789,788**	**$771,779**	**$867,120**	**$828,575**	**$789,788**	**$771,779**

Credit Statistics (EUR 000s)	Notes	31-Dec-10	31-Dec-11	31-Dec-12	LTM 31-Mar-13	3 Months Ending 30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
Rental Growth		NA	16.3%	33.8%	NA	(4.0%)	(2.4%)	3.7%	(8.0%)
Net Rental Income / Gross Rental Income		86.0%	84.6%	85.5%	85.8%	86.4%	86.3%	85.1%	85.5%
SG&A / Gross Rental Income		5.7%	11.6%	5.6%	5.6%	4.8%	5.1%	6.8%	5.8%
Occupancy Rate		90.0%	84.1%	81.1%	81.3%	81.8%	80.5%	81.1%	81.3%
Gross Rental Yield	1	8.4%	9.0%	9.4%	9.4%	NA	NA	NA	NA
Net Rental Yield (Cap Rate)	2	7.2%	7.6%	8.0%	8.1%	NA	NA	NA	NA
Interest Expense / Gross Rental Income		32.7%	33.2%	34.9%	35.4%	33.5%	35.1%	35.8%	37.4%
Debt / Capital		56.6%	59.4%	61.0%	60.6%	59.3%	60.1%	61.0%	60.6%
Debt / Equity		1.30x	1.47x	1.56x	1.54x	1.45x	1.51x	1.56x	1.54x
Loan-to-Value		54.7%	57.2%	58.2%	58.0%	56.4%	57.6%	58.2%	58.0%
Direct Investment Result (Pre-Tax)	3	$49,011	$47,809	$72,338	$69,838	$19,150	$17,911	$17,097	$15,680
Unlevered Free Cash Flow		$78,140	$70,234	$97,131	$101,432	$21,041	$19,543	$30,374	$30,474
Levered Free Cash Flow		$44,398	$30,459	$41,158	$46,110	$7,686	$5,879	$15,922	$16,623

Note:
[1] Gross Rent / Market Value. Note that 2011 figure is adjusted for NSI/VNOI merger.
[2] Net Rent / Market Value. This is essentially the Cap Rate. Note that 2011 figure is adjusted for NSI/VNOI merger.
[3] Direct Investment Result defined as Net Rental Income less SG&A and Interest Expense.

7. Waterfall Analysis

- The analysis below sensitizes Dutch and Belgian property values around NSI's average revenue cap rate for each of those property types in its portfolio *(see footnote 1)*
  - o The downside case assumes a 2% increase in cap rates, while the upside case assumes a 1% decrease in cap rates
- Netherlands debt is assumed to be first-lien on the commercial properties, with the Dutch working capital facility having a lien on the residual value and residential units
- The Swiss assets and Dutch residential units, held for sale, are sensitized around book value
- **Catalyst requires more information on NSI's corporate structure and has made simplifying assumptions**

Netherlands	Low	Mid	High
	+2% Cap Rate	Cap Rate(1)	-1% Cap Rate
Offices	655,165	775,143	853,271
Retail	434,930	544,139	622,263
Industrial	78,033	92,711	102,335
Total Netherlands Asset Value	1,168,129	1,411,993	1,577,869
First Lien Mortgage Debt(2)	805,968	805,968	805,968
1st Lien Loan-to-Value	*69%*	*57%*	*51%*
First Lien Mortgage Recovery	*100%*	*100%*	*100%*
Commercial Property Residual Value	362,161	606,025	771,901
	-10%	Book Value	+10%
Residential Units Value	3,816	4,240	4,664
Residual for Working Capital Facility	365,977	610,265	776,565
Working Capital Facility(3)	70,288	70,288	70,288
Total Netherlands Loan-to-Value (Incl. Mortgages)	*75%*	*62%*	*56%*
Working Capital Facility Recovery	*100%*	*100%*	*100%*
NE Residual Equity Value	295,688	539,977	706,277

Switzerland	Low	Mid	High
	-10%	Book Value	+10%
Fribourg Office (Held for Sale)(4)	7,090	7,878	8,666
Zug Shopping Centre (SOLD)(5)	26,667	26,667	26,667
Total Switzerland	33,757	34,545	35,333
First Lien Mortgage Debt(2)	25,781	25,781	25,781
1st Lien Loan-to-Value	*76%*	*75%*	*73%*
First Lien Mortgage Recovery	*100%*	*100%*	*100%*
CH Residual Equity Value	7,976	8,764	9,552

Intervest Offices & Warehouses Stake(6)	Low	Mid	High
	+2% Cap Rate	Cap Rate(1)	-1% Cap Rate
Offices	290,840	351,854	393,086
Industrial	185,042	229,426	260,691
Belgium Properties	475,882	581,280	653,777
Other Intervest Assets	-35%	-20%	Book Value
Cash	328	404	505
Receivables	3,119	3,838	4,798
Income Taxes Receivable	2,090	2,572	3,215
Intervest Liabilities	314,763	314,763	314,763
BEL Residual Equity Value	166,655	273,331	347,532
Attributable to NSI	*91,327*	*149,786*	*190,447*
Minority Interest	*75,328*	*123,546*	*157,084*

(1) Mid case cap rate based on current levels of 10.9% / 8.0% / 10.6% for Dutch offices / retail / industrial, and 9.5% / 8.3% for Belgium offices / industrial.
(2) Source: 5/30/2013 investor presentation.
(3) Total of €86MM drawn on €102.2MM of Dutch and Belgian WC facilities. Draw allocated proportionally on each portion.
(4) Switzerland assets as at 12/31/2012 less Zug sale and Q1 2013 revaluation.
(5) Represents CHF32MM at 1.2 EUR/CHF.
(6) NSI's Belgium portfolio is held through a 54.8% interest in Intervest Offices & Warehouses.

- As seen below, stakeholders would receive the following recoveries:
  - o Creditors would recover 100%
  - o Shareholder returns would range from -22.1% to +115.1%

Unsecured Pool Recovery	Low	Mid	High
Netherlands Residual Value	*295,688*	*539,977*	*706,277*
Switzerland Residual Value	*7,976*	*8,764*	*9,552*
Belgium Residual Value	*166,655*	*273,331*	*347,532*
Residual Property Equity Value	470,320	822,072	1,063,361
NSI Current Assets			
Cash	5,279	5,279	5,279
Accounts Receivable[1]	14,906	19,493	22,933
NSI Current Liabilities			
Accounts Payable and Deferred Income	48,045	48,045	48,045
Net Working Capital	(27,860)	(23,273)	(19,833)
Less:			
Derivative Liability	72,127	72,127	72,127
Minority Interest[2]	75,328	123,546	157,084
Remaining Value for Shareholders	295,005	603,127	814,316
Shares Outstanding	68,202	68,202	68,202
Implied Price per Share	€ 4.33	€ 8.84	€ 11.94
% Premium / (Discount) to Current Price	*(22.1%)*	*+59.3%*	*+115.1%*
% Premium / (Discount) to Book Value	*(54.3%)*	*(6.6%)*	*+26.1%*

(1) High/Mid/Low represents Book Value, 85% and 65% of Book Value.
(2) Represents 45.2% interest in Intervest Offices & Warehouses not held by NSI.

8. Capital Structure Summary

- There is little detail available on the composition of NSI's capital structure beyond the amounts outstanding
- NSI's capital structure comprises credit facilities secured against its properties, revolving facilities and an unsecured retail bond issued by Intervest Offices & Warehouses in Belgium
  - Mortgage loan facilities
    - €1.02B outstanding, ~90% secured by properties
    - In its 2010 Annual Report, NSI stated it consolidated over 30+ loans and mortgages into 7 "umbrella" facilities
    - Known lenders:
      - ING and Banque LBLux: €225MM due 2015
      - Deutsche Bank: €121MM due 2015/2016
      - ABN Amro: €122MM due 2016
      - ING, Rabobank, ABN Amro, Belfius and Banque LBLux: €260MM due 2017
  - Working capital facilities
    - Total facility of €101.2MM (€80MM in Netherlands and €21.2MM in Belgium)
    - €89MM drawn / €12MM available
  - Retail bonds
    - Issuer: Intervest Offices NV (Belgium entity)
    - Amount: €75MM
    - Coupon: 5.10%
    - Maturity: June 29, 2015
    - Rank: Unsecured
- The capitalization table below is based on NSI's public disclosures and is likely incomplete. Catalyst is continuing to investigate for information on NSI's capital structure

NSI NV
Capitalization Table

Description	Seniority	Country	Amount (EUR MM)	Price	Maturity	Known Lenders
ING Facility 1	1st Mortgage	Netherlands	225	n/a	2015	ING, LBLux
Deutsche Bank Facility	1st Mortgage	Netherlands	121	n/a	2015-2016	Deutsche Bank
ABN Amro Facility	1st Mortgage	Netherlands	122	n/a	2016	ABN Amro
ING Facility 2	1st Mortgage	Netherlands	260	n/a	2017	ING, Rabobank, ABN Amro, Belfius, LBLux
Total Known Dutch Mortgage Facilities			728	n/a		
Intervest Mortgage Debt(1)	1st Mortgage	Belgium	183	n/a	n/a	n/a
Total Known Mortgage Debt			911			
Dutch Credit Facility(2)	1st Lien	Netherlands	70	n/a	n/a	
Intervest Credit Facility(2)	1st Lien	Belgium	19	n/a	n/a	
Total Secured Debt			1,000			
Other Loan Facilities(3)	Unsecured	Netherlands	113	n/a	n/a	
5.10% Retail Bonds	Unsecured	Belgium	75	102	2015	Public bonds
Total Debt			1,188			

(1) Based on known Dutch mortgage facilities and total property-level mortgage debt of €911MM.
(2) Allocated proportionally.
(3) Catalyst does not have additional detail on the €113MM balance of debt.

9. Summary / Issues / Next Steps

Summary

- NSI's net asset value has fallen sharply over the past five years due to its increasing exposure to an historically weak Dutch office market
- Declining property values have driven the Company's loan-to-value well above that of peers. Delevering has been challenging as downward revaluations have outpaced equity raises and asset sales
- NSI's main stakeholder, Habas Group, is itself in distress – in part resulting from the declining value of NSI's shares – and shareholders appear to have lost confidence that NSI can raise the capital it requires to renovate/refurbish properties and stabilize/increase values
- NSI's results from operations remain stable with healthy, positive cash flow on an absolute basis despite the decline in occupancy rates and property values. Since 2008, occupancy rates have fallen 12% and free cash flow has only fallen by 7%
- Due to NSI's diversification and size, an investor in the Company could create and/or unlock value through a variety of potential spin-out and redevelopment strategies

Issues

- The Company's relatively short maturity and lease profile (approximately 2 years and 3.5 years, respectively) present refinancing and reletting risk
    - Potential mitigating factors include:
        - NSI's lenders have been cooperative and the Company has had little difficulty refinancing bank debt
        - Retention rates have hovered in the 75-80% range, and last year NSI outpaced the general Dutch office markets in reletting space – NSI realized 4% of total Dutch office take-up in 2012 even though its portfolio represents less than 2% of the market
        - Moreover, NSI has substantial in-house property management expertise and successfully turned around a number of vacant VNOI properties post-merger
- There are a number of property redevelopment and expansion plans in NSI's pipeline over the next two years, to which the company is committing nearly €90MM
    - NSI can likely fund these projects with internal cash flow and select asset sales
    - Project payback periods range from 4 years for offices to 8 years for retail, assuming moderate improvements in occupancy and rent levels
- The Dutch economy remains fragile and the challenges in the office market are largely structural and will take time to resolve

Next Steps

- Catalyst should undertake additional diligence on the Company's properties and local real estate markets

- o Further clarity on NSI's corporate structure and capital structure is essential; however, the Company does not publicly provide more detail
- Catalyst should seek additional information on the details of NSI's property mortgages/facilities by approaching its known lenders — primarily ING, Deutsche Bank and ABN Amro
- In parallel, Catalyst can either approach the Habas Group directly regarding a potential purchase of all or some of its stake in NSI, or contact Rabobank, which is believed to have provided Habas with financing against its NSI shares
- NSI also represents a potential bolt-on/merger opportunity with the Geneba portfolio, as it is a less-levered entity (58% LTV vs. 68% LTV) with similar gross and net yields
  - o The table below provides an illustrative example of an NSI/Geneba combination based on their current portfolios and book values, with no expected synergies through centralized management
    - ▪ There would likely be minimal synergies due to the lack of overlap in the portfolios (NSI only realized €3.5MM synergies in its €1B merger with VNOI)

NSI-Geneba Properties Merger Analysis

(in EUR 000s unless otherwise noted)

	NSI	Geneba[1]	Pro-Forma Combined
Gross Rent	156,121	56,654	212,775
Net Rent	133,947	50,102	184,049
Pre-Tax Direct Result	69,838	34,337	104,175
Investment Properties	2,039,746	613,069	2,652,815
Type			
Offices	*61.3%*	*77.2%*	*65.0%*
Retail	*23.5%*	*3.1%*	*18.8%*
Industrial	*15.1%*	*19.7%*	*16.2%*
Other	*0.2%*	-	*0.2%*
Geography			
Netherlands	*71.5%*	*4.6%*	*56.0%*
Germany	-	*73.5%*	*17.0%*
Belgium	*27.2%*	-	*20.9%*
Baltics	-	*22.0%*	*5.1%*
Other	*1.3%*	-	*1.0%*
Occupancy Rate	81.3%	95.8%	84.7%
LTV	58.0%	68.0%	60.3%
Price / Book	0.52x	0.57x	n/a
Gross Yield - 100% Occupancy	9.4%	9.6%	9.5%
Net Yield - 100% Occupancy	8.1%	8.5%	8.2%

(1) Source: Newco Information Circular. Rental results pro-forma full-year 2013.

10. Appendix

NSI
Top20 Properties by Gross Rent

Streetname	Type	Location	Year Built	Sqm.	Gross Rent EUR 000s
Vaste Land	Office	Rotterdam	1975	25,042	3,356
Pr. JF Promenade / Pr. WA Promenade / Steenvoordelaan	Retail	Rijswijk	1994	10,516	3,153
De Driehoek / Markt / Nagelstraat	Retail	Oldenzaal	1999	1,225	2,966
Apollolaan / Homerusplein	Retail	Heerlen	2003	25,312	2,832
Zuidplein	Retail	Rotterdam	2001	9,022	2,261
Oude Middenweg	Office	Den Haag	2002	14,918	2,142
Arthur van Schendelstraat	Office	Utrecht	1995	9,200	1,975
Zuid-Hollandlaan	Office	Den Haag	1924	10,410	1,957
Hooghuisstraat/Keizergracht	Office	Eindhoven	1970	10,821	1,940
Boogschutterstraat	Office	Apeldoorn	2003	14,223	1,886
Zuiderterras	Retail	Rotterdam	1995	10,365	1,869
Burg.Stramanweg	Office	Amsterdam	1989	11,319	1,848
Het Rietveld	Large Scale Retail	Apeldoorn	2005	23,890	1,810
Sint Jorisplein	Retail	Ridderkerk	1992	7,840	1,772
Ambachtsplein / Griendwerkerstraat / Imkerstraat / Spinet / Rietdekkerweg / Zevenkampsering	Retail	Rotterdam	1983	10,037	1,734
Horapark	Office	Ede	2003	14,364	1,684
Torenweg	Large Scale Retail	Middelburg	2006	20,363	1,639
Einsteinstraat	Large Scale Retail	Veenendaal	2005	19,651	1,613
Meerheide	Industrial	Eersel	1998	26,242	1,556
Bennekomseweg	Office	Ede	2002	10,010	1,549
Total Top 20 Properties				**284,770**	**41,542**
As % of NSI Total				**17.1%**	**21.5%**

TAB A-14

This is Exhibit 14 referred to in the affidavit of Anthony Griffin sworn before me, this 25 day of March 20 15

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

Arcan Resources Ltd.

TSX VENTURE : ARN

June 23, 2014 16:22 ET

Arcan Resources Ltd. Announces Strategic Transaction With Aspenleaf Energy Limited and Creation of A New Swan Hills Company

CALGARY, ALBERTA--(Marketwired - June 23, 2014) -

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES OF AMERICA

Arcan Resources Ltd. (TSX VENTURE:ARN) ("Arcan" or the "Corporation") is pleased to announce that it has entered into an arrangement agreement (the "Arrangement Agreement") with Aspenleaf Energy Limited ("Aspenleaf") pursuant to which Aspenleaf and Arcan will complete a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") which will, subject to receipt of all necessary approvals, result in the following transactions occurring:

- Arcan will form a new junior oil and gas exploration and production company ("Spinco") which will hold 12.5% of Arcan's interest in the Swan Hills oil and gas assets and be spun out to Arcan's shareholders. Each common share of Arcan will be exchanged for one common share of Spinco ("Spinco Share") and 0.1 of a Spinco common share purchase warrant ("Spinco Warrant"). Each whole Spinco Warrant will entitle the holder to acquire one Spinco Share at an exercise price of $0.43 per share at any time on or before the date that is nine months following the closing of the Arrangement.
- Aspenleaf will fund Arcan's redemption and cancellation of all of its outstanding 6.25% Convertible Unsecured Subordinated Debentures due February 28, 2016 (the "2016 Debentures") and 6.50% Convertible Unsecured Subordinated Debentures due October 31, 2018 (the "2018 Debentures, and together with the 2016 Debentures, the "Debentures"), pursuant to which debentureholders will receive aggregate consideration of $141,281,250 plus accrued but unpaid interest as of the closing date, representing approximately $825 per $1,000 principal amount of Debentures, and holders of Debentures will receive 100 Spinco Warrants per $1,000 principal amount of Debentures.
- Following the transaction, Aspenleaf will retain all amounts owing under Arcan's $180 million credit facility which was drawn at $150.8 million as at March 31, 2014, other than $10 million which will be repaid by Spinco at closing pursuant to a new credit facility to be entered into by Spinco.
- Aspenleaf will subscribe for $3 million of Spinco Shares at a purchase price of $0.43 per Spinco Share, representing approximately 6.7% of the issued and outstanding Spinco Shares upon completion of the Arrangement, and will receive 0.1 Spinco Warrants per Spinco Share subscribed for.
- Upon completion of the arrangement, reorganization of Arcan's share capital and the recapitalization of Arcan's outstanding debt, Aspenleaf, either directly or through a subsidiary, will hold all of the shares of Arcan, which will retain 87.5% of Arcan's interest in the Swan Hills oil and gas assets.

Terry McCoy, CEO of Arcan, stated "Aspenleaf shares the same vision as we do in terms of the potential of the Swan Hills assets, and are not only committed to their development, but have the financial backing to realize that potential. Through Spinco and the warrants, all securityholders will benefit from Aspenleaf's continued development."

"After an extensive and thorough review of alternatives," continued Doug Penner, President of Arcan, "we are very pleased to move forward with this transaction as it provides an opportunity for shareholders to continue to participate in the growth of Arcan through Spinco and for debentureholders to monetize their investment at a significant premium to both historic and recent trading levels."

TRANSACTION RATIONALE

Arcan's board of directors and management believes the Arrangement is advantageous for Arcan's stakeholders after examining a variety of financial and strategic alternatives. In determining to proceed with the Arrangement, Arcan's board considered the following factors:

- Arcan has succeeded in optimizing drilling, operating and G&A costs but remains severely constrained and undervalued compared to its peers due to its current capital structure and limited credit capacity.
- Arcan believes that it is difficult to realize full value from its inventory of Swan Hills opportunities due to the significant curtailment of capital spending. As a result of interest payment obligations, it is difficult to grow the company's production base and reserve base from internally generated cash flow.
- Arcan has examined a variety of financial and strategic alternatives which have failed to generate acceptable proposals.
- Based upon current financial projections and expectations, there is some uncertainty as to Arcan having adequate cash on hand to repay the Debentures at maturity from internally generated cash flow, and the prospects for obtaining external financing to repay the Debentures at maturity are limited.
- The cash payable to holders of Debentures under the Arrangement provides for a premium of approximately 25% over the closing price of the 2016 Debentures, and approximately 33% over the closing price of the 2018 Debentures, in each case on the trading date prior to the announcement of the Arrangement.
- The Arrangement will provide an opportunity for Arcan's securityholders to continue to participate in the future upside in Arcan's Swan Hills play through ownership in Spinco pursuant to the Spinco Shares and Spinco Warrants issued in connection with the transaction. Aspenleaf has advised Arcan that it intends to exploit the significant drilling and waterflood opportunities on the overall land base. Through its financial partners, Aspenleaf has significant access to capital to accelerate development of the Swan Hills play.

