

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

**Plaintiff/
Responding Party**

and

BRANDON MOYSE and WEST FACE CAPITAL INC.

**Defendants/
Moving Party**

**RESPONDING MOTION RECORD
(MOTION FOR PARTIAL STAY
RETURNABLE OCTOBER 7, 2014)**

October 1, 2014

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INDEX

Tab	Page No.
1	Statement of Claim issued June 25, 20141
2	Notice of Intent to Defend (Moyse) dated June 27, 2014.....17
3	Notice of Intent to Defend (West Face) dated June 27, 201420
4	Statement of Defence (West Face) dated August 5, 201423
5	Order of Justice Firestone dated July 16, 2014.....36
6	Affidavit of Lilly Iannacito, sworn September 30, 201440
A	Exhibit “A”: Affidavit of James A. Riley, sworn June 26, 2014, without exhibits43
B	Exhibit “B”: Exhibits “A”, “B”, “E”, “F”, “G”, “H”, “I”, “J”, “K”, “L”, “M”, “N”, “O”, “R” and “S” to James Riley’s affidavit66
C	Exhibit “C”: Affidavit of Martin Musters, sworn June 26, 2014, without exhibits120
D	Exhibit “D”: Exhibit “B” to Martin Musters’ affidavit126
E	Exhibit “E”: Affidavit of Brandon Moyse, sworn July 7, 2014, without exhibits130
F	Exhibit “F”: Affidavit of Thomas Dea, sworn July 7, 2014, without exhibits146
G	Exhibit “G”: Exhibits “B” and “L” to Thomas Dea’s affidavit162
H	Exhibit “H”: Letter dated July 15, 2014, from Justin Tetrault to Rocco Di Pucchio323
I	Exhibit “I”: Excerpt from the cross-examination of Martin Musters, held August 1, 2014325
J	Exhibit “J”: Excerpts from the cross-examination of Brandon Moyse, held July 31, 2014333
K	Exhibit “K: Exhibit “I” to the cross-examination of Brandon Moyse389
L	Exhibit “L”: Excerpts from the cross-examination of Thomas Dea, held July 31, 2014394
M	Exhibit “M”: Excerpts from the cross-examination of Alexander Singh, held July 31, 2014414

Tab 1

Court File No.

CV-14-507120



**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE CATALYST CAPITAL GROUP INC.

Plaintiff

and

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.


IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$1,000.00 for costs, within the time for serving and filing your Statement of Defence, you may move to have this proceeding dismissed

by the Court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's Claim and \$400.00 for costs and have the costs assessed by the Court.

Date June 25, 2014

Issued by


Local Registrar

Address of
court office:

393 University Avenue
10th Floor
Toronto, Ontario
M5G 1E6

TO: Brandon Moyse
23 Brant Street, Apt. 509
Toronto ON M5V2L5

AND TO: West Face Capital Inc.
2 Bloor Street East, Suite 3000
Toronto, ON M4W 1A8

CLAIM

1. The Plaintiff claims:

- (a) An interim, interlocutory and/or permanent injunction restraining the defendant Brandon Moyse ("Moyse"), his agents or any persons acting on his direction or on his behalf, and the defendant West Face Capital Inc. ("West Face"), its officers, directors, employees, agents or any persons acting under its direction or on its behalf, and any other persons affected by the Order granted, from:
 - (i) Soliciting or attempting to solicit equity or other forms of capital for any partnership, investment fund, pooled fund or other form of investment vehicle managed, advised or sponsored by Catalyst or the Catalyst Fund Limited Partnership IV (the "Fund") as at June 25, 2014, until June 25, 2015;
 - (ii) Interfering with the Plaintiff's relationships with its employees which, without limiting the generality of the foregoing, shall include any attempt to induce employees of the Plaintiff to leave their employment with the Plaintiff; and
 - (iii) Using or disclosing the Plaintiff's confidential and proprietary information (including, without limitation, (i) the identity or contact information of existing or prospective investors in the Fund and any such future partnership or fund, (ii) the structure of the Fund, (iii) marketing strategies for securities or investments in the capital of or owned by the 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 Catalyst and employees of Catalyst (collectively, the "Confidential Information") in any way, including in relation to any present- and future-related business;

- (b) An order requiring the defendants to immediately return to Catalyst (or its counsel) all Confidential Information in their possession or control;
- (c) An order prohibiting any of the defendants from, in any way, deleting, modifying or in any way interfering with any of their electronic equipment, including computers, servers and mobile devices, until further Order of this Honourable Court;
- (d) An interim, interlocutory and permanent injunction prohibiting the defendant Brandon Moyse ("Moyse") from commencing or continuing employment at the defendant West Face Capital Inc. ("West Face") until December 25, 2014;
- (e) Punitive damages in the amount of \$300,000, as against West Face, and \$50,000, as against Moyse;
- (f) Postjudgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (g) The plaintiff's costs of this action on a substantial indemnity basis, plus the applicable H.S.T.; and

(h) Such further and other relief as to this Honourable Court may seem just.