ABOUT SPINCO

Spinco will be a new junior oil and gas exploration and production company led by certain members of Arcan's current management team, including Arcan's President Doug Penner, Executive Vice President Andy Fisher and Chief Financial Officer Graeme Ryder. Arcan expects that some members of its existing Board of Directors will join the board of Spinco.

Spinco will be a growth-oriented company with initial assets that comprise an interest in 12.5% of Arcan's Swan Hills assets. The Arrangement Agreement provides that Spinco will enter into a joint development agreement ("JVA") with Aspenleaf at closing of the Arrangement which will govern the joint development of the Swan Hills assets. Terms of the JVA will include customary industry operating standards for the operation of the assets in the area including an area of mutual interest in the Swan Hills, whereby Spinco will have the opportunity to participate in any future acquisitions or developments made by Aspenleaf, on a 12.5% interest basis.

The Arrangement Agreement provides that Spinco will pay $10 million to Arcan at closing of the Arrangement, with such funds to be drawn on a new credit facility to be entered into by Spinco (the "Spinco Facility"), the proceeds of which will be used to repay a portion of the existing Arcan bank debt. Aspenleaf has agreed that, concurrent with closing, it will subscribe for 6,976,744 Spinco Shares at a price of $0.43 per Spinco Share for total consideration of $3.0 million and receive 0.1 Spinco Warrants for each Spinco Share subscribed for. If all holders of Spinco Warrants exercise their Spinco Warrants in full, Spinco will have net cash on hand of approximately $4.9 million.

To provide increased certainty of future cash flows, Spinco will be assigned 12.5% of Arcan's outstanding commodity hedging contracts.

At closing of the Arrangement, Spinco will have the following characteristics:

- 12.5% of Arcan's interest in the Swan Hills assets.
- Production of approximately 450 barrels of oil equivalent ("BOE") per day (95% light oil).
- Proved reserves of 3.1 million BOE ("MMboe") and proved plus probable reserves of 4.9 MMboe, as evaluated by GLJ Petroleum Consultants Ltd. in its report dated March 26, 2014, effective as at December 31, 2013 (the "GLJ Report").
- Proved reserve net present value of $50.2 million and proved plus probable reserve net present value of $72.9 million as at December 31, 2013 (based upon a 10% discount rate, before tax), per the GLJ Report.
- $7 million of net debt, before considering exercise of the Spinco Warrants; $4.9 million of cash assuming full exercise of the Spinco Warrants.
- 104.8 million common shares outstanding (132.4 million assuming full exercise of the Spinco Warrants)
- The net asset value ("NAV") per common share of Spinco is estimated to be $0.63 per share based on an independent engineering evaluation whereby the net present value of proved plus probable reserves are discounted at 10% before tax.

	Proved Reserves	

		Proved + Probable Reserves
Reserves - NPV 10% ($ million)[1]	$ 50.2	$ 72.9
Assumed Debt ($ million)	$ (10.0)	$ (10.0)
Equity issued to Aspenleaf	$ 3.0	$ 3.0
NAV[2] ($ million)	$ 43.2	$ 65.9
Spinco Shares (million shares)	104.8	104.8
Net Asset Value per Share ($/share)	$ 0.41	$ 0.63

Notes:

[1] Net present value is calculated using a discount rate of 10% before taxes, per the GLJ Report.

[2] Net asset value is derived from the net present value of reserves, calculated using a discount rate of 10% before taxes, per the GLJ Report.

INFORMATION REGARDING THE ARRANGEMENT

Following an extensive review and analysis of the proposed transaction and consideration of other available alternatives, the Board of Directors of Arcan has unanimously determined that the Arrangement is in the best interests of Arcan and is fair to Arcan's securityholders. The Board of Directors of Arcan has unanimously approved the transaction and determined to recommend that Arcan's shareholders and holders of Debentures vote in favour of the Arrangement. All of the directors and senior executive officers of Arcan have entered into lock-up agreements with Aspenleaf supporting the transaction, pursuant to which they have agreed to vote their common shares (representing approximately 2.8% of the outstanding Arcan common shares) and convertible debentures held in favour of the approval of the Arrangement.

Scotiabank is acting as the lead financial advisor to Arcan and has provided the Board of Directors of Arcan with a fairness opinion regarding the proposed transaction. RBC Capital Markets is also acting as a financial advisor to Arcan. A copy of Scotiabank's fairness opinion will be included in the information circular to be sent to Arcan securityholders for the special meeting to be called to consider the arrangement. Blake, Cassels and Graydon LLP is acting as legal counsel to Arcan.

TD Securities Inc. is acting as exclusive financial advisor to Aspenleaf. Osler, Hoskin & Harcourt LLP is acting as legal counsel to Aspenleaf.

The Arrangement Agreement provides for, among other things, a non-solicitation covenant on the part of Arcan, subject to customary "fiduciary out" provisions that entitle Arcan to consider and accept a superior proposal and a right in favour of Aspenleaf to match any superior proposal. The Arrangement Agreement provides for a $6.0 million termination fee payable by Arcan in certain circumstances if the transaction is not completed.

Completion of the transaction is subject to receipt of court approval, approval by Arcan's shareholders and debentureholders, and receipt of all necessary regulatory approvals, including the approval of the TSXV, as well as other customary closing conditions. Arcan's securityholders will be asked to vote on the transaction at a special securityholders' meeting and the completion of the transaction will require the approval of two-thirds of the votes cast in person or by proxy at the meeting by shareholders and holders of each series of debentures.

An information circular regarding the Arrangement is expected to be mailed to securityholders in July for a special meeting of the holders of common shares and Debentures to take place in August, with closing expected to occur as soon as reasonably practicable following the securityholder vote and regulatory approval.

A copy of the arrangement agreement and the information circular and related documents will be filed with Canadian securities regulators and will be available on Arcan's profile at www.sedar.com.

About Arcan Resources Ltd.

Arcan Resources Ltd. is an Alberta, Canada corporation that is principally engaged in the exploration, development and acquisition of petroleum and natural gas located in Canada's Western Sedimentary Basin.

About Aspenleaf Energy Limited

Aspenleaf Energy Limited is a private oil and gas company that is focused on the acquisition and exploitation of light oil and liquids-rich gas assets in Western Canada. Aspenleaf is run by a highly experienced team, with combined industry experience of well over 100 years and headed by President & CEO, Bryan Gould. The company is backed by ARC Financial Corp, a Canadian energy-focused private equity manager, and Ontario Teachers' Pension Plan, one of Canada's most active pension investors.

Legal Advisories

BOEs may be misleading, particularly if used in isolation. The calculation of BOEs is based on a conversion ratio of six Mcf of natural gas to one bbl of oil based on an energy equivalency conversion primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared to *natural gas is significantly different from the energy equivalent of six to one, utilizing a BOE conversion ratio of 6 Mcf: 1 bbl would be misleading as an indication of value.*

Additional information about the Corporation, including the Corporation's financial statements, management discussion and analysis, and annual information form for the year ended December 31, 2013, is available under Arcan's profile on SEDAR at www.sedar.com.

Forward-Looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "will", "continue", "expect" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to, among other things, the following: the terms of the Arrangement and the JVA, the anticipated closing date of the Arrangement, the anticipated mailing date of the information circular and proxy materials in connection with the Arrangement, Spinco's ability to obtain the Spinco Facility, Arcan's ability to repay the Debentures at maturity, the future upside of the Swan Hills play, that Aspenleaf will have significant access to capital to accelerate development of the Swan Hills Play, that Spinco will be able to participate in future acquisitions and developments by Aspenleaf, future production of the Swan Hills assets, the future exercise of the Spinco Warrants.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Arcan including, without limitation, expectations and assumptions relating to the Corporation and Spinco being able to receive all required regulatory approvals to consummate the Arrangement, the ability of the Corporation to obtain the required levels of securityholder approval for the Arrangement, Aspenleaf's, the Corporation's and Spinco's future access to capital; and certain commodity price and other cost assumptions.

Arcan believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: failure to realize the anticipated benefits of the transaction, failure to obtain the necessary approvals, or to otherwise satisfy the conditions of the transaction, in a timely manner, or at all; and certain other risks detailed from time to time in Arcan's public disclosure documents including, without limitation, those risks identified in this press release, and in Arcan's annual information form, copies of which are available on Arcan's SEDAR profile at www.sedar.com.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and Arcan does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Any questions and requests for assistance may be directed to Arcan's information agent:
CST Phoenix Advisors
North American Toll Free Phone:
(800) 239-6513
Banks, Brokers and collect calls: 201-806-2222
Toll Free Facsimile: 1-888-509-5907
Email: inquiries@phoenixadvisorscst.com

Contact Information

Arcan Resources Ltd.
Terry McCoy
Chief Executive Officer
tmccoy@arcanres.com

Arcan Resources Ltd.
Douglas Penner
President
dpenner@arcanres.com

Arcan Resources Ltd.
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Calgary, AB T2P 0H7
(403) 262-0321

View Full Site

TAB A-15

This is Exhibit 15 referred to in the affidavit of Anthony Griffin sworn before me, this 2th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

From: Tony Griffin
Sent: Monday, June 23, 2014 10:41 PM
To: Tony Griffin; Brandon Moyse
Cc: Pat McGuire
Subject: Arcan

Under this Arcan transaction the company is trying to stick the debentures with a discount of $30 million
At the 43 cent subscription price on the equity/warrants the old equity is basically getting $42 mm of stock at the expense of the bonds
This deal requires a vote of both the debentures and the stock – seems like debentures have decent leverage to improve their deal
If these trade anywhere near the bid price we should buy some – realistically the bonds should be getting 75% of the equity going to the old stock

Tony

Debenture	
Payments on Par	141,281,250
Pts on Par	0.825
Par Amount	171,250,000
Discount	(29,968,750)
Total Warrants Issued	14,128,125
Strike per Warrant	0.43
Proceeds	6,075,094

Shareholders	
Arcan Shares	97,900,000
Spinco per ARN Share	1.00
Spinco Shares	97,900,000
Warrants per ARN Share	0.10
Spinco Warrants	9,790,000
Strike per Warrant	0.43
Proceeds	4,209,700

Aspenleaf Subscription	
Shares Purchased	6,976,744
Subscription Price	0.43
Amount	3,000,000
Warrants	697,674
Proceeds	300,000

Spinco Basic Shares	104,876,744
Shares Issued from Warrants	27,523,256
Total	132,400,000
Value per Share	0.43

1P Value	50.00
2P Value	72.50

Value	56,932,000
Less: PF Cash post Debt	(4,900,000)
Pro Forma EV	52,032,000

TAB A-16

This is Exhibit 16 referred to in the affidavit of Anthony Griffin sworn before me, this 7 day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

947

325

6/23/14

Unicaja Banco

Banco CEISS Rx Plan

- Focus on retail & SME in core regions: Castilla y Leon and province of Caceres
- RE development exposure transferred to SAREB
- ~30% B/S reduction planned from 2013-17
- €604 MM capital injection in form of CoCos -> Repayment in 4 yrs
- FROB backstopping €241 MM of contingent legal claims/liabilities of CEISS -> Investors who did not accept takeover offer (>25%) may still seek to sue -> represents 71% of potential lawsuit liability -> 60.7% of shareholders accepted offer

Unicaja Pre Merger

- 8.8% NPL (vs. avg of ~14%) now 8.3%
- Located in Andalusia -> economic environment worse than rest of Spain
- Loans to individuals account for 60% of book
- ROA of 1.8% in H1 13

Call on Unicaja ordinary equity w/ Imperial Capital
- Recently issued equity in Unicaja
- "Well-managed throughout crisis"
- 12.9% CT1 -> 11.2% avg
- 12.9% CET1 -> 10.4% avg.
- acq. of CEISS finalized in March

COMM block → 1 @ 2-3MM, another @ 2MM

- Unicaja offered CEISS shareholders
- 85MM shares issued to CEISS (mostly HFs)

&

- 800MM shares ~~formerly~~ owned by not-for-profit org.
- 885MM PF share count

→ typically these banks were owned by foundations

2 holders
Spanish HF in middle
HF in London

- So what happens to profits? Need to be reinvested into social causes

- CEISS CTI → 8.6%
- 12.7% NIL for CEISS

- PF combined roughly in line w/ Spanish peers

- creation P/B @ 77% @ €2.39/sh
- Even if diluted by UniCaja cocos, 81% P/B

- Dividend policy? None → capacity? CEISS has strong limitations, unlikely for Unicaja

Imperial

→ Expects to IPO, like other Spanish restructured banks (see Liberbank)

→ Banco ~~Mare Nostrum~~ (?) Marenostrum

- CEISS still has €600MM of CoCos on b/s injected by FROB → can't be converted into Unicaja shares so need to be repaid

&&

Conv → All docs in Spanish

Trade on Euroclear

Taxes: Don't think there are any stamp taxes

$$ROE = \frac{NI}{Equity}$$

$$P/B = \frac{Mkt}{Equity} \quad Equity = \frac{Mkt}{P/B}$$

$$100 = x \cdot (0,93)$$

6/25/14

Deal flow

producing → $40mm EBITDA

↗ O&G assets in Mich,

- Fletcher Energy → $200mm purchase; how to finance? May partner w/ Cerberus → TD/TG

- KNOC/Harvest Energy assets → $70mm purchase; $40mm debt ($10mm junior debt we want)

REDACTED

TG (subscribed)
↳ $25MM

- ratchet down feature?"

→ 2 term loans into Houston (?) Galveston (?)
↳ 1st step towards a more permanent

REDACTED

REDACTED

& && &&
- TriWest

- NCSG similar to TNT/Maxim
- Younger fleet
- Business model - Orent crane w/labour

Triwest buying 60%

- ABL → $225MM CAD (90MM drawn)
- $300-330 2nd lien bond USD
→ Clear bond at 7-7.5%
- 9.5% cap
Big discount to comps

- Blueline 2nd lien last year
→ Unsecured PIK toggle also

- Safeway May 2018 2nd lien @ 7%

- Timeline to deal < month
- October takeout → Oct. 17th termination
- 50-75bps ~~fees~~ → commitment fees
→ tiering

- ~~HSR~~ Canadian regulatory approvals
→ think 30-45
→ HSR & heavy machinery

&& - $84.6MM EBITDA → 5x through 2nd lien, 7x purchase price
- Term sheet

- Commitments by the 14th

Boris Tsimerinov - CCC Investment Banking

- "West Cap":
- Finan
- Oil & gas services company - P 30MM+ of EBITDA
  - Lay pipelines
  - facilities work } both oil & gas
  - Pipeline screening
  - Close to LNG projects
- Refinance existing facility & growth flexibility & WC needs

30MM debt < 20 equipment loans, 10 drawn

would need 70-100MM to buy equipment & L/C (~50% for the L/C) > 5 years

~~major oil & gas business~~

~~All senior~~ - All senior asset-based deal
- fair bit of assets, owned equipment & rent equipment

- Business Overview
- Customers - Market opp
- Services - where large projects
- Fixed-price vs. reimbursable
- FS
- Capex
- L
- Fixed Assets
- Inventory

7/7

Analyst Meeting

- Primary Energy
  → Strategic Process "wrapping up soon"

REDACTED PC company trading between 5-6.5x
- runcap, but overachieving → won 2 major contracts
but future uncertain

- ACF deal (AW)

- Sudzucker → bio ethanol & fruit business
  → strategic asset → food & sugar production
  → valuation beaten down   → beet sugar

- Enbridge

REDACTED analysts $35
IF $10

→ 2 assets < pipe from oil sands to Chicago, up in '15 / few renewals
Jordan cove LNG project

REDACTED

REDACTED

REDACTED

REDACTED

Kahn's ? US Brick → bank credit book
↳ sold $60 calls, bought $40 puts –
↳ 500 contracts
Norbord → might have to cut dividend, no FCF to support

Courtney - Imperial Capital - Covenant Surgical

9% $120 MM - 5NC2
(no OID)

JEF - United Surgery 7x ~~~~ 5%
- Bank deal

- CEO at AmSurg

- PF EBITDA of $27 MM

- AmSurg / Surgical

Art Householder

Art Householder

- Mining project in OR
- Gold & silver
- Dump & tailings
- Seller "sold it too cheap", tried to break agreement by filing project; judge rejected BK
- Buyer gets ~~equity~~ debt
- Purchase price → $27.5MM
  → 1.3MM short tons (of what?)
  - Above-ground values are $2B
- Unclear what we are bridging to? "PE firms looking; maybe HY bond"
- Purchase price → $27.5MM → ~~Buyer~~ $15MM equity "coming in shortly"
  Farragut Trust is the buyer
  SPAC
- Interest rate "not a concern"; flexible
  L+200 for long-term

11/7/14

Seven Generations Energy call w/Macquarie

Alex Rothwell → Head of Equities
Sandy Edmonston → Senior Relationship Mgr
Mike Mackenzie → DECM
Chris Feltin → Research Analyst

- Think structure is interesting
- Board mtg tmrw → need something firm to compete w/bought deal equity financing (competing w/us)
  - → not 100% certain they will execute on it, but obviously firm bought deal
- → we need at least 10 days to issue capital call (really 14 days)
  - → but deal would be 2-wk close anyways, so timing not an issue
    - → we prob need 3 wks to close.

Tom → they are even ok w/28 days

- → we will need some information ("check the box")

- → they are most fussed w/us providing terms we're prepared to live with

Debt docs → no incurrence covenants as putting on add'l debt

Alex → to send us details/covenants in existing debt agreements (incl. whether 7G can incur debt which matures inside it)

→

Freely trading shares

- 12.5% PIK; Paid in shares at "liquidity event"
- ~~[illegible]~~
- Makewhole of 12.5%
- Coupon step after 12 months (?)
- ~~Contemplated [illegible]~~ - Equity raise would have 10% penalty (likely)
- OID (?)

Board meeting 11 AM Central tmrw

- ~~[illegible]~~
- Working on debt deal (potentially)
- Why no rights offering? (unclear; the process is Macquarie initiative)

- Contemplating \$500-800mm IPO, including up to \$200-300mm Secondary
- Not all existing shareholders will have to lock up (Probably only >10% shareholders)

15/7/14

Tuesday Meeting

REDACTED

REDACTED

Norbord
S. American Protein Producers → Chinese rotating into agriculture

REDACTED

First Majestic
Molycorp debt

* Hoffman → buying assets from Midstates Petroleum

REDACTED

Sudzucker
Enbridge

TAB A-17

DENTONS

Jeffrey P. Mitchell

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February 20, 2015

SENT VIA E-MAIL (rdipucchio@counsel-toronto.com)

Rocco Di Pucchio
Lax O'Sullivan Scott Lisus LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Dear Mr. Di Pucchio:

RE: The Catalyst Capital Group Inc. v. Brandon Moyse and West Face Capital Inc. (Court File No. CV-14-507120)

We acknowledge receipt of your client's motion record along with a copy of the ISS' final report by email late Wednesday evening.

We reiterate our previous requests that you immediately produce all written interactions with the ISS, including but not limited to all communications in any way relating to the search process and any documents summarizing, minuting or confirming telephone interactions. Particularly given the nature of the allegations raised by Mr. Riley in his affidavit in respect of the ISS, the interaction between Catalyst, Mr. Moyse and the ISS are clearly relevant, and there is no basis to refuse to disclose same.

In addition, Mr. Riley in his affidavit specifically gives evidence relating to Catalyst's negotiations with VimpelCom Ltd. respecting the potential purchase of Wind Mobile. Given the allegations made in the motion materials, Catalyst's negotiations with VimpelCom Ltd. are of central relevance. As such, please produce the documentation substantiating Mr. Riley's assertion that Catalyst and VimpelCom Ltd. were able to negotiate all of the terms of the potential sale of Wind Mobile to Catalyst, with the sole exception that the sale be conditional on obtaining regulatory concessions from Industry Canada. Such documentation would include but not be limited to the communications back and forth between Catalyst and VimpelCom Ltd., which substantiates the assertion that Catalyst and VimpelCom Ltd. reached agreed-upon terms (with the exception of the regulatory concessions), and what those terms were.

As we have previously noted, we undertake not to use any of the information disclosed for any purposes other than this litigation.

This is Exhibit 17 *referred to in the affidavit of* Anthony Griffin *sworn before me, this* 7 *day of* March 20 15

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

13357011_2|NATDOCS

With respect to the timetable for this motion, your materials were due to the Responding Parties on February 16, 2015. As such, we reserve all rights to challenge this late service.

Yours truly,
Dentons Canada LLP

Jeffrey Mitchell /cap

Jeffrey P. Mitchell

JPM/agp

c.c. Robert Centa, Paliare Roland Rosenberg Rothstein LLP

TAB A-18

DENTONS

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Salans FMC SNR Denton
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February 26, 2015

This is Exhibit V referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 20 15

aC
A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

DELIVERED VIA FAX

Rocco Di Pucchio
Lax O'Sullivan Scott Lisus LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Dear Mr. Di Pucchio:

RE: The Catalyst Capital Group Inc. v. Brandon Moyse and West Face Capital Inc. (Court File No. CV-14-507120)

Enclosed is a copy of an e-mail I sent you and Mr. Winton earlier this morning, the contents of which are self-explanatory.

I have just received a message indicating that the e-mail has not been delivered, because the "recipient server is unavailable or busy".

In the circumstances, we will schedule an appearance at Civil Practice Court for directions for this Monday March 2. We trust you will attend at CPC on Monday so that we can deal with this matter on an expedited basis.

Yours truly,
Dentons Canada LLP

Jeff Mitchell

Jeffrey P. Mitchell

JPM/agp

c.c. Andrew Winton
Robert Centa, Paliare Roland Rosenberg Rothstein LLP

Mitchell, Jeff

From:	Mitchell, Jeff
Sent:	26-Feb-15 10:33 AM
To:	Andrew Winton (awinton@counsel-toronto.com); rdipucchio@counsel-toronto.com
Cc:	robert.centa@paliareroland.com; Pushalik, Andy
Subject:	Production Request

Rocco/Andrew,

I have had no response to my multiple requests for production of the requested documents, other than your undertaking on Tuesday that you would provide a response by yesterday morning, which was not received. As previously advised, in light of the Affidavit your client filed, the documents requested are clearly relevant and necessary for us to file our materials. As such, your continuing failure to provide the requested documents has prejudiced our ability to respond. If I do not receive the requested documents by 1pm today, we will attend at CPC Court tomorrow morning to seek direction.

To the extent that your delay results in us being unable to meet the Timetable, we reserve all of our rights to seek a modification of the Timetable.

DENTONS Jeffrey P. Mitchell
Partner

D +1 416 863 4660
jeff.mitchell@dentons.com
Bio | LinkedIn | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1

FMC is proud to join Salans and SNR Denton as a founding member of Dentons.

TAB A-19

ANDREW WINTON
Direct: (416) 644-5342
awinton@counsel-toronto.com
File No. 13094

LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

LAX O'SULLIVAN SCOTT LISUS

This is Exhibit 19 *referred to in the affidavit of* Anthony Griffin *sworn before me, this* 7th *day of* March 20 15

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

February 26, 2015

Via Email

Mr. Jeff Mitchell
Dentons Canada LLP
Barristers and Solicitors
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

Dear Mr. Mitchell:

Re: The Catalyst Capital Group Inc. v Brandon Moyse et al
Court File No. CV-14-507120

Thank you for your letter dated February 20 and your email dated February 24, 2015. I have been ill the past two days, which has prevented me from responding sooner.

Enclosed please find copies of the parties' correspondence with the ISS, redacted in a manner consistent with the redaction in Catalyst's motion record.

We disagree with your suggestion that documents relating to Catalyst's negotiations with VimpelCom are relevant and/or should be produced to West Face.

As you can appreciate, this action concerns, among other things, Catalyst's claim that West Face improperly used Catalyst's confidential information to acquire Wind Mobile from VimpelCom. West Face has denied this allegation and the matter will be determined in due course by the Court after a trial.

The purpose of Catalyst's pending motion is to determine whether interlocutory relief is warranted. We do not intend to argue the pending motion via correspondence, but it is noteworthy that:

- Mr. Moyse initially denied breaching the confidentiality obligations he owed Catalyst, only to have that denial refuted by the evidence in the first interlocutory motion;
- West Face initially claimed to take Catalyst's confidentiality concerns seriously, only to have that claim refuted by the evidence disclosed in the first interlocutory motion;

- Mr. Moyse breached the Order of Justice Firestone by using military-grade software to delete files from his computer before the forensic image of his hard drive was made;

- Mr. Moyse's computer contained an inordinate number of hits for search terms related to Wind Mobile and has refused to cooperate with Catalyst's attempts to understand how documents related to those hits were excluded from the ISS's report;

- West Face initially refused to acknowledge the existence of a research report concerning Callidus Capital, even though that report clearly exists and was circulated to third parties; and

- After finally acknowledging that the Callidus report exists and that it targeted Callidus, West Face refused to produce its report.

In light of these facts, surely you can appreciate why Catalyst is unwilling to give West Face access to its confidential information concerning Wind Mobile.

Finally, the "late" service of our motion record was directly related to the late delivery of the ISS's final report, which in turn was caused by the last-minute delivery by Mr. Moyse's former counsel of their objections to the draft report. It apparently took Mr. Moyse's former counsel ten business days to object to the inclusion of approximately 90 documents in the draft report. Had Mr. Moyse's counsel acted with greater diligence, our motion record would have been delivered on time.

If necessary, Mr. Di Pucchio will attend Civil Practice Court on March 2, but our position is that such an attendance is unnecessary.

Yours truly,

Andrew Winton

Enclosures

copy to: Rocco Di Pucchio
Andy Pushalik
Rob Centa
Kris Borg-Olivier

TAB A-20

DENTONS

Jeffrey P. Mitchell

jeff.mitchell@dentons.com
D +1 416 863 4660

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T +1 416 863 4511
F +1 416 863 4592

Salans FMC SNR Denton
dentons.com

February 27, 2015

This is Exhibit 20 referred to in the affidavit of Anthony Griffin sworn before me, this 25 day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
Andrew Carlson

DELIVERED VIA FAX AND EMAIL

Andrew Winton
Lax O'Sullivan Scott Lisus LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Dear Mr. Winton:

RE: The Catalyst Capital Group Inc. v. Brandon Moyse and West Face Capital Inc. (Court File No. CV-14-507120)

We are in receipt of your letter of yesterday, along with the attachments. Based on your letter, we understand that the attachments constitute all written interactions with the independent supervising solicitor in your power, possession or control, including but not limited to all communications in any way relating to the search process and any documents summarizing, minuting or confirming telephone interactions. If our understanding is incorrect, please advise immediately, and produce any other such documents.

We note that you have redacted portions of Appendix G of the ISS Report. While you have not stated clearly the basis for this redaction, it appears that your client claims the information redacted contains its confidential information. The fact that information may be confidential does not shield it from production if it is otherwise relevant. The full ISS Report, including full copies of all communications with the ISS, are clearly relevant to the issues on the motion, especially given your client's criticism of the ISS report and rejection of the ISS' conclusions. Our client requires full disclosure of the unredacted report and appendices for it to be able to know the case against it on the motion and make full answer to the assertions made by your client. We have already informed you that our client will undertake not to use any information disclosed on the motion that is claimed to be confidential for any purpose other than defending the motion and claim brought. While we believe this is a complete answer to the refusal to produce the full appendix, we are willing to discuss other additional measures to safeguard the alleged confidentiality of the material your client has redacted. We therefore urge your client to reconsider its position and produce the full appendix now.

Your client also refuses to produce documents relating to Catalyst's negotiations with VimpelCom on the basis that they are not relevant and, as we understand your letter, on the additional basis that they contain your client's confidential information. Respectfully, we disagree with respect to your relevance objection. Mr. Riley's Affidavit makes assertions about the negotiations and therefore clearly makes the negotiations and any documents reflecting them relevant. In addition, at paragraph 47, Mr. Riley states his belief that Mr. Moyse may have communicated Catalyst's negotiation plans and concerns relating to VimpelCom to West Face. While West Face completely denies this assertion, your client's own Affidavit puts the negotiations with VimpelCom in issue, and as such the documents underlying these negotiations are clearly relevant and should be produced. Without the production of these clearly relevant documents, our client is being deprived of its opportunity to make full answer and response to the motion.

For the reasons expressed above with regard to the redactions from the ISS report, your client's refusal to produce those documents on the basis they are confidential is also not tenable, and in any case, our client's undertaking and proposed approach outlined above is a full answer to any concern underlying your client's continued refusal to produce these relevant documents. We therefore reiterate our request that they be produced now.

Given the timing exigencies imposed by the motion schedule and our client's desire to have the motion heard and disposed of promptly, we will not proceed with a motion for production, and have cancelled the appearance scheduled for Monday. However, if proper production as requested is not made, our client will rely on your client's refusal on the injunction motion as a basis:

- to dismiss the motion for failure to identify and produce the allegedly "confidential information" that it claims may have been disclosed to West Face and misused;

- to seek to strike the applicable paragraphs of Mr. Riley's affidavit that relate to the documents your client refuses to produce; and

- in any event, to invite the Court to draw an appropriate adverse inference with respect to the bald assertion that your client's information is in fact "confidential" and may have been disclosed to West Face.

With respect to the balance of your letter, our client does not accept the assertions and characterizations about its conduct and will deal with that at the appropriate time on the return of your client's injunction motion.

Yours truly,
Dentons Canada LLP

Jeff Mitchell

Jeffrey P. Mitchell

JPM/agp

c.c. Client
Rocco Di Puccio
Robert Centa, Paliare Roland Rosenberg Rothstein LLP

TAB A-21

Carlson, Andrew

From:	Anthony Lacavera <AnthonyLacavera@Globalive.com>
Sent:	August 7, 2014 2:53 PM
To:	Michael Leitner; lg@lgcap.com; Peter Fraser
Subject:	Update

Dear all,

Please be advised that, due to the terms of a support agreement executed earlier this morning, neither I nor AAL is in a position to continue any discussions or consider any proposals at this time relating to WIND Mobile. I could not advance further without the backstop we asked for on the weekend and Vimpelcom general unwillingness to consider given the history with the consortium.

I hope we have an opportunity to do business in the future.

Best regards,

Tony

This is Exhibit 21 referred to in the affidavit of Anthony Griffin sworn before me, this 7th day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

TAB A-22

This is Exhibit 22 referred to in the affidavit of Anthony Griffin sworn before me, this 7 day of March 20 15

a Carl
A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

COMMITMENT AGREEMENT

August 25, 2014

Tennenbaum Opportunities Partners V, LLC
Tennenbaum Opportunities Partners VI, LLC
Special Value Opportunities Fund, LLC,
Special Value Expansion Fund, LLC
c/o Tennenbaum Capital Partners, LLC
2951 28th Street
Suite 1000
Santa Monica, CA 90405
U.S.A.

West Face Long Term Opportunities Global Master L.P.
c/o West Face Capital Inc.
2 Bloor Street East
Suite 3000
Toronto, ON M4W 1A8

LG Capital Investors LLC
152 West 57th Street
47th Floor
New York, NY 10019
U.S.A.

Investment Commitments

Ladies and Gentlemen:

This letter will confirm the agreement between you, on your own behalf or on behalf of entities controlled by you, and the undersigned, AAL Holdings Corporation, Michael Serruya and Concord Pacific Acquisitions Inc. (collectively, the "Investors") to make, on and subject to the terms of this letter agreement, equity and/or debt investments in a newly incorporated corporation ("Holdco"), or a subsidiary of Holdco (the "Acquiror"), which will purchase all of the shares of GTH Global Telecom Holding (Canada) Limited ("GTH Canada"), together with the acquisition, repayment or extinguishment of all of the loans and other obligations of Globalive Investment Holdings Corp. ("GIHC"), Globalive Wireless Management Corp. ("GWMC") and their affiliates to VimpelCom Ltd. ("VimpelCom"), Global Telecom Holding S.A.E. ("Global") and their respective affiliates (the "Transaction"), pursuant to a share purchase agreement (the "Purchase Agreement") to be entered to between the Acquiror, GTH Global Telecom Finance (B.C.) Limited, VimpelCom, VimpelCom Amsterdam B.V. and Global.

The Investors shall make their respective investments by way of the purchase of voting or non-voting shares (the "Shares") in the capital of Holdco (or securities convertible, exercisable or exchangeable for Shares) and/or loan advances to the Acquiror. Each Investor agrees to invest the aggregate amount set out opposite its name in Schedule A (the "Commitments"), subject only to the conditions set forth in this Agreement.

Each of the Investors' Commitments shall be funded to or as directed by Holdco and shall be used, directly or indirectly, for the payment of the purchase price payable by the Acquiror to effect the Transaction, plus related costs and expenses, and for working capital. Each of the Investors acknowledges and agrees that any part of its Commitment that is not called and invested by it in Holdco or the Acquiror, at or prior to the time of the closing of the Transaction, may be called subsequently in accordance with the Definitive Agreements (as defined below). Each of the Investors confirms that the funds necessary to fulfill its Commitment are currently available to it and no further internal or other approvals are required for the Investor to perform its obligations under this Agreement.

The obligations of the Investors under this Agreement to fund or cause the funding of the Commitments shall be subject to (i) the execution and delivery of the Purchase Agreement by the parties thereto, (ii) satisfaction or waiver by the Acquiror of the conditions in its favour set forth in the Purchase Agreement (other than those conditions that by their nature are to be satisfied by actions taken at the closing of the Transaction, but subject to such conditions being capable of satisfaction at the closing), (iii) the execution and delivery of, among other things, the following agreements (the "Definitive Agreements"): (A) the framework agreement (the "Framework Agreement") between the Investors, (B) the definitive note purchase agreement between the Acquiror and the Investors initially providing debt financing to the Acquiror, (C) the definitive shareholders agreement relating to Holdco (and any successor to Holdco), and (D) the completion of the other transactions contemplated by the Framework Agreement, all on terms satisfactory to each of the Investors.

Neither this Agreement nor any of the rights and obligations of the Investors under this Agreement may be assigned to, or assumed by, any other person, except that the rights under this Agreement may be assigned to any person controlled or under common control with any Investor. This Agreement shall inure to the benefit of, and be binding upon the Investors and their permitted successors and assigns. No third party shall have any rights under, or any right to enforce, this Agreement or any other legal or equitable right, remedy or claim under or in respect of this Agreement.

This Agreement may only be amended by an instrument in writing signed by each of the parties hereto. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the parties to this Agreement irrevocably and unconditionally submits to the jurisdiction of the courts of the Province of Ontario for any dispute or litigation arising out of or relating to this letter or the transactions contemplated hereby, and irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of this letter or the transactions contemplated hereby in such courts. This Agreement may be executed in counterparts.

This Agreement will become effective upon its acceptance by each of the Investors, as evidenced by the delivery of a counterpart of this letter executed by each such party.

Very truly yours,

AAL HOLDINGS CORPORATION

by ______________________

Anthony Lacavera
President

CONCORD PACIFIC ACQUISITIONS INC.

by ______________________

Name:
Title:

SIGNED, SEALED & DELIVERED
in the presence of:

____
Witness

____
Michael Serruya

litigation arising out of this letter or the transactions contemplated hereby in such courts. This Agreement may be executed in counterparts.

This Agreement will become effective upon its acceptance by each of the Investors, as evidenced by the delivery of a counterpart of this letter executed by each such party.

Very truly yours,

AAL HOLDINGS CORPORATION

by ______________________

Anthony Lacavera
President

CONCORD PACIFIC ACQUISITIONS INC.

by ______________________

Name: Cliff McCracken
Title: Senior Vice President

SIGNED, SEALED & DELIVERED in the presence of:

______________________ Witness

______________________ Michael Serruya

Accepted and agreed as of August 25, 2014.

TENNENBAUM OPPORTUNITIES PARTNERS V, LLC, TENNENBAUM OPPORTUNITIES PARTNERS VI, LLC SPECIAL VALUE OPPORTUNITIES FUND, LLC, SPECIAL VALUE EXPANSION FUND, LLC, each by its investment manager, **TENNENBAUM CAPITAL PARTNERS, LLC**

By: [signature]

Name: MICHAEL LEITNER
Title: MANAGING PARTNER

WEST FACE LONG TERM OPPORTUNITIES GLOBAL MASTER L.P., by its manager, **WEST FACE CAPITAL INC.**

By: ______________________

Name:
Title:

LG CAPITAL INVESTORS LLC

By: ______________________

Name:
Title:

Accepted and agreed as of August 25, 2014.

TENNENBAUM OPPORTUNITIES PARTNERS V, LLC, TENNENBAUM OPPORTUNITIES PARTNERS VI, LLC SPECIAL VALUE OPPORTUNITIES FUND, LLC, SPECIAL VALUE EXPANSION FUND, LLC, each by its investment manager, **TENNENBAUM CAPITAL PARTNERS, LLC**

By: ______________________________

Name:
Title:

WEST FACE LONG TERM OPPORTUNITIES GLOBAL MASTER L.P., by its manager, **WEST FACE CAPITAL INC.**

By: Peter L. Fraser

Name: Peter L. Fraser
Title: Partner

LG CAPITAL INVESTORS LLC

By: ______________________________

Name:
Title:

Accepted and agreed as of August 25, 2014.

TENNENBAUM OPPORTUNITIES PARTNERS V, LLC, TENNENBAUM OPPORTUNITIES PARTNERS VI, LLC SPECIAL VALUE OPPORTUNITIES FUND, LLC, SPECIAL VALUE EXPANSION FUND, LLC, each by its investment manager, **TENNENBAUM CAPITAL PARTNERS, LLC**

By: ______________________________
Name:
Title:

WEST FACE LONG TERM OPPORTUNITIES GLOBAL MASTER L.P., by its manager, **WEST FACE CAPITAL INC.**

By: ______________________________
Name:
Title:

LG CAPITAL INVESTORS LLC

By: ______________________________
Name: HAMISH BURT
Title: PRESIDENT

SCHEDULE A

INVESTOR COMMITMENTS

Name of Investor	Investor Commitment (CDN$)
AAL Holdings Corp.	$40,000,000
Michael Serruya	$20,000,000
Concord Pacific Acquisitions Inc.	$20,000,000
Tennenbaum Opportunities Partners V, LLC, Tennenbaum Opportunities Partners VI, LLC, Special Value Opportunities Fund, LLC, Special Value Expansion Fund, LLC, and Tennenbaum Senior Loan Fund IV-B, LP	$100,000,000*
West Face Long Term Opportunities Global Master L.P.	$100,000,000
LG Capital Investors LLC	$20,000,000
Aggregate of Commitments	$300,000,000

* $30,000,000 of this commitment is subject to Limited Partner approval. The $5,000,000 from Tennenbaum Senior Loan Fund IV-B, LP is subject to Fund board approval.

TAB A-23

This is Exhibit 23 referred to in the affidavit of Anthony Griffin sworn before me, this 7 day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

WIND Mobile

WIND

September 16, 2014 03:00 ET

Globalive Capital Acquires WIND Mobile

TORONTO, ONTARIO--(Marketwired - Sept. 16, 2014) - Today, Globalive Capital, the investment company of WIND Mobile's Chairman and Chief Executive Officer Anthony Lacavera, announced that it has acquired all of VimpelCom's direct and indirect debt and equity interests in WIND Mobile.

This acquisition was funded, in part, by a consortium of investors including West Face Capital, Tennenbaum Capital Partners, LG Capital Investors, Serruya Private Equity, and Novus Wireless Communications.

The next stage of the transaction requires regulatory approval, which the parties are seeking forthwith.

This announcement is a positive development for WIND Mobile and Canadian consumers, including WIND Mobile's 750,000 happy customers. "With stable, long-term ownership and secure financing, WIND Mobile is moving into an exciting new phase," said Mr. Lacavera. "WIND Mobile is now poised to continue to bring True Mobile Freedom to Canadians for many years to come."

"The federal government's delivery on its promise to create the conditions for viable long-term wireless competition has not gone unnoticed by the investment community," said Greg Boland, President and Chief Executive Officer of West Face Capital. "We and our partners are pleased to invest in this transaction and we are excited by the future of WIND Mobile."