The Plaintiff – The Catalyst Capital Group Inc. (“Catalyst”)

2. Catalyst is a corporation with its head office located in Toronto, Ontario. Catalyst is widely recognized as the leading firm in the field of investments in distressed and undervalued Canadian situations for control or influence, known as “special situations investments for control”.

3. Catalyst uses a “flat” entrepreneurial staffing model whereby its analysts are given substantial training, autonomy and responsibility at a relatively early stage in their career as compared to its competitors in the special situations investments for control industry.

4. Moreover, Catalyst uses a unique compensation scheme to compensate its employees – in addition to their base salary and annual bonus, employees participate in a “60/40 Scheme” whereby the “carried interest” of each Fund is allocated sixty per cent to the deal team and forty per cent to Catalyst. The carried interest refers to the twenty per cent profit participation Catalyst may enjoy, subject to certain conditions.

5. Points in each deal that forms part of the sixty per cent are allocated on a deal-by-deal basis. At all material times, Catalyst employed only two investment analysts, and the deal teams on which Moyse participated involved only three or four Catalyst professionals. The 60/40 Scheme granted Catalyst’s employees a partner-like interest in the success of the company.

The Defendants

6. West Face is a Toronto-based private equity corporation with assets under management of approximately \$2.5 billion. In December 2013, West Face formed a credit fund for the

purpose of competing directly with Catalyst in the special situations investments for control industry.

7. Moyse is a resident of Toronto. Pursuant to an employment agreement dated October 1, 2012 (the "Employment Agreement"), Moyse was hired as an investment analyst by Catalyst effective November 1, 2012. Moyse had substantial autonomy and responsibility at Catalyst. He was primarily responsible for analysing new investment opportunities of distressed and/or undervalued situations where Catalyst could invest for control or influence.

The Special Situation Investment Market in Canada

8. The Canadian market for special situations investing is very competitive. A small number of Canadian firms seek opportunities to invest in situations where a corporation is distressed or undervalued, or face events that can have a significant effect on the company's operations, such as proxy battles, takeovers, executive changes and board shake-ups.

9. In these special situations, an investment firm's strategic plans and investment models are crucial to successfully executing an investment plan. Confidentiality is paramount: if a competitor has access to a firm's plans and modelling for a particular special situation, the competitor can "scoop" the opportunity, or it can take an adverse investment position which make the firm's plans either too costly to execute or, depending on the timing of the adverse action, can cause the plan to incur significant losses after it is past the point of no return.

10. Depending on how advanced a firm is in executing its investment strategy, a competitor's adverse position can have disastrous, immeasurable effects on the firm's goodwill and/or will cause a firm to incur large financial losses that are difficult to accurately quantify given the unpredictable range of possible outcomes for a given investment.

11. Within the special situations investment industry, "investment for control or influence" is a sub-industry with unique characteristics. "Investment for control or influence" refers to acquiring controlling or influential equity or debt positions in distressed companies in order to add value through operational involvement in an investment target by, among other things:

- (a) Appointing a representative as interim CEO and other senior management;
- (b) Replacing or augmenting management;
- (c) Providing strategic direction and industry contacts;
- (d) Establishing and executing turnaround plans;
- (e) Managing costs through a rigorous working capital approval process; and
- (f) Identifying potential add-on acquisitions.

12. The "investment for control or influence" sub-industry within the distressed investment industry has unique needs, including the need to ensure that employees are unable to resign and begin working for a competitor for a reasonable period of time in order to ensure that the competitor is unable to take advantage of the former employee's knowledge of the firm's strategic plans and models.

13. In the special situations for control industry, information is critical. The ability to collect and analyze information and to prepare confidential plans for complex investment opportunities is the difference between a plan's success or failure. For this reason, it is commonplace for firms specializing in the special situations for control or influence industry to require its employees to agree to a non-competition covenant prior to commencing employment. Likewise, when a

competitor hires directly from a firm within the industry, it is commonplace for the competitor to respect the other firm's non-competition covenant by not directly employing a lateral hire in the same market as they worked for the competitor during the term of the non-competition covenant.