About Globalive Capital

Globalive Capital is the investment company of Anthony Lacavera. The partners at Globalive Capital, led by Brice Scheschuk and Simon Lockie, have over 80 years of operating and investment experience. Globalive Capital invests in telecommunications companies, real estate, and early stage technology ventures. Globalive Capital's portfolio companies have won a number of awards, including Canada's 50 Best Managed Companies for the past 10 consecutive years, Best Workplaces in Canada, Canada's 10 Most Admired Corporate Cultures, Deloitte's Canadian Technology Fast 50, and series of Profit Magazine rankings, including a #1 ranking on Profit Magazine's listing of Canada's Fastest Growing companies. Globalive Capital's charitable activities are managed through the SHAMBA Foundation. Please visit www.globalive.com.

About WIND Mobile

WIND Mobile is dedicated to improving the Canadian wireless experience by offering customers simple and transparent plans, including real unlimited data/voice/text with no-term contracts and no hidden fees. Committed to be the country's fourth national carrier, WIND has more than 750,000 happy customers in Canada. Learn more about WIND Mobile at www.WINDmobile.ca or follow online at www.facebook.com/WINDmobile or www.twitter.com/WINDmobile.

Contact Information

Veritas Communications
Robert Sauer

416-640-4156
sauer@veritasinc.com

TAB A-24

Court File No. CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

Plaintiff

and

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants

DOCUMENT REVIEW PROTOCOL

Purpose:

To determine whether forensic images (the "Images") obtained from the personal electronic devices of the defendant Brandon Moyse ("Moyse") contain or contained The Catalyst Capital Group Inc.'s ("Catalyst's") confidential information (the "Catalyst Confidential Information").

To determine, if possible, what use was made of the Catalyst Confidential Information.

To ensure that the abovementioned tasks (the "Review") are completed and a report is delivered to counsel for Catalyst and Moyse (the "Report") by January 30, 2015.

To ensure that the Review is conducted in a manner that,

a) protects Moyse's confidential information from being accessed by Catalyst or its counsel or their agents;

b) protects Catalyst's confidential information from being accessed by West Face Capital Inc. ("West Face") or its counsel or their agents;

c) protects West Face's confidential information from being accessed by Catalyst or its counsel or their agents; and

c) maintains solicitor-client privilege (collectively, the "Restrictions").

This is Exhibit 24 *referred to in the affidavit of* Anthony Griffin *sworn before me, this* 7th *day of* March *20*15

a C

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

Protocol:

1. Stockwoods LLP shall be appointed as an Independent Supervising Solicitor ("ISS") no later than December 15, 2014.

2. The costs of the ISS (including all fees and disbursements incurred by the ISS) shall be borne by Catalyst, subject to potential recovery in the cause.

3. The ISS shall,

    a. be provided with copies of all pleadings and motion materials for Catalyst's motion heard October 27, 2014;

    b. act as an independent officer of the Court; and

    c. be at liberty, if necessary, to seek directions from the Court in regards to carrying out its mandate.

4. The ISS shall be instructed, in conjunction with a forensic expert to be retained by the ISS (the "Expert"), to carry out the Review subject to the Restrictions, and to prepare and to deliver the Report to counsel for Catalyst and Moyse by January 30, 2015. The ISS shall determine the identity of the Expert to be retained, but the Expert shall not be Computer Forensics Investigations Inc.

5. All communications to or from the ISS shall be conducted in writing, with copies of the correspondence to counsel for Moyse and Catalyst, or by way of a conference call with counsel for Moyse and Catalyst. Following each conference call, the ISS shall prepare a written summary of the conference call. All written communications shall be retained until the within matter is fully disposed of, including all appeals.

6. The ISS and/or the Expert may consult with Catalyst and/or its counsel in writing regarding search terms or other criteria to be used by the ISS and/or the Expert to identify the Catalyst Confidential Information. Catalyst shall submit any proposed search terms to counsel for Moyse and to the ISS. Moyse shall have five (5) business days to respond to the proposed terms for the purpose of objecting to the inclusion of any of the proposed terms. If Moyse does

so object, the ISS will decide, at its sole discretion, whether to use a proposed search term as part of its review of the Images.

7. Subject to further order of the court or the consent of Catalyst, Catalyst's proposed search terms will not be communicated to West Face or its counsel.

8. In order to ensure that the Restrictions are maintained and subject to further order of the court or the agreement of the parties, the ISS and the Expert shall not provide Catalyst or its counsel with access to the Images or any work product generated during the Review.

9. The Report shall,

   a. identify whether the Images contain or contained the Catalyst Confidential Information and, if possible, provide particulars of where on the Images the Catalyst Confidential Information is located or was located, when it was accessed and by whom, and when it was copied, transferred, shared or deleted and by and to whom; and

   b. in the case of any identified or recovered e-mails sent or received containing or referring to the Catalyst Confidential Information, provide the following particulars:

      i. Who authored the e-mail;

      ii. To whom the email was sent, copied and/or blind copied;

      iii. The date and time when the e-mail was sent;

      iv. The subject line of the e-mail;

      v. Whether the e-mail contains any attachments, and if so, the names of the attachments and associated file information (i.e., size, date information);

      vi. The contents of the e-mail, redacting any information that the ISS deems to be Moyse's confidential information or subject to solicitor-client privilege; and

      vii. If the email was deleted, when the email was deleted.

10. The ISS shall disclose a draft Report (which will not include the information set out in paragraph 9(b)(vi)) to Catalyst and Moyse. Within ten (10) business days of receiving the draft Report, Moyse may object to the inclusion of a document or documents referred to in the draft Report.

   a. If Moyse does so object, he should set out the basis for his objection. If the ISS determines that an objection is justified, it will segregate the documents to which Moyse objected and remove information concerning those documents from the final report.

   b. Any document to which Moyse does not object to being included in the draft Report may be included in a final Report. The final Report will include the information set out in paragraph 9(b)(vi).

11. Both Moyse and Catalyst shall be provided with any documents referred to in the final Report. If Catalyst believes that a document has been improperly excluded from the final Report, it may bring a motion for production of that document.

12. West Face shall not be provided with a copy of the draft Report, the final report, or the documents referred to in the draft or final Reports, subject to further order of the court or the consent of Catalyst. However, if the ISS finds in its report that any Catalyst Confidential Information was transferred to West Face, that portion of the report will be provided to counsel for West Face, with appropriate redactions to protect the Catalyst Confidential Information, subject to West Face's right to seek an order from the court for further production of the Report.

[The rest of this page is intentionally left blank]

13. The parties agree that this process shall be completed by January 30, 2015.

THE FOREGOING IS AGREED TO BY THE PARTIES AND THEIR COUNSEL

DATED AT TORONTO, ONTARIO this 12th day of December, 2014

LAX O'SULLIVAN SCOTT LISUS LLP

Lawyers for the Plaintiff

GROSMAN, GROSMAN AND GALE LLP

Lawyers for Brandon Moyse

DENTONS CANADA LLP

Denton Canada LLP

Lawyers for West Face Capital Inc.

THE CATALYST CAPITAL GROUP INC. -and- BRANDON MOYSE et al.
Plaintiff Defendants

Court File No. CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

DOCUMENT REVIEW PROTOCOL

LAX O'SULLIVAN SCOTT LISUS LLP
Counsel
Suite 2750, 145 King Street West
Toronto, Ontario M5H 1J8

Rocco DiPucchio LSUC#: 38185I
rdipucchio@counsel-toronto.com
Tel: (416) 598-2268

Andrew Winton LSUC#: 54473I
awinton@counsel-toronto.com
Tel: (416) 644-5342

Fax: (416) 598-3730

Lawyers for the Plaintiff

TAB A-25

This is Exhibit 25 referred to in the affidavit of Anthony Griffin sworn before me, this 3rd day of March 2015

A COMMISSIONER FOR TAKING AFFIDAVITS
ANDREW CARLSON

Court File No. CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

Plaintiff

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants

DRAFT

REPORT OF THE INDEPENDENT SUPERVISING SOLICITOR

PART I - BACKGROUND & NATURE OF THE PROCESS

1. This report describes the results of the review by our firm as Independent Supervising Solicitor, of certain electronic data recovered through the forensic analysis of a personal computer, an Apple iPad device, and a Samsung Android smartphone device (the "Devices"), supplied by the Defendant Brandon Moyse ("Moyse") (the "Review"). Moyse is a former employee of the Plaintiff ("Catalyst") who departed his employment and took up employment with the Defendant West Face Capital Inc. ("West Face").

2. The three devices supplied by Moyse were imaged for purposes of preservation and potential review as a result of an interim consent order of Justice Firestone dated July 16, 2014. On November 10, 2014, after a contested motion, Justice Lederer ordered that the images were to be reviewed by an independent supervising solicitor in accordance with a protocol to be agreed upon by the parties (reported at 2014 ONSC 6442). The general purpose of the review, as characterized by Justice Lederman in paragraph 83 of his decision,

is "to identify what, if any, material these images may contain that are confidential to Catalyst".

3. We were appointed to conduct that Review by the parties pursuant to, and in accordance with the terms of, a Document Review Protocol executed by counsel for all parties to this action on December 12, 2014 (the "Protocol"). A copy of the Protocol is attached hereto as **Appendix "A"**. While the specific language of the Protocol has governed the conduct of the Review, the process adopted was in essence designed to protect all three parties' privacy/confidentiality interests, *i.e.* to protect:

(a) Moyse's confidential information from being accessed by Catalyst;

(b) Catalyst's confidential information from being accessed by its alleged competitor West Face; and

(c) West Face's confidential information from being accessed by Catalyst.

4. To that end, distinctive features of the Protocol adopted in this matter include:

(a) A requirement that communications with the ISS remain in writing only unless they are by way of a minuted teleconference with counsel for Moyse and Catalyst;

(b) A prohibition (subject to Court order or Catalyst's consent) on Catalyst's proposed search terms being disclosed to West Face by any party or by the ISS;

(c) A prohibition on the ISS providing Catalyst with access to any of the images or "work product" generated during the Review;

(d) The provision of a draft report to Moyse and Catalyst and a ten-day period for Moyse to object to the inclusion of any document referred to therein before the report is finalized;

(e) The production, both to Moyse and to Catalyst, of all those documents referred to in the final report;

(f) In the event that the ISS were to find evidence that Catalyst Confidential Information was transferred to West Face, the provision of a redacted version of the report to West Face.

PART II - THE CONDUCT OF THE REVIEW PROCESS

5. On December 10, 2014, I was supplied with a series of sixty-seven (67) proposed search terms by Catalyst counsel. These search terms were intended to be employed by the forensic expert selected and appointed by the ISS to run a keyword search of all of the data resident on the Devices and provide all those documents which contained one or more such keywords to the ISS for review. This communication from Catalyst counsel, including the list of keywords, is attached as **Appendix "B"**. Under the Protocol, Moyse's counsel was to have five business days to register any objection to any such search term. In the event of objection, ISS was to have sole discretion to decide whether or not to use such a term.

6. On December 15, 2014, the parties convened a conference call to discuss the process. On that call, the parties approved my proposed retainer of Digital Evidence International ("DEI") to serve as forensic expert. Moyse's counsel agreed to make arrangements to ship the images of the Devices directly to DEI. The parties confirmed as well that Moyse's counsel would be stating their position on the proposed search terms in writing. I also raised

with counsel the prospect that the list of keywords might generate an excessively large number of "hits", which in my experience often indicate that a keyword is insufficiently distinctive and is returning large volumes of irrelevant or duplicative data. The parties agreed that "if any of the search terms generate an excessive number of hits requiring a recalibration of the process, the parties will discuss that in a subsequent call and agree on an alternative approach." I undertook to ask DEI to report to me on this possibility at the earliest stage in the search process. Attached as **Appendix "C"** is a copy of the Minutes of this telephone conference, which I circulated and which counsel for Moyse and counsel for Catalyst subsequently approved.

7. Later on December 15, 2014, Moyse's counsel confirmed that they did not object to the search terms proposed, while expressing reservations about the possible over-responsiveness of certain terms such as "telephone", "cellular" and "box". I supplied the search terms to DEI thereafter.

8. On December 16, 2014, in response to direction from Moyse's counsel, the custodian of the images of the Devices advised that he would provide a copy of the images to DEI by courier on Thursday, December 18, 2014. On Friday, December 19, 2014, DEI confirmed to me and to Moyse's forensic expert that the images had been received at DEI's offices.

9. On December 22, 2014, I received initial feedback from DEI with respect to the number of "hits" generated by applying the search terms to the images. I was concerned with the large volume of overall "hits" in view of the parties' direction in the Protocol that this matter be concluded by January 30, 2015, or sooner if possible. Therefore, I sought further clarification and a breakdown of how many "hits" each search term was generating from DEI.

On Tuesday, December 23, 2014, Wayne Doney of DEI provided me with a full breakdown of the number of "hits" generated by each such search term. Mr. Doney also offered some suggested automated filtering techniques that could be used to reduce the number of actual files necessary for review while avoiding the exclusion of potentially relevant documents.

10. Accordingly, later on December 23, 2014, I wrote to counsel for Moyse and counsel for Catalyst by email. As contemplated by our December 15, 2014 telephone conference, I advised them that the search terms applied had resulted in what I regarded as an excessive number of "hits" for purposes of manual document review. I supplied two image files I had received from DEI which listed the number of hits generated by each search term, and indicated that it would be necessary to agree on filtering techniques in order to reduce potential duplication and capture of irrelevant material, and result in a manageable review process for ISS in view of the parties' desired timetable. I then proposed several methods of filtering and asked for the parties' approval to implement those filters. This correspondence of December 23, 2014 is attached hereto as **Appendix "D"**.

11. By January 5, 2015, I had not had a response or direction from either of the parties. Accordingly, I wrote to request a response to my December 23, 2014 correspondence. On January 6, 2015, counsel for Catalyst responded, accepting certain of my recommendations as to filters. In short, Catalyst agreed that in the case of keywords with extremely large "hit counts", I should restrict the file-types that I would receive to the most commonly used user files, *i.e.*, Microsoft Office documents, Adobe PDF documents, email messages, and applying similar restrictions to the items on the Apple iPad and Samsung Android smartphone.

12. In response, counsel for Moyse suggested that a time-frame filter be applied so that nothing dated prior to December, 2013 should be reviewed. Catalyst counsel objected to this proposal and asked that I review documents prior to that date as well. The parties were unable to come to an agreement on an approach after several further email exchanges, and so later on January 6, 2015 (at 5:09 p.m.), I informed the parties of the approach that I would take. A copy of that communication from myself is attached as **Appendix "E"**. Ultimately, given the number of documents eventually delivered (as set out below), I did not find it necessary to apply that date restriction. Instead, my colleague Naomi Greckol-Herlich and I reviewed all material from the beginning of Moyse's employment at Catalyst in November, 2012, to the date of the imaging of the Devices.

13. That same evening of January 6, 2015, I directed DEI to proceed to limit the data it produced to me in accordance with the limitations to which counsel for Catalyst had agreed in an effort to limit the number of actual documents provided. Furthermore, I directed DEI to automate the process of de-duplication, so that any document or file which was identified as a "hit" from more than one keyword would only be produced once, and not produced in multiple copies which would have to repetitively reviewed for no substantive reason. I directed DEI to nevertheless preserve a record of the number of "hits" each keyword had generated after applying the other agreed-upon filters, in the event such information later proved to be of interest or relevance. DEI confirmed to me that it would proceed in accordance with this direction.

14. The morning of January 7, 2015, counsel for Moyse and counsel for Catalyst had another disagreement as to how to proceed to review the material. In an effort to move

forward, I wrote to inform counsel for these parties how we would be proceeding. A copy of this communication is attached as **Appendix "F"**.

15. On January 8, 2015, Catalyst's counsel wrote me to request a more detailed breakdown of the number of "hits" that had been provided by file-type. In addition, Catalyst's counsel now requested that I have a further set of fourteen (14) keywords used to run a second search of the images of the Devices, subject to Moyse's right to object to those additional terms within a five-day period. (If Moyse were to object, then the Protocol provided for my absolute discretion in deciding whether to employ such terms or not). This communication including this second list of search terms is attached as **Appendix "G"**. I initially directed DEI to prepare the detailed breakdown of "hits" requested but, as matters developed and for reasons described below, did not ultimately obtain or provide this breakdown.

16. On January 13, 2015, DEI informed me that in the course of preparing the data for my review, they had determined that a very substantial amount of document duplication existed on the Devices particularly with respect to email messages. I was informed that this was due to Moyse's practice of using multiple archival functions on his various email accounts so that multiple copies of the same messages were stored in numerous places. I instructed DEI to de-duplicate the email messages to the greatest extent possible without disturbing the file structure of the archives.

17. On January 14, 2015, a further dispute emerged. I received correspondence from Jeff Hopkins, one of Moyse's counsel. Mr. Hopkins enclosed a Notice of Motion that had been served by counsel for Catalyst the previous day (January 13) which sought substantial relief

against West Face, including an order precluding West Face from "participating in the management and/or strategic direction" of Wind Mobile Inc., and from participating in the 30 mHz Wireless Spectrum Auction to be held by Industry Canada in March of this year. The notice of motion further sought an order directing an independent supervising solicitor to image West Face's computers and mobile devices for purposes of a review similar in nature to the review I have conducted of Moyse's Devices.

18. Mr. Hopkins' letter expressed an objection to the Catalyst notice of motion because among the grounds listed by Catalyst for the relief it seeks are references to the number of "hits" generated by the original sixty-seven search terms, as described in Appendix "D". Mr. Hopkins objected to any further provision of information to Catalyst until the provision of my report, including the then-outstanding request for further details on the nature of the "hits" generated by the various search terms. A copy of his letter is attached as **Appendix "H"**.

19. After considering Mr. Hopkins' position, I became concerned that his objection meant that it would become impossible for me to seek direction from counsel jointly on technical issues without the ability to communicate about the output of DEI's search and document production process. Accordingly, given the limited time remaining before the parties' stated deadline of January 30, I wrote to counsel for Moyse and for Catalyst on January 15. I indicated that given this objection, I could only proceed if the parties agreed and/or clarified that I was to have sole discretion to make any decisions with respect to how to complete the review (including giving any direction or imposing any limitation I thought necessary to DEI in terms of what was produced for our manual review). Alternatively, I would move for directions. I attach my letter of January 14, 2015 as **Appendix "I"**.

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20. On January 15, 2015, I received correspondence from Moyse's counsel confirming that Moyse agreed that I should have sole discretion in the circumstances to determine how to complete the process. Moyse's counsel also expressed an objection to the use of the additional list of fourteen (14) search terms supplied by Catalyst. Later on January 15, 2015, I received correspondence from Catalyst's counsel, again confirming that I should have sole discretion to determine how to complete the process. Catalyst advised that it wished me to over-ride Moyse's objection and to employ these further search terms. Ultimately, I determined that I would indeed use these search terms having regard to the volume of material involved, and I did review the material resulting therefrom. Attached as **Appendix "J"** are copies of both of these letters of January 15, 2015.

21. Late in the day on Friday, January 16, 2015, I received approximately 6.6 gigabytes of data from DEI contained on two DVD-ROM disks for our review, produced in accordance with my exchanges and instructions to them as described herein. We were able to have this data installed on our server for review at the outset of Monday, January 19, 2015. My associate Naomi Greckol-Herlich and myself began the physical process of document and email review that day and continued through the week and into the week of January 26, 2015 leading to the preparation of this report. My conclusions from that review are described in the next section. The total volume of the material provided, while occupying a large volume of data, consisted of only 1,197 unique file items (totalling approximately 3 gigabytes), with the balance consisting of email material. It is not possible to accurately quantify the total number of unique emails due to the fact that there remained substantial duplication, but in excess of 23,000 email items were provided to us in total (totalling, including attached files, approximately 3.6 gigabytes of data).

22. While we began the process of manual review, I next received correspondence from Jeff Mitchell, counsel to West Face, the evening of January 19, 2015. Mr. Mitchell's correspondence, attached as **Appendix "K"**, expressed further concerns about the content of the Catalyst notice of motion. Mr. Mitchell further requested that:

(a) I disclose to him the details concerning what "interim reporting" had been done to Catalyst which had led to the references to the "hit counts" in Catalyst's notice of motion;

(b) I attend at a scheduled attendance at Practice Court on Wednesday, January 21, booked to establish a timetable for the Catalyst motion, in order to answer any questions the Court might have about the Review.

23. While continuing the process of review, I replied to Mr. Mitchell on January 20, 2015, and attach this response as **Appendix "L"**. In short, I expressed the intention to attend Practice Court and provided limited disclosure (consistent with the restrictions in the Protocol) of the information that had been relayed to Catalyst's and Moyse's counsel for purposes of narrowing the manual review process. Subsequently, Catalyst's counsel expressed the position that if I were to attend Practice Court, that Catalyst would not accept responsibility for my fees for that attendance.

24. I elected to attend Practice Court on January 21, 2015 notwithstanding this position, and in the event no party will accept responsibility for my account for that attendance, I will seek directions in due course from the Court. By the time of that attendance, my review had progressed sufficiently to be able to advise the parties and the Court that I did expect, having regard to the volume of actual material to review after de-duplication, to complete my report

by January 30, 2015 and to provide it (in draft form in accordance with the Protocol) to counsel for Moyse and Catalyst.

25. Later on January 21, 2015, I received the exported content of Moyse's iPad and Samsung Android phone from DEI for manual review, and installed it in our file server for that purpose. Taking into account the de-duplication completed by DEI (resulting in no email messages being produced), the material reviewed consisted of the following:

(a) A list of content resident in a Dropbox folder;

(b) Twitter messages and postings;

(c) Phone call logs;

(d) Text messages;

(e) A list of downloaded files and associated file-paths;

(f) A list of contacts.

26. Later on January 21, 2015, I received further correspondence from West Face. West Face counsel expressed more concerns about the possibility that West Face confidential information was also contained within Moyse's Devices, and asked how I intended to protect that information. I ultimately replied on January 23, 2015 to address Mr. Mitchell's expressed concerns. Copies of these two letters are attached hereto as **Appendix "M"**.

27. Meanwhile, having regard to the progress of the review and in order to ensure that its objectives were met, I considered the further set of fourteen (14) search terms supplied by Catalyst. On January 22, I determined and proceeded to direct DEI to use these search terms

to search the Devices and to provide me with any results that were not duplicative of earlier provided documents or emails. This resulted in the provision of a very small number of unique additional items (5 files in total, and 179 emails) for review.

PART III - CONCLUSIONS AS TO CONFIDENTIAL CATALYST INFORMATION MAINTAINED ON MOYSE'S DEVICES

28. My colleague Naomi Greckol-Herlich and I manually reviewed each of the files and emails provided by DEI as described above. In doing so, we had regard to the two Affidavits of Documents sworn by Moyse on July 22 and July 29, 2014, which outline some 833 items (including duplicates) which Moyse acknowledges to either be items containing Catalyst confidential information, or items that are in any event relevant to the issues in this proceeding.

29. Owing to an earlier suggestion by Moyse's counsel that only documents subsequent to December 1, 2013 be reviewed (on the theory that Moyse had not begun to contemplate leaving Catalyst's employment until that time), we had directed DEI to segregate the files it provided so that those that were last accessed prior to December 1, 2013 were grouped together separately from those last accessed subsequent to December 1, 2013. We prioritized the review of the post-December 1, 2013 documents, but were ultimately able to review all of the material provided. In the interest of timely completion of this report, we have reported separately on the results of the two groups of documents.

30. In drawing conclusions as to what was Catalyst confidential information,[1] we had regard to (a) the motion material provided to us by Catalyst counsel; (b) the content of

[1] Including both matters appearing to be confidential to Catalyst itself, and information provided to Catalyst in confidence by its clients or other entities.

Moyse's email communications (reviewed separately as described below); and (c) the names and contents of the documents themselves. It is possible that some of the items may not contain "confidential information" based on (a) subsequent public release of such items; or (b) its public disclosure through other means. In a small number of cases, we were not able to determine the identity of the information source, but have included reference to these documents so that the parties can, through their further evidence, make submissions to the Court concerning the status of such materials if that proves necessary.

Post-December 1, 2013 Documents and Files

31. We first reviewed all documents with a date modified record after December 1, 2013 (a total of 845 documents). Among those items, we identified twelve (12) documents which appear to be West Face-related documents, six of which appear to contain confidential West Face information or analysis and five of which are duplicate copies of Moyse's employment contract.

32. Of the remaining documents, we have assessed the next listed items to contain Catalyst confidential information subject to the caveats expressed above. These items were found in several different source folders within Moyse's computer: "Users/Brandon Moyse/AppData.../Content.MSO"; "Users/Brandon Moyse/Documents"; "Users/Brandon Moyse/Downloads"; and "Users/Brandon Moyse/Dropbox". We also reviewed a series of files contained at "Users/Brandon Moyse/Desktop" but identified no items there that contained Catalyst confidential information. We have grouped the following list according to the folder in which it was found. Where those documents have been previously disclosed by Moyse, we have made a notation to that effect in the final column, which cross-references the

document to the document numbering in Moyse's two affidavits of documents. Where the document is marked "N/A", the item was not disclosed in those affidavits.

Users/Brandon Moyse/AppData/Microsoft/Windows/Temporary Internet Files/Content.MSO

[redacted]

Users/Brandon Moyse/Documents[2]

[redacted]

[2] In the interest of timely completion of this report, we have not broken out each individual sub-folder, where applicable, in which these items were found.

[redacted]

Users/Brandon Moyse/Downloads[3]

[redacted]

[3] In the interest of timely completion of this report, we have not broken out each individual sub-folder, where applicable, in which these items were found.

[redacted]

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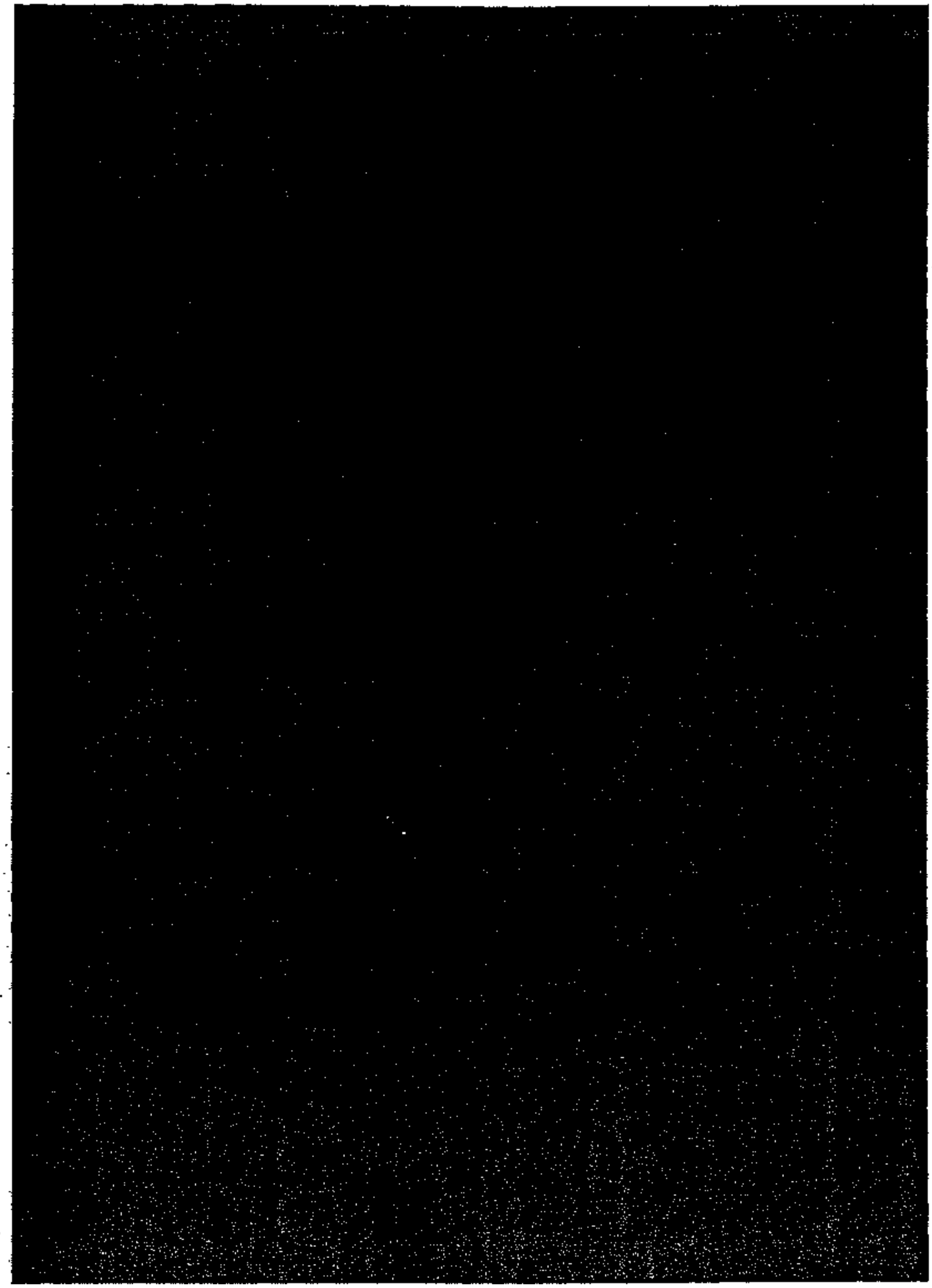

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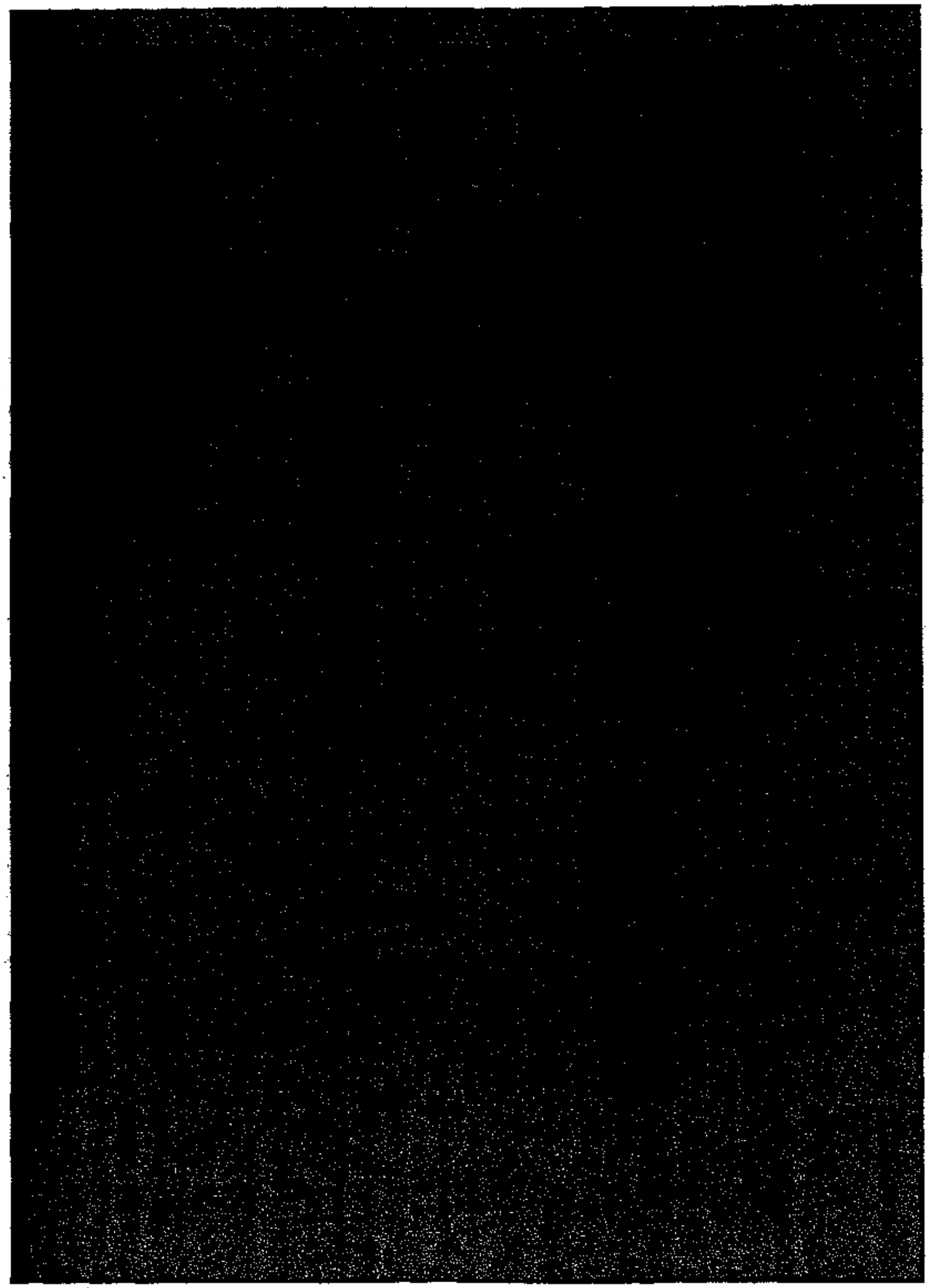

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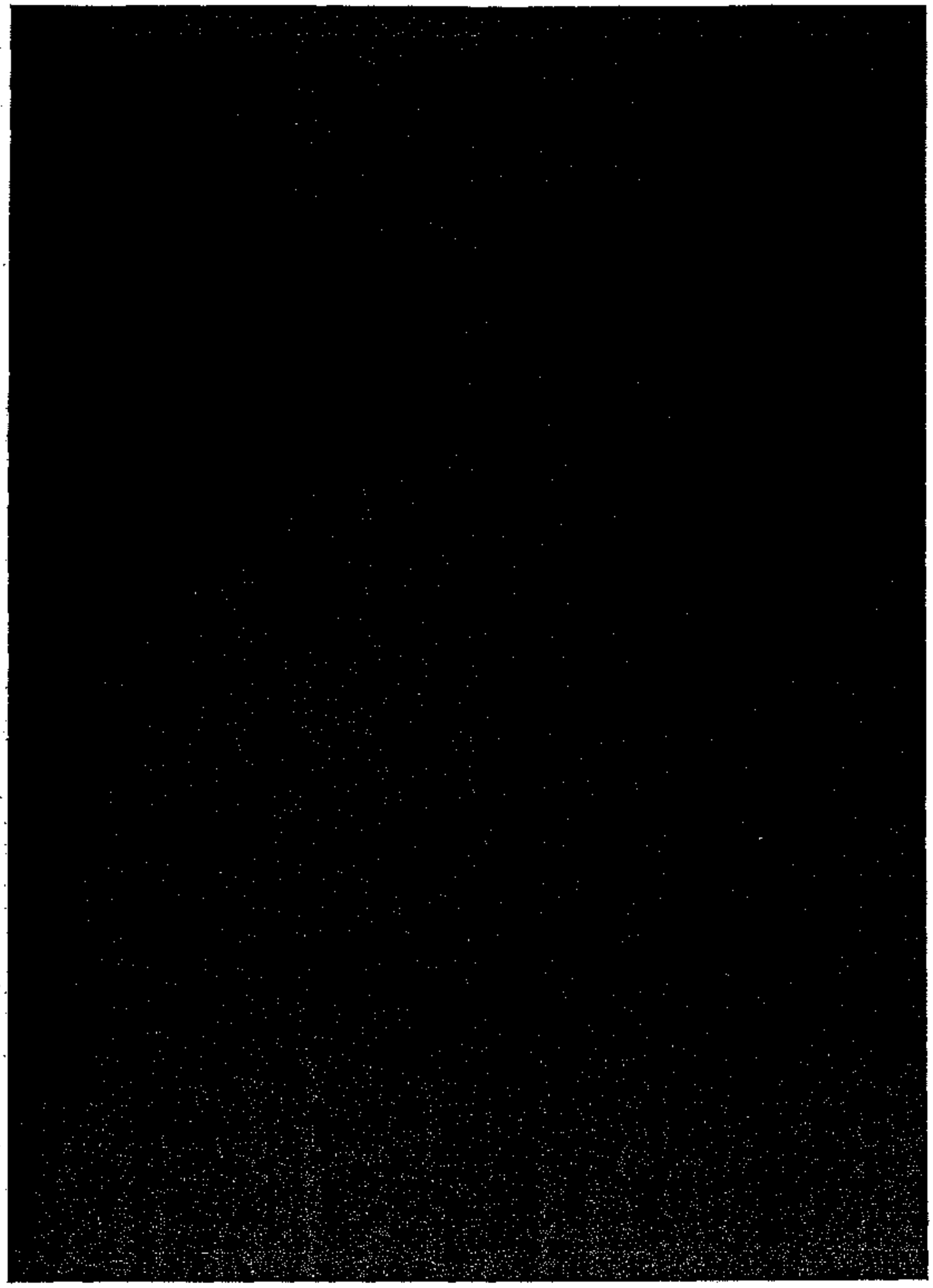

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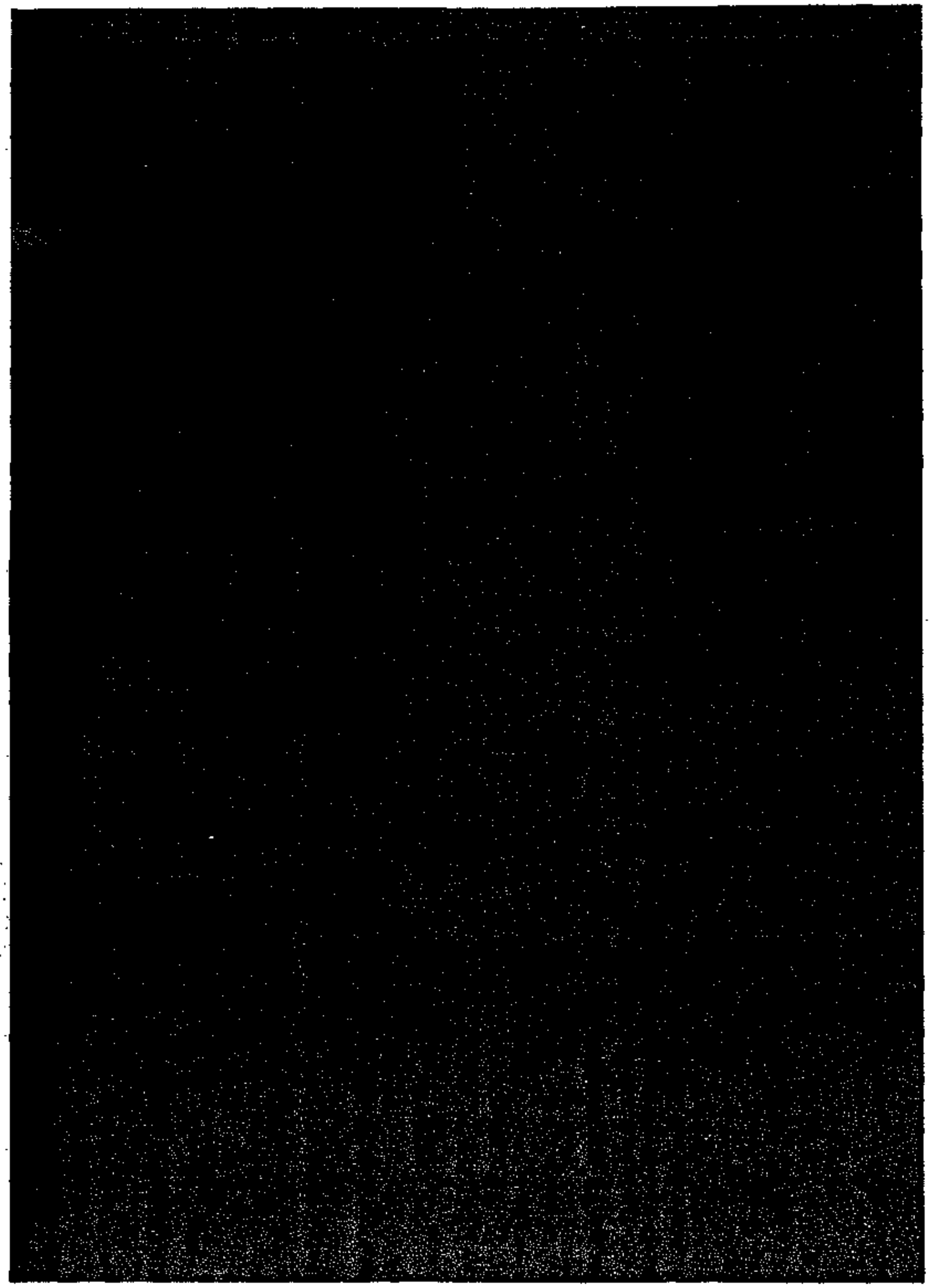