The Employment Agreement

14. Under the Employment Agreement, Moyse was paid an initial salary of \$90,000 and an annual bonus of \$80,000. Moyse was also granted options on equity in Catalyst and participated in the 60/40 Scheme. Moyse's equity compensation (options and the 60/40 Scheme) was equal to or exceeded his base salary and annual bonus.

15. The Employment Agreement also included the following non-competition, non-solicitation and confidential information covenants (together, the "Restrictive Covenants"):

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 [Catalyst] or the Fund or any direct Associate of [Catalyst] 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 [Catalyst]'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 [Catalyst];

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 [Catalyst] or persons who were so employed during the 12 months prior to your ceasing to be an employee of [Catalyst] 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 [Catalyst] or during the 12 months prior to your ceasing to be an employee of [Catalyst].

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 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 [Catalyst] and employees of [Catalyst] 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 [Catalyst] 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 [Catalyst].

16. Moyse agreed that the Restrictive Covenants were reasonable and necessary and reflected a mutual desire of Moyse and Catalyst that the Restrictive Covenants would be upheld in their entirety and be given full force and effect. In addition, Moyse acknowledged that if he breached the terms of the Restrictive Covenants, it would cause Catalyst irreparable harm and that Catalyst would be entitled to injunctive relief to prevent him from continuing to breach the Restrictive Covenants.

17. Under the Employment Agreement, Moyse was required to give Catalyst a minimum of thirty days' written notice of his intention to terminate his employment.

18. Moyse executed the Employment Agreement on October 3, 2012. In so doing, he acknowledged that he reviewed, understood and accepted the terms of the Employment Agreement, and that he had an adequate opportunity to seek and receive independent legal advice prior to executing the Employment Agreement.

Moyse Breaches the Employment Agreement

19. On May 26, 2014, Moyse informed Catalyst of his intention to resign from Catalyst and to begin working for West Face.

20. Through its counsel, Catalyst communicated its intention to enforce the Restrictive Covenants. Through their counsel, the Defendants responded by communicating their intention to breach the Restrictive Covenants, in particular the non-competition covenant.

21. Moreover, on or about June 18, 2014, Moyse's counsel communicated Moyse's intention to commence employment at West Face on June 23, 2014, prior to the expiry of the thirty-day notice period provided for in the Employment Agreement.

22. Catalyst continued to pay Moyse his salary until June 20, 2014, when it became clear to Catalyst that Moyse intended to breach the Employment Agreement.

The Misappropriation and Conversion of Catalyst's Confidential Information

23. As part of his deal screening/analysis responsibilities, Moyse performed valuations of companies using methodologies that are proprietary and unique to Catalyst in order to identify new investment opportunities for Catalyst.

24. Moyse received the Confidential Information in his capacity as an analyst at Catalyst, as acknowledged in the Employment Agreement.

25. In breach of his duty of confidence, Moyse forwarded the Confidential Information from his work email address – which is controlled by Catalyst – to his personal email address and to his personal Internet file storage accounts – which he alone controls – without Catalyst's knowledge or approval. The Confidential Information Moyse forwarded to his personal control includes information concerning projects Moyse was working on immediately prior to his resignation from Catalyst, including, but not limited to:

- (a) Catalyst Weekly Reports – this document contains a summary of all existing investments and contemplated investment opportunities;
- (b) Quarterly letters reporting on results of Catalyst's activities;
- (c) Internal research reports;
- (d) Internal presentations and supporting spreadsheets; and
- (e) Internal discussions regarding the operations of companies in which Catalyst has made investments.

26. There was no legitimate business reason for Moyse to deal with the Confidential Information in this manner.

27. Moyse has wrongfully and unlawfully taken Catalyst's Confidential Information to advance his own business interests, and the interests of West Face, to the detriment of Catalyst. The Confidential Information was imparted to Moyse in confidence during the course of his employment with Catalyst and the unauthorized use of such information by the Defendants constitutes a breach of confidence.

West Face Induced Moyse to Breach the Employment Agreement

28. West Face and Moyse engaged in prolonged discussions regarding Moyse's resignation from Catalyst and immediate employment at West Face thereafter. During the course of these discussions, the parties discussed Moyse's contractual obligations to Catalyst.