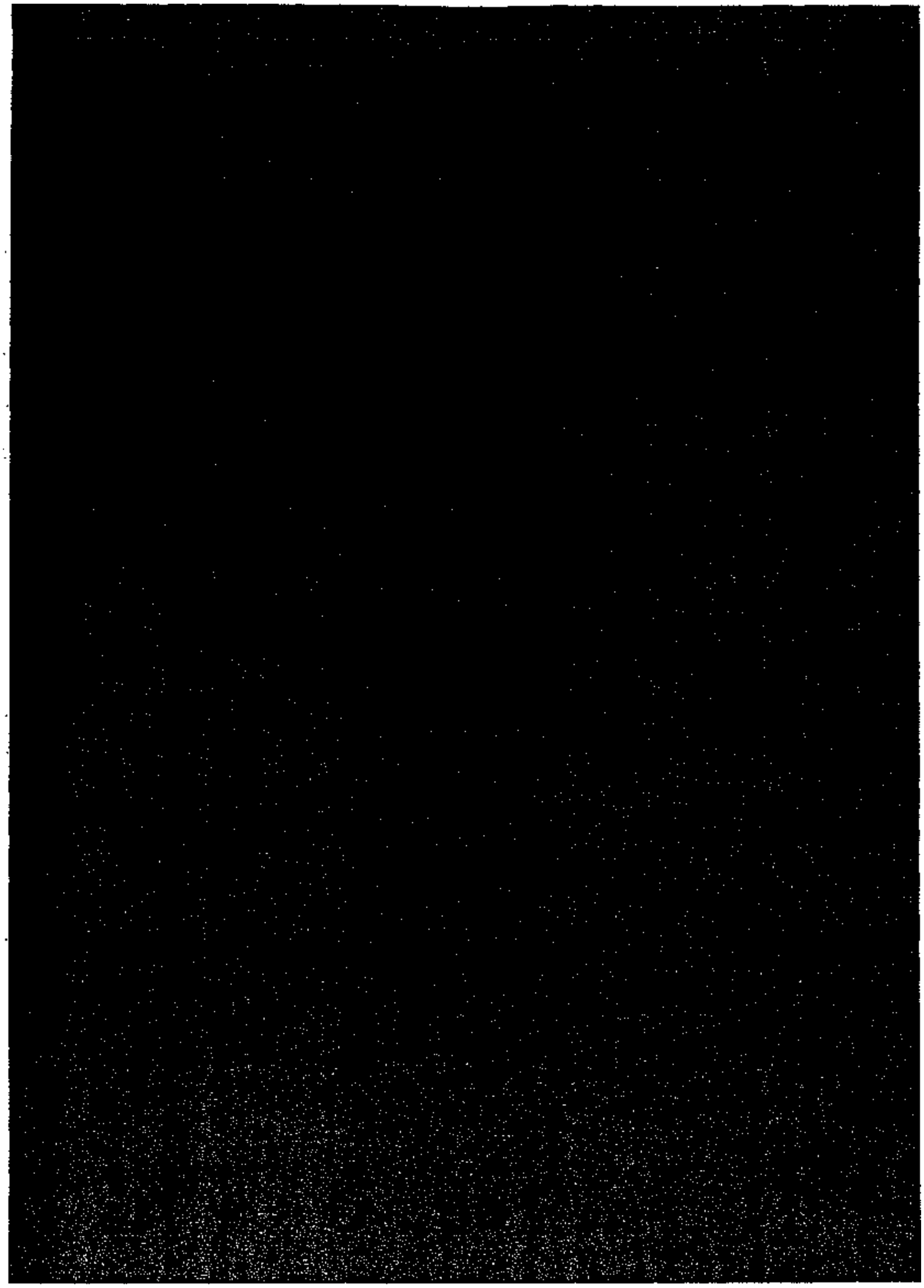

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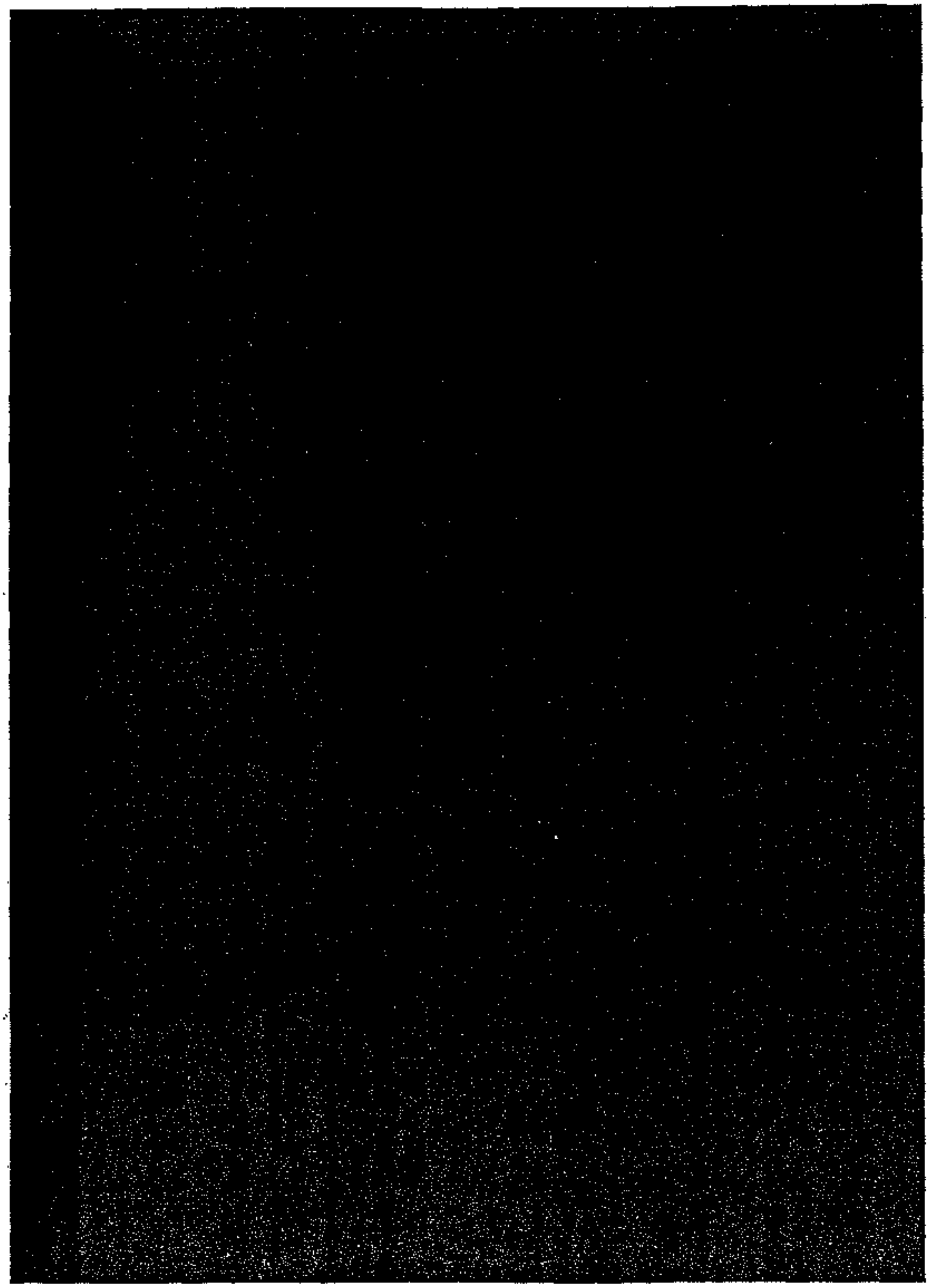

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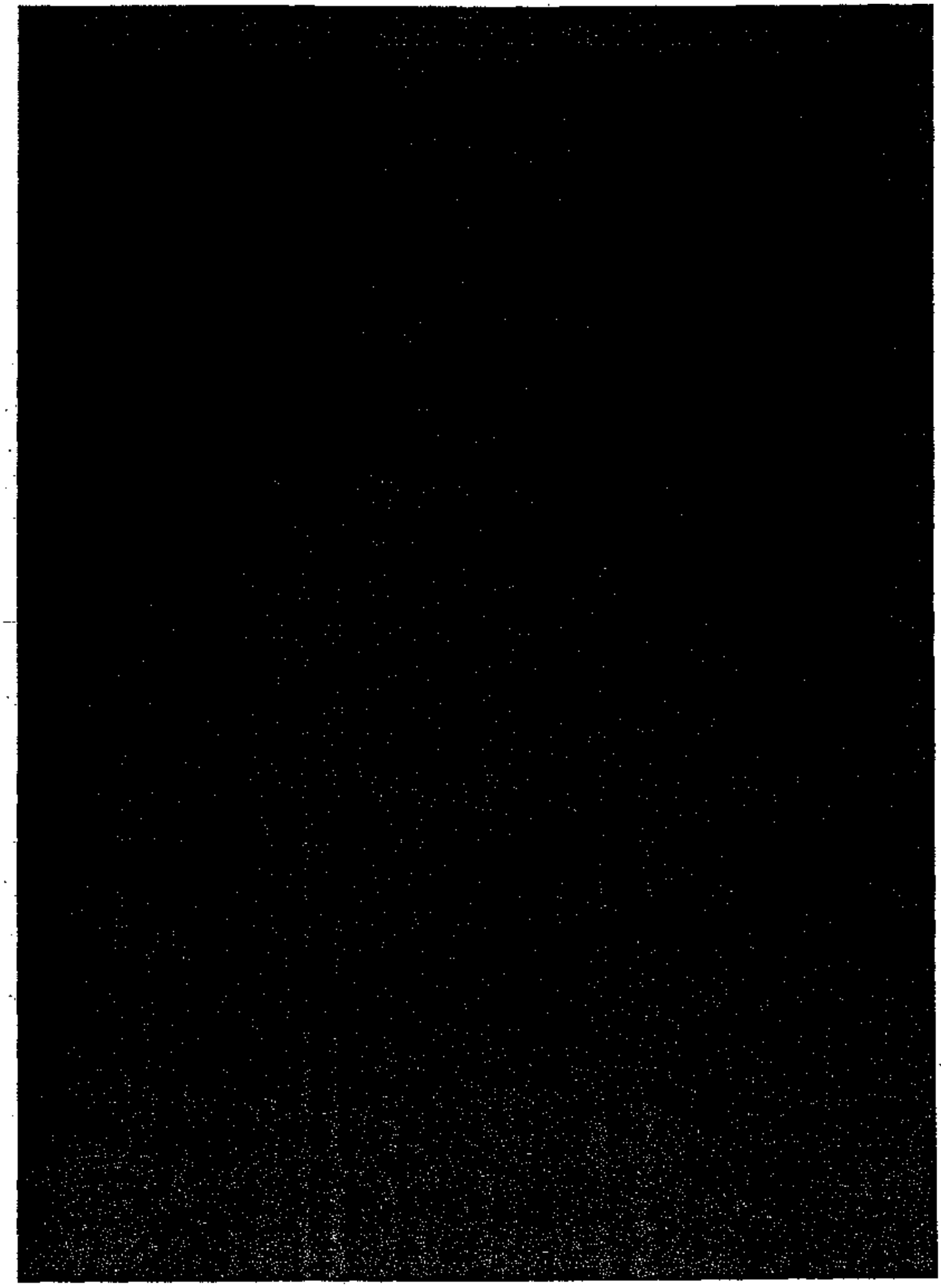

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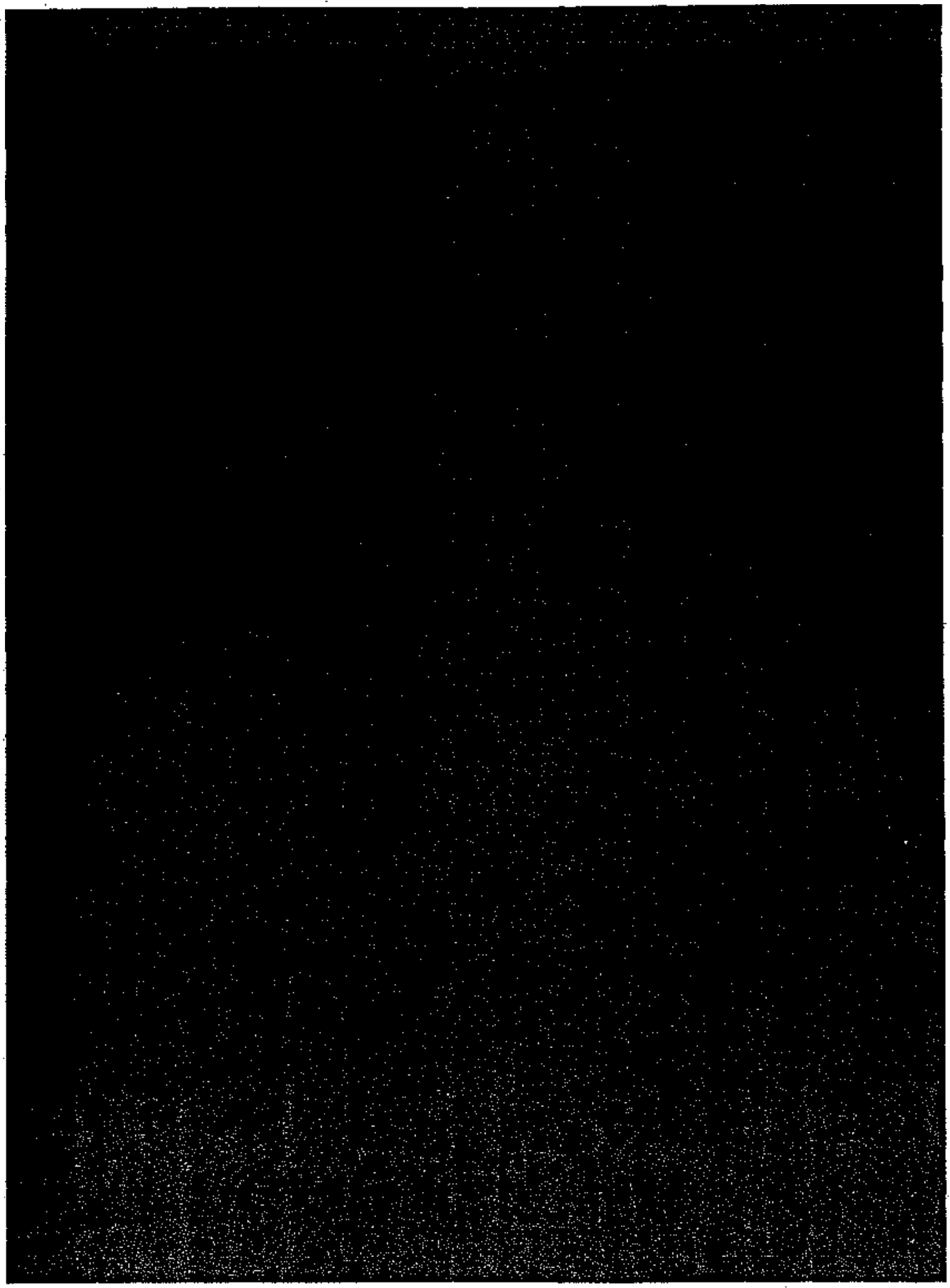

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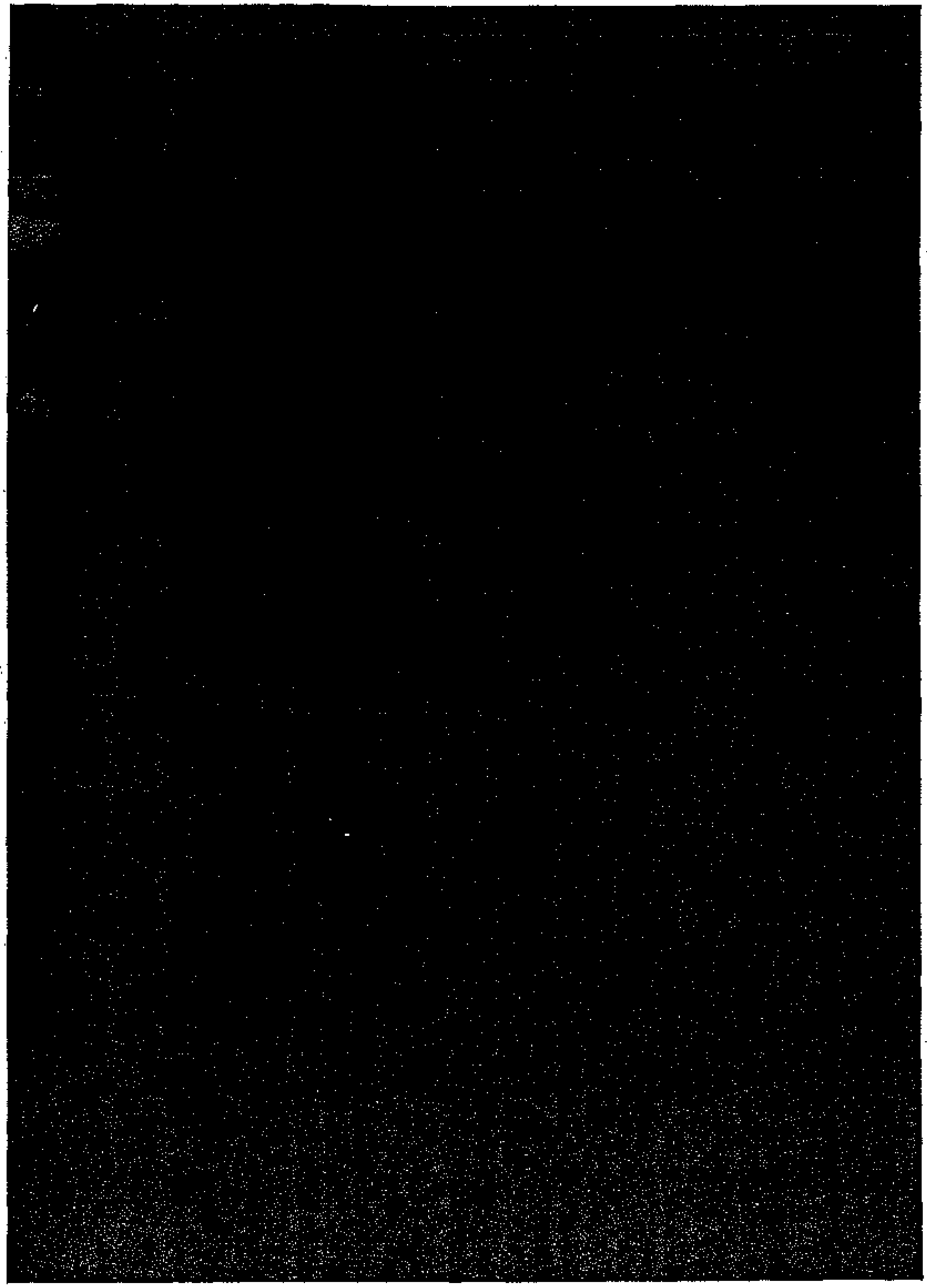