29. Prior to Moyse's resignation from Catalyst, West Face was aware of the terms of the Employment Agreement and Moyse's duties and obligations to Catalyst, including the

Restrictive Covenants. Nevertheless, West Face unlawfully induced Moyse to breach the Employment Agreement with, and his obligations owed to, Catalyst, including, but not limited to the Restrictive Covenants.

30. Moyse and West Face knew that Catalyst intended to promote Moyse to the position of “associate” in 2014. But for West Face’s inducement to Moyse to resign from Catalyst and commence employment at West Face before the end of the six-month non-competition period, Moyse would still be employed at, and would continue to honour his contractual obligations to, Catalyst.

Catalyst Will Suffer Irreparable Harm

31. Catalyst will suffer irreparable harm as a result of West Face’s unlawful inducement of Moyse to breach the Employment Agreement. In particular, without limiting the generality of the foregoing, Catalyst risks losing its strategic advantage with respect to distress for control investments it has been planning for several months of which Moyse, in his role as analyst at Catalyst, is aware.

32. If Moyse is permitted to commence employment at West Face, a direct competitor to Catalyst, before the expiry of the six-month non-competition period, West Face will gain an unfair advantage in the small distressed investing for control industry by learning about investment opportunities Catalyst was studying and Catalyst’s plans for taking advantage of those opportunities.

33. These opportunities and strategies are unique to Catalyst and are crucial to its success – if those plans are compromised, Catalyst will suffer a loss that cannot be measured in mere

damages. The damage will include damage to Catalyst's reputation as a leading distress for control investor and to its ability to solicit additional investments in its funds.

34. Moreover, by using the Confidential Information for their personal benefit and to Catalyst's detriment, Moyse and West Face will cause Catalyst to incur large financial losses that are difficult to accurately quantify given the unpredictable range of possible outcomes for a given investment.

Punitive Damages

35. Catalyst claims that the Defendants' egregious actions, as pleaded above, were so high-handed, wilful, wanton, reckless, contemptuous and contumelious of Catalyst's rights and interests so as to entitle Excaire to a substantial award of punitive, aggravated and exemplary damages.

36. Accordingly, the Defendants are liable, on a joint and several basis, to the Plaintiff for punitive damages as described in subparagraph 1(e) above.

37. Catalyst proposes that this action be tried at Toronto.

June 25, 2014

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THE CATALYST CAPITAL GROUP INC.
Plaintiff

-and- BRANDON MOYSE and WEST FACE CAPITAL INC.
Defendants

Court File No. *CV-14, 507120*

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

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Lawyers for the Plaintiff

Tab 2

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

NOTICE OF INTENT TO DEFEND

The Defendant, Brandon Moyse intends to defend this action

June 27, 2014

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Page 2

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MOYSE ET AL.

- and -

THE CATALYST CAPITAL GROUP INC.

Court File No. CV-14-507120

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

NOTICE OF INTENT TO DEFEND

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Lawyers for the Defendant, Brandon Moyse

Tab 3

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

NOTICE OF INTENT TO DEFEND

THE DEFENDANT, West Face Capital Inc., intends to defend this action.

June 27, 2014

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Brandon Moyse

THE CATALYST CAPITAL GROUP INC.
Plaintiff

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.
Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

NOTICE OF INTENT TO DEFEND

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West Face Capital Inc.

Tab 4

AUG. 5. 2014 3:50PM

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August 5, 2014

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AUG. 5. 2014 3:51PM

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August 5, 2014

DELIVERED VIA FAX

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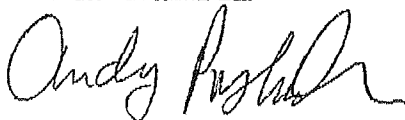
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Dear Messrs. Di Pucchio and Hopkins:

**RE: The Catalyst Capital Group Inc. v. Brandon Moyse and West Face Capital Inc. (Court
File No. CV-14-507120)**

We enclose a copy of our client's Statement of Defence, which is served upon you pursuant to the *Rules of Civil Procedure*.

Yours truly,
Dentons Canada LLP



Andy Pushalik

AGP/mf

Enclosure

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

STATEMENT OF DEFENCE

1. The Defendant, West Face Capital Inc. ("West Face"), admits the allegations contained in paragraphs 11, 15 and 17 of the Statement of Claim.
2. West Face denies that the Plaintiff is entitled to any of the relief claimed in paragraph 1 of the Statement of Claim, and denies the allegations contained in paragraphs 2, 6 through 10 inclusive, 12, 13, 16, 18 through 21 inclusive, 23 and 25 through 36 inclusive of the Statement of Claim.
3. West Face has no knowledge of the allegations contained in paragraphs 3, 4, 5, 14, 22 and 24 of the Statement of Claim.

The Parties

4. West Face is an investment manager based in Toronto that has been in business since 2006. It manages a number of funds and accounts covering a broad range of investments.
5. The Plaintiff, The Catalyst Capital Group Inc. (“Catalyst”), is an independent investment firm focused on making investments in distressed and undervalued Canadian entities for control or influence.
6. The Defendant, Brandon Moyse (“Brandon”), is a 26 year old resident of the City of Toronto. He was employed by Catalyst as an Analyst for less than two years, from October 2012 until June 2014.

The Nature of West Face’s Business

7. West Face manages a number of funds and accounts covering a broad range of investment strategies. Its investments, which are in publicly traded and privately negotiated securities, include “long positions” in common equities, bonds, convertible debentures and distressed debt situations as well as certain “short positions”. It has assets under management of over \$2.5 billion.
8. West Face has two principal groups of funds: the Long-Term Opportunities Fund (the “LTOF”) and the Alternative Credit Fund (the “ACF”). The LTOF, which is West Face’s principal and inaugural fund, has a broad investment mandate which is principally focused on making minority investments in public common equity

strategies and publicly traded debt opportunities primarily related to companies located in North America.

9. The investment mandate of the ACF, which was launched in December 2013, is to make investments in illiquid private debt with terms greater than two years, with the expectation of holding each investment until its maturity. Contrary to the allegations contained in the Statement of Claim, this fund was not established to compete with Catalyst. The ACF was created in order to continue activities previously undertaken in the LTOF on a limited basis. The ACF allows West Face to better match assets' liquidity characteristics with investor requirements.
10. Unlike Catalyst which is focused on control or influence-based "distressed investments", West Face generally does not become involved with the management of target companies. Further, due to market conditions, West Face has focused less and less on making distressed investments, although it is not out of this market entirely. In any event, the relatively small number of investment opportunities in this field means that the investment opportunities that are available are widely known in the industry.

Brandon Applies for a Job at West Face

11. By e-mail dated March 14, 2014, Brandon advised Thomas Dea, a Partner at West Face ("Dea") that, if there was a position available at West Face, he would be interested in working with West Face.

12. Dea subsequently met with Brandon on March 26, 2014. As West Face was currently recruiting for analysts, Dea asked Brandon to provide him with a copy of his resume and some writing samples, so that Dea could circulate it to others at West Face. Dea specifically advised Brandon that Brandon should redact any confidential information from the writing samples if required.
13. Following that initial meeting, Dea arranged for Brandon to meet with several other West Face employees on or about April 11, 2014 and again on or about April 28, 2014.

Brandon's Employment Relationship with West Face

14. Pursuant to the terms of a written offer of employment dated May 26, 2014, West Face offered employment to Brandon as an Associate (the "**West Face Employment Contract**"). Brandon accepted the terms of West Face's offer on May 26, 2014; he started working at West Face on June 23, 2014.
15. At the time that West Face provided Brandon with a written offer of employment, Dea asked Alexander Singh, West Face's General Counsel and Secretary, to speak to Brandon and remind him that he was not under any circumstances to disclose or use any confidential or proprietary information belonging to Catalyst. Mr. Singh conveyed Dea's concerns to Brandon, who confirmed to Mr. Singh that he would not disclose or use any confidential or proprietary information belonging to Catalyst.

16. As an Associate with West Face, Brandon acts as a generalist working on a variety of investment strategies across a diverse set of industries. His duties include:
 - (a) Fundamental research and due diligence of investment opportunities, including equities and credits;
 - (b) Financial modeling;
 - (c) Deal structuring; and
 - (d) General support of West Face's Portfolio Managers.
17. Brandon is the most junior member of West Face's investment team. In his position, he does not receive portfolio summaries, is not a member of West Face's investment committee, does not participate in senior management meetings nor does he have the authority to make strategic decisions.
18. The terms of the West Face Employment Contract included a provision whereby Brandon agreed that he would not use any property in the course of his employment with West Face that was the confidential or proprietary information of any other person, company, group or organization.
19. In addition, the West Face Employment Contract included a representation and warranty on behalf of Brandon that his acceptance of West Face's offer of employment would not result in any breach of any non-solicitation and non-competition agreements. Brandon advised West Face that he had a non-

competition covenant with Catalyst, and he provided West Face with a redacted copy of his employment contract with Catalyst (the "**Catalyst Employment Contract**").