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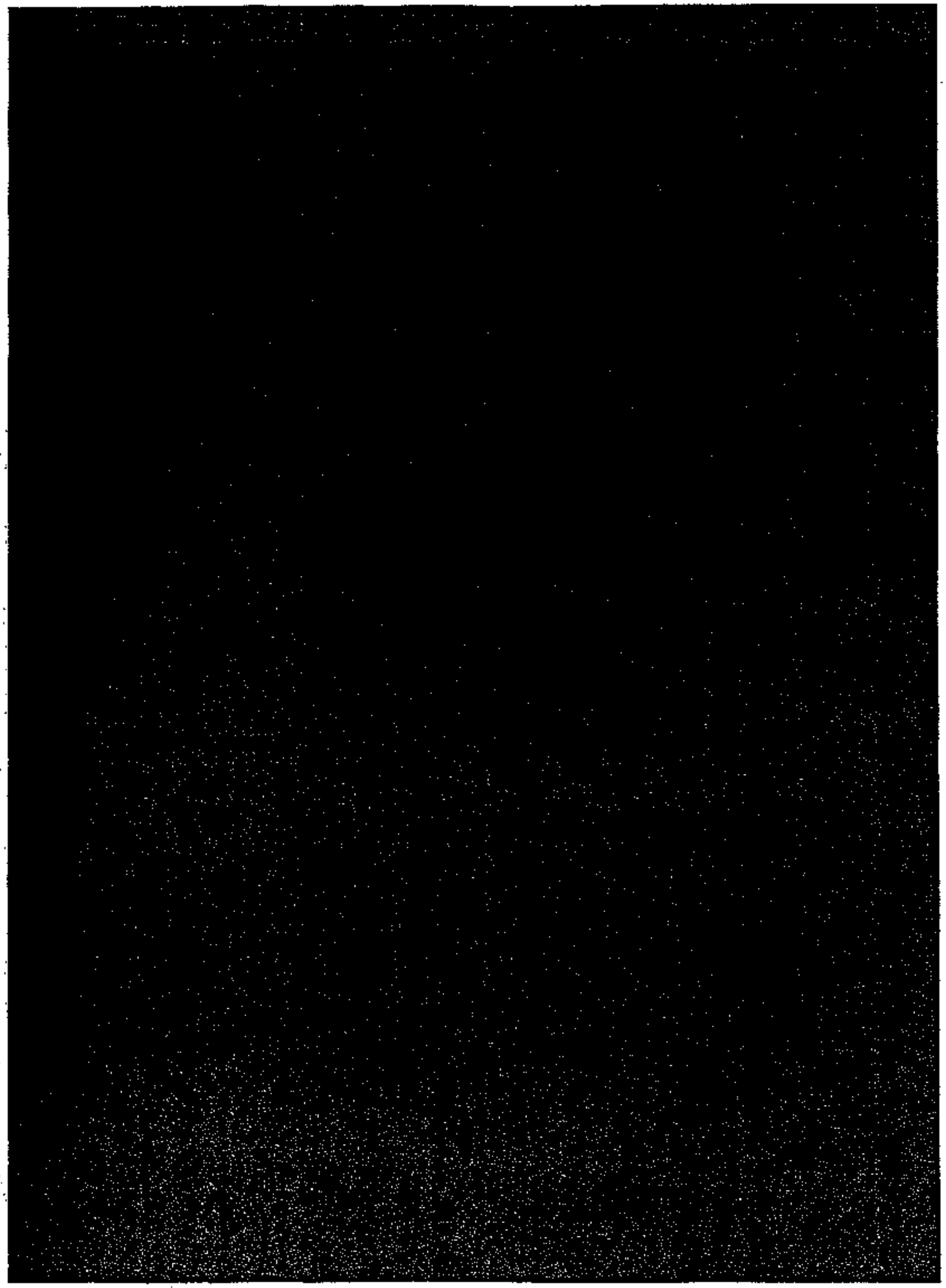

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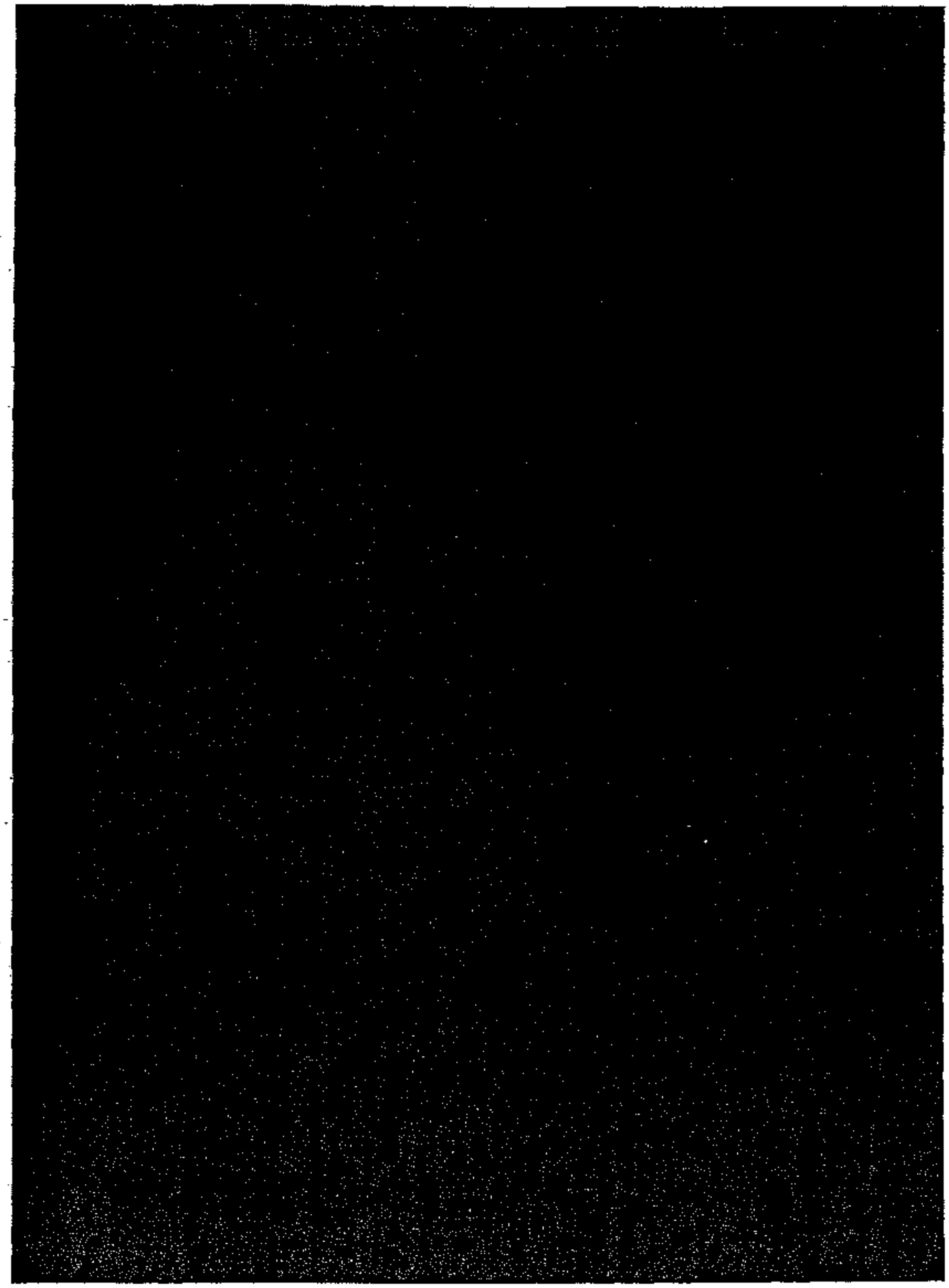

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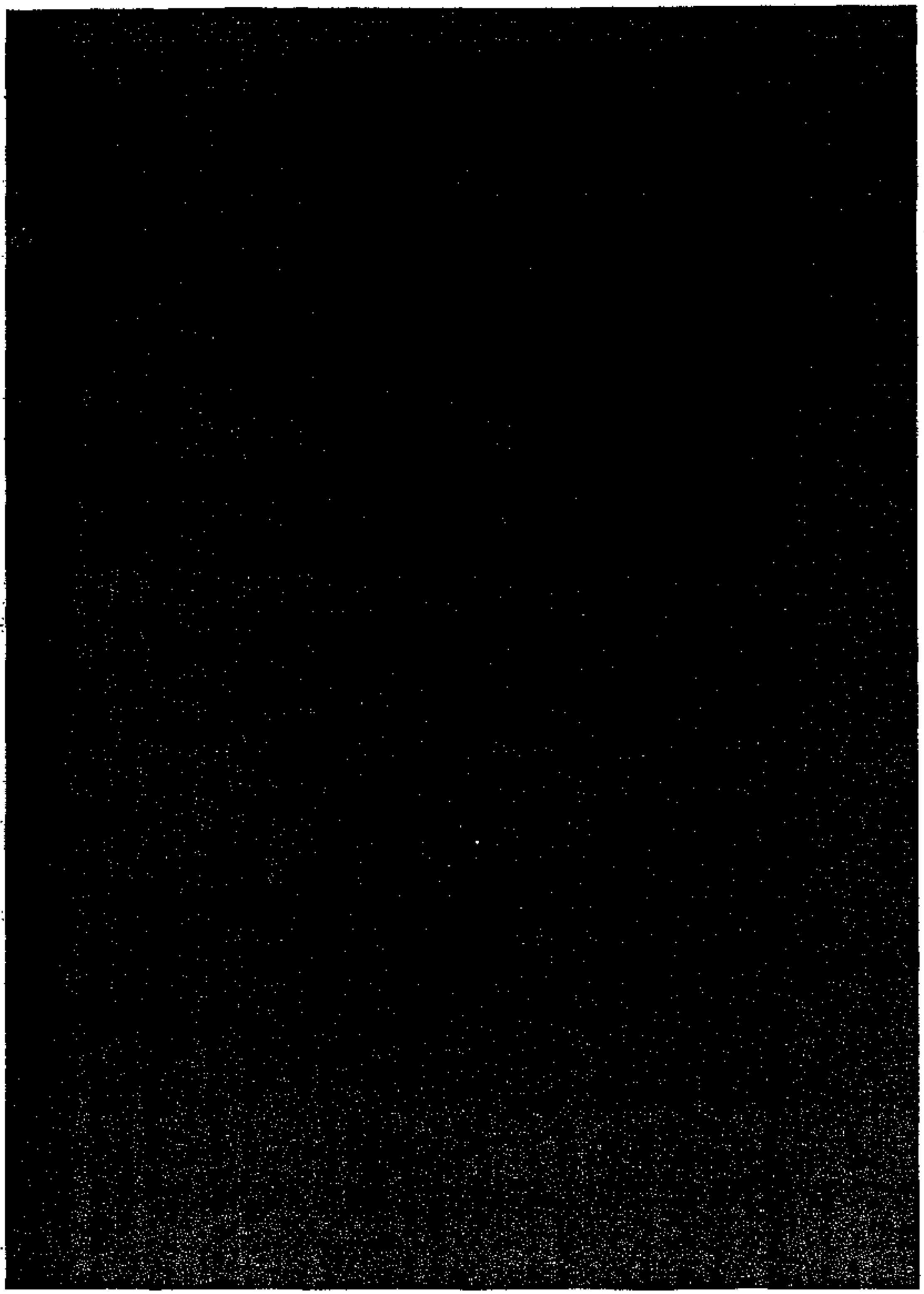

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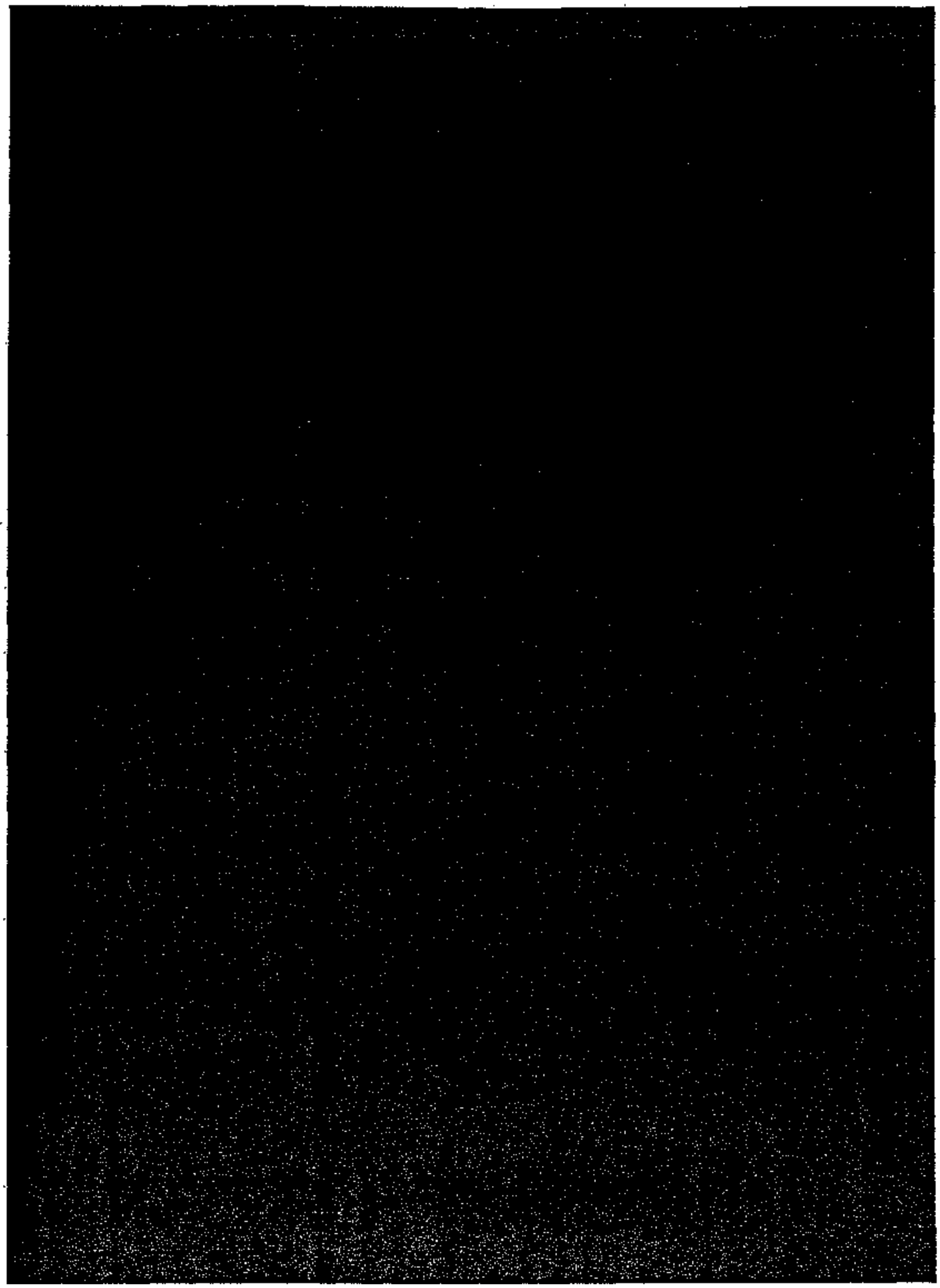

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[redacted]

<u>Users/Brandon Moyse/Dropbox</u>

[redacted]

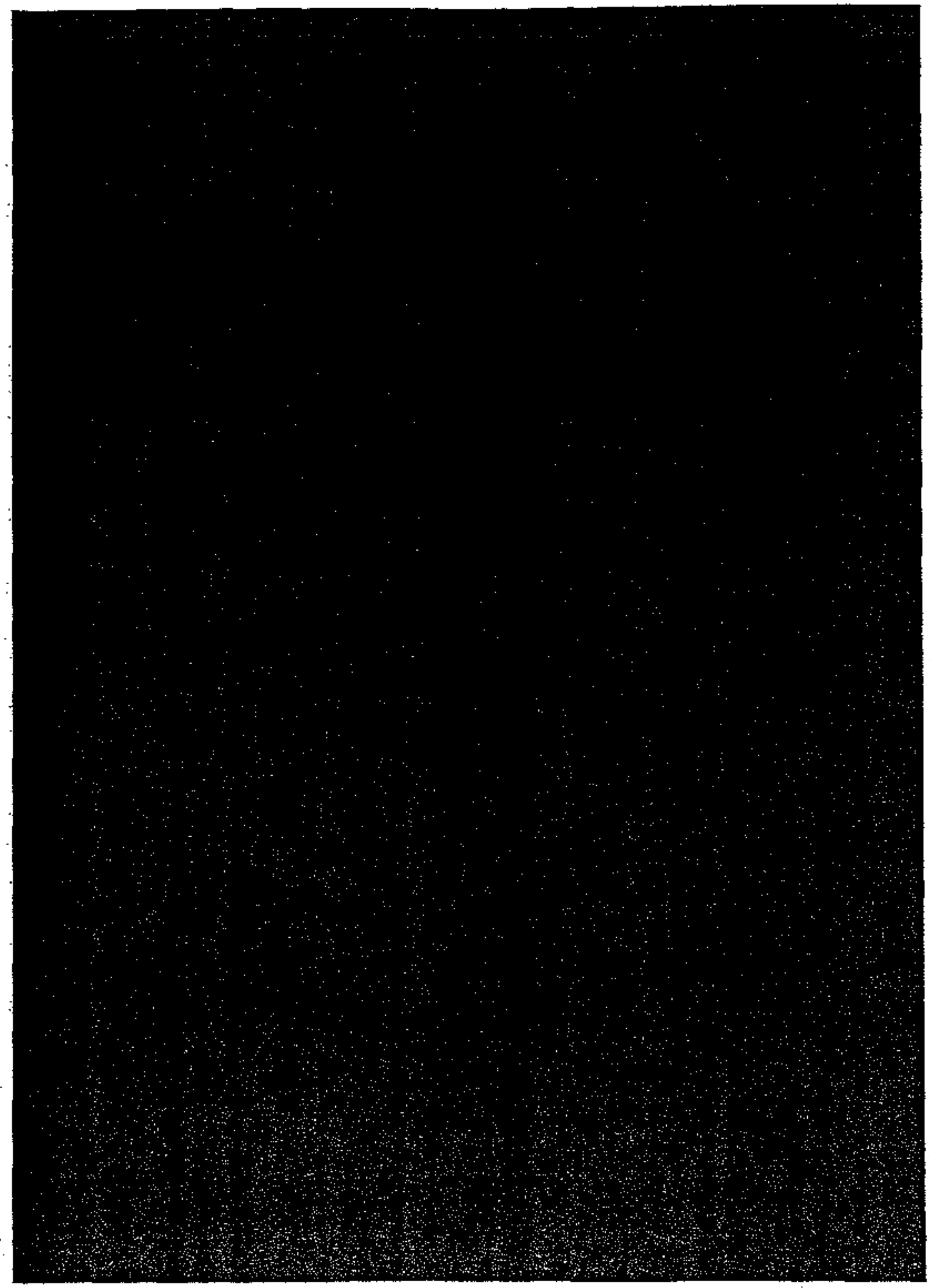
33. We conclude that with respect to this group of post-December 1, 2013 documents, that all of the documents generated by the search process are items previously disclosed in Moyse's affidavit of documents, other than the five (5) image files identified in the "AppData...Content.MSO" folder and listed above.

34. We did not find specific evidence from this process concerning the possibility of Moyse supplying these documents to West Face. However, we note one issue of significance concerning the four documents contained in the Dropbox folder and listed above. Each of these documents has a "date modified" metadata record of June 24, 2014 (between 10:43 and 10:49 p.m.). We understand June 24, 2015 to have been Moyse's second day employed at West Face. The "date modified" entry is consistent with the document being added to the Dropbox, or accessed from the Drobox by the user of Moyse's computer, on that date.

Pre-December, 2013 Documents and Files

35. We then reviewed all of the pre-December, 2013 documents and files generated. The following are documents which we concluded contain Catalyst confidential information. As in the previous table, where those documents have been previously disclosed by Moyse, we have made a notation to that effect in the final column, which cross-references the document to the document numbering in Moyse's two affidavits of documents. Where the document is marked "N/A", the item was not disclosed in those affidavits.