20. The Catalyst Employment Contract contained, *inter alia*, a non-competition provision (the "**Non-Competition Clause**") and a non-solicitation provision (the "**Non-Solicitation Clause**") which stated as follows:

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.

21. The Non-Competition Clause and Non-Solicitation Clause are ambiguous and overly broad and, as such, are unenforceable.

West Face Advises Catalyst that Brandon will Abide by His Confidentiality Obligations

22. On May 30, 2014, West Face received a letter from Catalyst's external counsel, Rocco Di Pucchio, expressing concerns over West Face's hire of Brandon. On June 3, 2014, West Face's external counsel, Adrian Miedema, responded to Catalyst's letter on West Face's behalf. In this letter, West Face confirmed that it had impressed upon Brandon that he was not to share or divulge any confidential information that he obtained during his employment with Catalyst.
23. By letter dated June 5, 2014, Brandon's counsel, Jeff Hopkins, advised Catalyst that in response to its concerns, Brandon was willing to confirm in writing that he understood and would abide by the confidentiality provision contained in the Catalyst Employment Contract.
24. In a letter dated June 13, 2014, Mr. Di Pucchio advised that the assurances of West Face and Brandon that Brandon would not share or divulge any of Catalyst's confidential information "did not go far enough".
25. On June 18, 2014, Mr. Miedema attended a conference call with Mr. Di Pucchio and Mr. Hopkins during which Mr. Di Pucchio advised that Catalyst was

concerned about a specific transaction for which Catalyst and West Face had each submitted bids (the “Transaction”).

26. In response to Catalyst’s concerns, Mr. Hopkins sent a letter on June 19, 2014 in which Brandon again confirmed that he fully understood and intended to abide by his contractual obligations of confidentiality to Catalyst and further, that he would not divulge any information regarding the Transaction. The letter confirmed that Brandon was willing to confirm these legal obligations in writing, including references to specific areas of concern of Catalyst.
27. Later that afternoon, Mr. Miedema received an email from Mr. Di Pucchio advising that he had been instructed by Catalyst to commence proceedings against West Face and Brandon. Prior to receiving this communication, West Face was already in the process of implementing a confidentiality wall between Brandon and West Face’s Investment Team with respect to the Transaction (the “Confidentiality Wall”).
28. Under the terms of the Confidentiality Wall which was put in place before Brandon started working at West Face on June 23, 2014, Brandon is not permitted to discuss any information that he may have about the Transaction with anyone at West Face, nor can anyone at West Face inquire about or discuss the Transaction with Brandon. Further, West Face’s information technology group restricted access to the network for files regarding the Transaction.
29. Mr. Miedema subsequently wrote, by letter dated June 19, 2014, to Mr. Di Pucchio advising that West Face had implemented the Confidentiality Wall and

confirming that Brandon had not had, and would not have, any involvement with the Transaction at West Face.

30. Following the commencement of this litigation, West Face conducted a diligent search of its emails to determine whether there was any information of Catalyst disclosed by Brandon. West Face has found only one email from Brandon in which he provided West Face with documents related to Catalyst's business. The documents were provided by email from Brandon to Dea on March 27, 2014, which was at the early stages of the recruitment process, in response to Dea's request for writing samples, as a way of Brandon showing his written communication skills and the type of work he was doing at Catalyst.

31. West Face states that it has not used or relied on any of the documents attached to this email, nor has West Face done any significant review of the documents attached to this email. West Face further states that it was not involved in any of the transactions that were the subject of the documents attached to the email, and as such, had no use for the information contained therein.

Catalyst Has Not Suffered Any Damages

32. West Face states that Catalyst has not suffered any damages for which West Face is responsible in fact or in law. Further, and in any event, the damages claimed by Catalyst are excessive and remote.

Relief Requested

33. West Face requests that this action be dismissed with costs payable to West Face and Brandon, on a substantial indemnity basis.

August 5, 2014

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Brandon Moyse

THE CATALYST CAPITAL GROUP INC.
Plaintiff

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.
Defendant

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF DEFENCE

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Lawyers for the Defendant,
West Face Capital Inc.

Tab 5

Tab 6

**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

I, Lilly Iannacito, of the Town of Richmond Hill, in the Regional Municipality of York,
MAKE OATH AND SAY:

1. I am a Law Clerk with the law firm of Lax O'Sullivan Scott Lisus LLP, the lawyers for the plaintiff in this proceeding ("Catalyst"), and, as such, have knowledge of the matters contained in this affidavit. To the extent my knowledge is based on information and belief, I identify the source of such information and believe the information to be true.
2. Attached as Exhibit "A" is a copy of the affidavit, without exhibits, of James A. Riley, the Chief Operating Officer of Catalyst, sworn June 26, 2014.
3. Attached as Exhibit "B" are copies of Exhibits "A", "B", "E", "F", "G", "H", "I", "J", "K", "L", "M", "N", "O", "R" and "S" to Mr. Riley's affidavit.

RMR 40

4. Attached as Exhibit "C" is a copy of the affidavit, without exhibits, of Martin Musters, sworn June 26, 2014.
5. Attached as Exhibit "D" is a copy of Exhibit "B" to Mr. Musters' affidavit.
6. Attached as Exhibit "E" is a copy of the affidavit, without exhibits, of Brandon Moyse, a defendant in this proceeding, sworn July 7, 2014.
7. Attached as Exhibit "F" is a copy of the affidavit, without exhibits, of Thomas Dea, a partner at the defendant West Face Capital Inc. ("West Face"), sworn July 7, 2014.
8. Attached as Exhibit "G" is a copy of Exhibits "B" and "L" to Mr. Dea's affidavit.
9. Attached as Exhibit "H" is a copy of a letter dated July 15, 2014, from Justin Tetrault, counsel for Mr. Moyse, addressed to Rocco Di Pucchio, counsel for Catalyst.
10. Attached as Exhibit "I" is an excerpt from the cross-examination of Mr. Musters held August 1, 2014.
11. Attached as Exhibit "J" are excerpts from the cross-examination of Mr. Moyse held July 31, 2014.
12. Attached as Exhibit "K" is Exhibit "1" to the cross-examination of Mr. Moyse.
13. Attached as Exhibit "L" are excerpts from the cross-examination of Mr. Dea held July 31, 2014.

RMR 41

14. Attached as Exhibit "M" is an excerpt from the cross-examination of Alexander Singh, in-house counsel for West Face, held July 31, 2014.

SWORN BEFORE ME at the City of Toronto,
in the Province of Ontario on September
30th, 2014



Commissioner for Taking Affidavits
(or as may be)

ANDREW WINTON



LILLY IANNACITO

RMR 42

TAB A

This is Exhibit "A" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized capital 'A' followed by a series of connected loops and a long horizontal stroke.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

**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 JAMES A. RILEY
(Sworn June 26, 2014)**

I, JAMES A. RILEY, of the City of Toronto, MAKE OATH AND SAY:

1. I am the Chief Operating Officer of The Catalyst Capital Group Inc. ("Catalyst"), the plaintiff in this proceeding, and, as such, have knowledge of the matters set out in this affidavit. To the extent my knowledge is based on information and belief, I identify the source of such information and believe the information to be true.

Nature of Our Firm and Our Industry

2. Catalyst is an independent investment firm that is considered a world leader in the field of investments in distressed and undervalued Canadian situations for control or influence. These are known in the investment industry as "special situations for control". Catalyst currently has in excess of \$3 billion dollars under management.

3. Within Canada, the “special situations” investment industry is fairly small. “Special situations,” also known as “distressed investments,” is the term used to describe investment opportunities where a company is considered to be under-managed, under-valued, or poorly capitalized. The term “special situation” is also used to refer to significant corporate events such as a proxy battle, take-over or board shake-up.

4. In these cases, “special situations” investors try to find ways to find value and profit in the situation to purchase the debt or equity of the target company with the hope of making a significant gain on the investment.

5. Within the special situations investment industry, there is a small sub-group of investors who invest for control or influence. This is known as investing in “special situations for control”. “Control” often refers to acquiring a sufficient amount of debt or equity to gain control or influence at the company in order to be able to provide direct operational and/or strategic guidance. “Influence” can include acquiring a tactical “blocking position” in order to force management and other creditors/investors to consider Catalyst’s views.

6. Once a firm acquires a control or influence position at a company, it seeks to add value through operational involvement in the targeted company by, among other things:

- (a) Appointing a representative as interim CEO and other senior management;
- (b) Replacing or augmenting management;
- (c) Providing strategic direction and industry contacts;
- (d) Establishing and executing operational turnaround plans;

(e) Managing costs through a rigorous working capital approval process; and

(f) Identifying potential add-on acquisitions.