[redacted]



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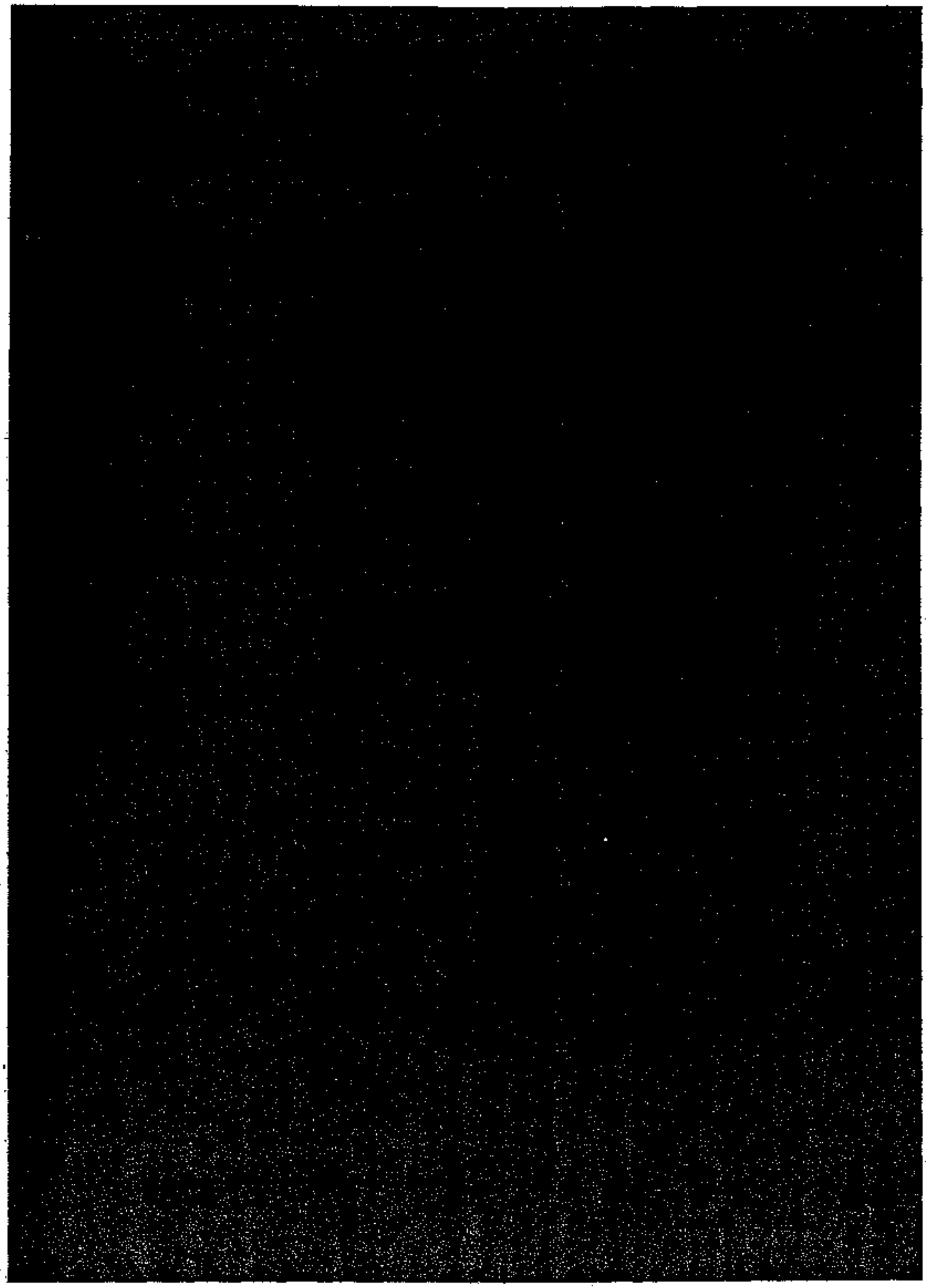

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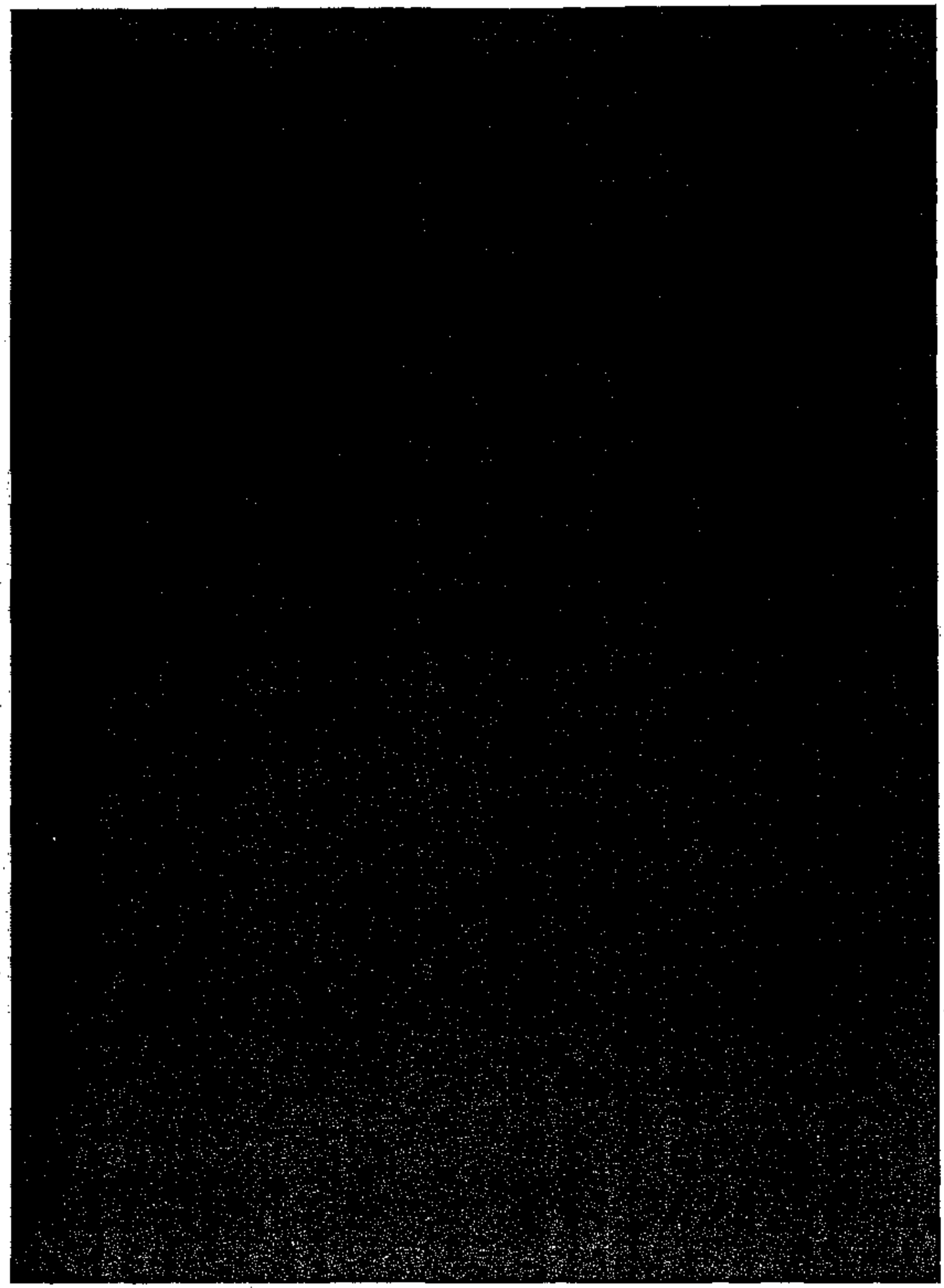

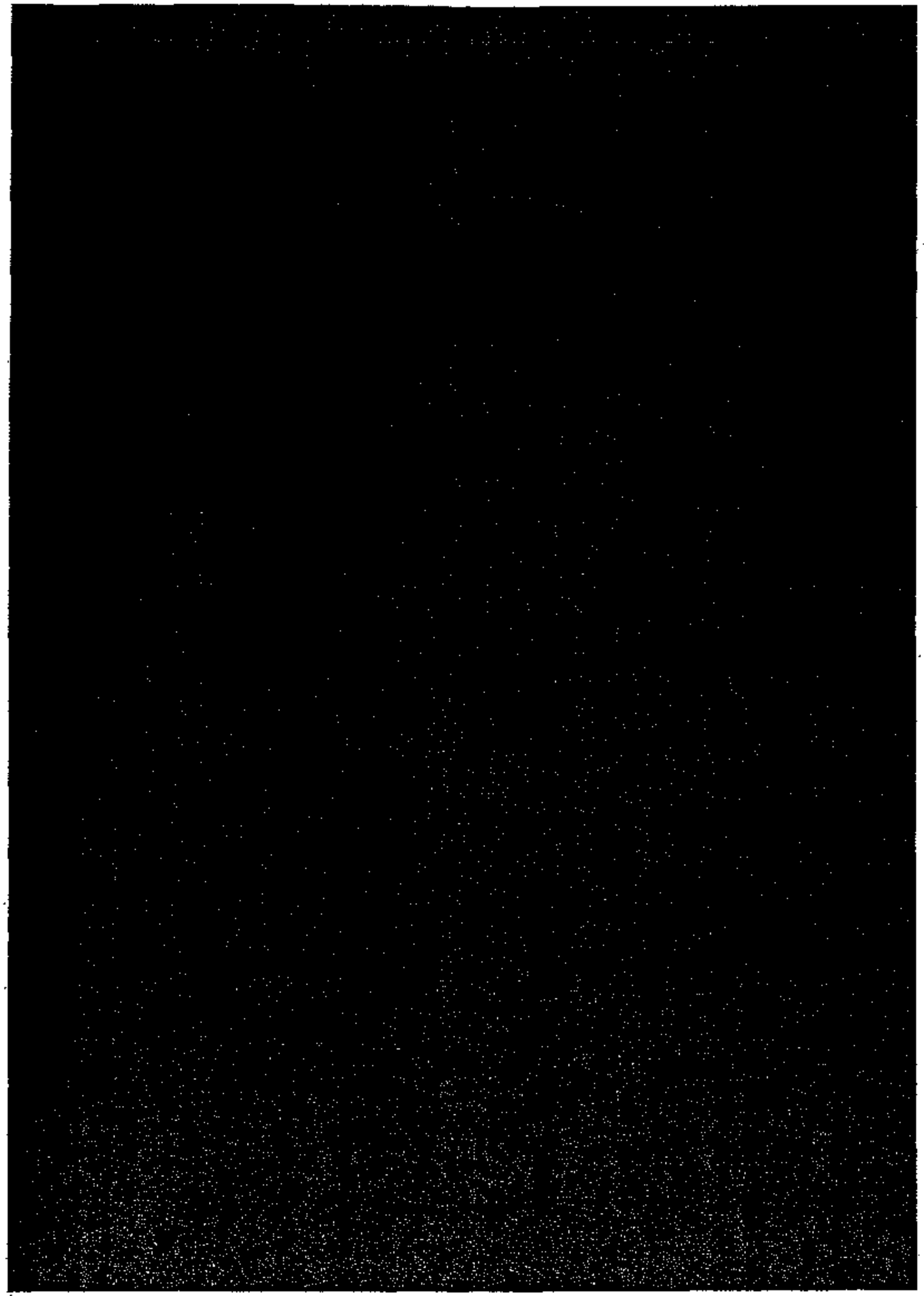

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[redacted]

36. As is evident from the above, we found a further total of five (5) documents containing Catalyst confidential information which were not previously disclosed in Moyse's affidavits of documents within this pre-December 1, 2013 set of documents. Again, we did not identify specific evidence showing Moyse to have further disclosed these materials to West Face simply from the review of documents.

<u>**Files Recovered through application of second set of search terms**</u>

37. After considering the parties' respective positions, we decided to instruct DEI to employ the second set of search terms supplied by Catalyst counsel on January 8, 2015. A total of five non-duplicative, unique files were identified and supplied to us as a result of the use of this second set of search terms. We reviewed all of these items, and none of them bear any relevance to Moyse's employment with Catalyst, nor do they contain any confidential information.

<u>**Moyse's Email Accounts**</u>

38. We were provided with email messages responsive to the search terms provided from the following personal accounts maintained on Moyse's computer: bmy1987@gmail.com

and brandonmoyse@hotmail.com. We reviewed all messages provided from November, 2012 onward (although a large volume of pre-2012 messages were included in the search results dating back as far as 2008). We also reviewed, in the same exercise, those additional emails that were provided after the application of the second set of search terms provided by Catalyst's counsel.

39. The large majority of messages were personal in nature. However, we identified a number of instances of Catalyst confidential information contained within emails, as follows:

[redacted]

[redacted]

40. As is evident from the above, we identified a total of five (5) email items containing Catalyst confidential information which were not disclosed in Moyse's affidavits of documents. Further, we note that the search process did not result in copies being returned for documents 829, 832 or 833 listed in Moyse's affidavit of documents and we have not reviewed these items.

41. There are several further areas warranting comment arising from our review of the email messages that were generated in the search. [redacted]

42. Second, we did not find evidence contained within the email messages delivered to us of Moyse transmitting Catalyst investment documents or information to West Face. The only Catalyst document we found transmitted to West Face is contained in an email from Moyse (via his Hotmail account) to Alex Singh, West Face's General Counsel, on May 28, 2014, in which Moyse supplied Singh with a copy of his Employment Agreement. That document as sent to West Face was redacted to prevent disclosure of information "related to the equity/carry structure of the firm".

43. I am aware from paragraph 62 and 63 of Moyse's July 7, 2014 Affidavit that he acknowledges having sent four Catalyst "research pieces" to West Face to serve as "writing samples" in the course of seeking employment at that firm, and that he acknowledges having deleted these email messages. We did not, however, find the original copy of this email message in our own review of the material provided through the search process, other than a forwarded version contained within a solicitor-client privileged communication.

44. Third, we located two email messages sent to Moyse's Hotmail account dated Saturday, July 12 and Wednesday, July 16, 2014, which require comment. These emails constitute payment receipts and license keys for a software product. The software product purchased on July 12, 2014 was "RegClean Pro" and it is indicated to include "Special Disk Cleaning Tools". The product purchased on July 16, 2014 was "Advanced System Optimizer 3 [Special Edition]" which is said to include "Free PhotoStudio" and "Special Disk Cleaning Tools". According to the promotional website for these products (http://www.systweak.com/aso/), Advanced System Optimizer 3 is software which includes a feature named "Secure Delete", that is said to permit a user to delete, and over-write to military-grade security specifications, data so that it cannot be recovered through forensic analysis.

45. Given the nature and timing of the software installed, I requested that DEI take steps to determine whether the product was installed and whether it could be determined if the product had been used to over-write data or files prior to the computer being imaged. DEI advised me that, based on the creation date of the associated folders, RegClean and Advanced System Optimizer 3 were installed on July 16, 2014 at 8:50 and 8:53 a.m. respectively. The executable files for the Secure Delete feature are contained within the Advanced System Optimizer 3 folder. On July 20, 2014 at 8:09 p.m., a folder entitled "Secure Delete" was created, which suggests that a user of Moyse's computer took steps to make the use of that function available at that point in time.

46. DEI reported to me that the Secure Delete feature of the software provides several options for over-writing (i.e., "securely deleting") files. By default, the setting is "Fast secure delete" which causes a single pass overwriting process in which data is over-written with

random characters. The second option is to use three passes using random characters and the third option is the so-called "military-grade" option which uses seven passes overwriting with random characters.

47. In terms of what may be deleted using this feature, DEI reports that the user may select from any of the following options within the software:

(a) To wipe specific, individual files or folders;

(b) To wipe an entire drive;

(c) To wipe only "free space", *i.e.* currently unused or unallocated space which may contain fragmentary data from deleted files which have not yet been over-written either through ordinary usage of the computer or through deliberate over-writing.[4]

48. I asked DEI to advise me whether there was evidence that the product had been used in any of these ways. DEI reported that the content of the Moyse computer was not consistent with any use of the Secure Delete function to delete all free space and thereby prevent forensic analysis of the drive as a whole, on the assumption that the product indeed writes with random characters as is claimed in the product literature. Further, it is clear that the function was not used to wipe the entire drive, since there were substantial volumes of data produced to us. DEI cannot determine whether or not the Secure Delete function may or may

[4] By way of a more detailed explanation, this technique could be used to destroy evidence that might otherwise be recoverable of "deleted files", *i.e.*, files which the user has instructed the operating system to delete. The ordinary "delete" function of common operating systems does not, when employed, actually result in the destruction of the underlying data, but simply records the file as "deleted" and makes it inaccessible without forensic recovery techniques. The underlying data will generally remain present in the "unallocated space" of the hard drive. Unallocated space is space that the operating system treats as available to use for the storage/writing of new data or files. Thus, after a period of ordinary use, unallocated space will gradually be populated or filled in with new data, over-writing the old. Until the unallocated space where a "deleted file" is resident is over-written with new data, forensic recovery software can recover the file. The purpose of over-writing software such as Secure Delete, when applied to wipe all "free space" (aka "unallocated space") is to force the over-writing, with random data, of the latent content. Multiple, repetitive over-writing then simply increases the likelihood that forensic recovery tools cannot be used to recover the "deleted" content.

not have been used to delete an individual file or files and this report accordingly cannot express any conclusion on that possibility other than to note that it exists.

Samsung Android Smartphone

49. The Android phone contained reviewable, potentially relevant information of the following types: (a) the user's Contacts; (b) records of documents downloaded to the device; (c) records of documents accessed or accessible through the Dropbox cloud-storage application installed on the device; (d) SMS and MMS text messages; and (e) data recovered from the Twitter application installed on the device.

50. DEI produced spreadsheets with the content of each such category of information recovered from the device, which we reviewed. We found no relevant content (and therefore no record of Catalyst confidential information being communicated) from reviewing Moyse's Contacts, his SMS and MMS text messages, or the recovered content of the Twitter application.

51. With respect to the record of downloaded documents, the data on the device recorded only those downloads occurring from and after May 27, 2014 (and continuing to July 21, 2014). While there are several entries appearing to be West Face-related documents (potentially employment-related documentation), there are no documents recorded which provide any basis to conclude that they might contain Catalyst confidential information.

52. With respect to the Dropbox account, all but a small number of file records were contained in folders marked "/Education", "/Camera Uploads" and "/Personal". Although we are not able to actually access the files themselves (since they are stored not on the device, but

on the cloud-based Dropbox storage facility), it can at least be said that the file names of the documents appear to be consistent with those categorizations, and they do not appear to be Catalyst-related. The only records of files accessed in the Dropbox by the Android device potentially relevant to this matter are named as follows:

[redacted]

Apple iPad

53. The Apple iPad contained limited reviewable, potentially relevant information of two types: (a) records of documents accessible through the "Dropbox" cloud storage application, and (b) information derived from the user's Twitter account.

54. DEI was able to generate a list of documents accessible from this device from the "Dropbox" iOS application. The iPad contained records for some 1,327 total documents which were recorded by the operating system as accessible to the user at some point in time. Of these documents, a total of 1,017 documents were contained in a folder entitled "Catalyst". I have attached as **Appendix "N"** a copy of the list of all files contained within the "Catalyst" folder, from the data supplied by DEI. The data generated also include a record of the last time that each file was recorded to have been accessed by the user, which is contained within that spreadsheet. I note that there are no records of the documents in the Dropbox being reviewed on any date subsequent to April 16, 2014, and therefore no evidence that the

Dropbox files were viewed subsequent to Moyse's departure from Catalyst on the iPad device.

55. In addition, DEI recovered the Twitter direct messages and "tweets" associated with the account deployed on this device. I reviewed those items and identified nothing of relevance nor any confidential information contained therein belonging to any party to this action.

PART IV - CONCLUSIONS AS TO THE PROVISION OF CONFIDENTIAL INFORMATION TO WEST FACE

56. We found no further concrete evidence from our review of the files, their surrounding metadata, or Moyse's email material or mobile devices, that confidential information belonging to Catalyst was provided to West Face. That of course does not exclude the possibility that such information was transmitted to West Face in other ways, or that records of other confidential information could have been destroyed through deletion and over-writing, as noted above.

PART V - CONCLUSION

57. The above represents the conclusions we have been able to draw with respect to the content of the Devices. If the parties require further information about our analysis to date, or the provision of copies of some or all of the documents, we await their direction or further direction from the Court as may be appropriate.

DRAFT REPORT

February , 2015

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Defendants

Court File No. CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

RESPONDING MOTION RECORD OF THE DEFENDANT, WEST FACE CAPITAL INC.
(Returnable March 19, 2015)
VOLUME I OF IV

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Plaintiff Defendants

Court File No. CV-16-11595-00CL

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IN THE MATTER OF
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TORONTO

MOTION RECORD OF THE DEFENDANT/MOVING PARTY WEST FACE CAPITAL INC.
(VOLUME 3 OF 19)

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