7. In any situation, Catalyst's confidential information (described in detail below) is critical to the successful implementation of an investment plan to capitalize on a special situation. Catalyst does not invest for the "quick flip" – the average length of an investment is three to five years and can be substantially longer. Catalyst spends substantial time studying opportunities and planning its investment strategy before it decides to pursue a particular situation.

8. If a competitor learns of the opportunities Catalyst is considering or studying, the investment models it is using for a particular situation, the methodology Catalyst is considering for acquiring control or influence, or the turnaround plan Catalyst is considering once it acquires control, that competitor can use that information to acquire blocking positions to prevent Catalyst from implementing its plan or it can "scoop" the opportunity by acquiring the control position that Catalyst intended to acquire.

9. There is also the case when disclosure of such information leads to "front-running" on the situation, making it impossible or more expensive for Catalyst to execute on its investment strategy. Trading on this Confidential Information may also be a breach of the Ontario *Securities Act* or other regulations that govern the Ontario investment industry.

10. In these situations, the loss of confidential information can cause significant harm to Catalyst, as explained in greater detail below, and for these reasons the value and sensitivity of Confidential Information is clearly known by Catalysts employees.

11. Catalyst uses a very flat, entrepreneurial staffing model. We only employ two investment analysts, who are given a lot of training, autonomy and responsibility as compared to their peers in the industry. Our employees, including our analysts, participate in a “60/40 Scheme” whereby the “carried interest” of each of our funds is allocated sixty per cent to the “deal team” and forty per cent to Catalyst.

12. The carried interest refers to the twenty per cent profit participation in a Fund that Catalyst may enjoy, subject to certain conditions. Points in each deal that forms part of the sixty per cent are allocated on a deal-by-deal basis. Deal teams are comprised of three or four professionals, so there are a lot of points to be shared among the 60/40 Scheme participants.

13. The 60/40 Scheme is unique to Catalyst, and is its way of giving its professional employees a partner-like interest in the success of our firm.

Brandon Moyse and the Employment Agreement

14. On October 1, 2012, Catalyst and Moyse entered into an employment agreement (the “Employment Agreement”), pursuant to which Catalyst hired Moyse as an investment analyst effective November 1, 2012. The Employment Agreement is attached as Exhibit “A”.

15. As one of two investment analysts at Catalyst, Moyse had substantial autonomy and responsibility. He was primarily responsible for analysing new investment opportunities of distressed and/or under-valued situations where Catalyst could invest for control or influence.

16. Under the Employment Agreement, Moyse was paid an initial salary of \$90,000 and an annual bonus of \$80,000. Moyse was also granted options to acquire equity in Catalyst and

participated in the 60/40 Scheme. Moyse's equity compensation (options and participation in 60/40 Scheme) exceeded his base salary and annual bonus.

17. The Employment Agreement also included the following non-competition, non-solicitation and confidential information covenants (together, the "Restrictive Covenants"):

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 [Catalyst] or the Fund or any direct Associate of [Catalyst] 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 [Catalyst]'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 [Catalyst];

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 [Catalyst] or persons who were so employed during the 12 months prior to your ceasing to be an employee of [Catalyst] 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 [Catalyst] or during

the 12 months prior to your ceasing to be an employee of [Catalyst].

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 [Catalyst] and employees of [Catalyst] 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 [Catalyst] 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 [Catalyst].

18. Moyse agreed that the Restrictive Covenants were reasonable and necessary and reflected a mutual desire of Moyse and Catalyst that the Restrictive Covenants would be upheld in their entirety and be given full force and effect.

19.~ Moyse was obligated pursuant to the Employment Agreement to give Catalyst a minimum of thirty days' written notice of his intention to terminate his employment.

20. By signing the Employment Agreement, Moyse acknowledged that he reviewed, understood and accepted the terms of the Employment Agreement, and that he had an adequate opportunity to seek and receive independent legal advice prior to executing the Employment Agreement.

Moyse Resigns, Communicates His Intention to Breach of Employment Agreement

21. There are very few investment firms in Canada that invest in special situations for control or influence. It is a difficult market with high barriers to entry. One of Catalyst's few competitors in Canada is the defendant West Face Capital Inc. ("West Face").

22. Attached as Exhibit "B" is a copy of a newspaper article dated January 9, 2014, which reports on West Face's creation of a \$600 million special situations fund. The article recounts how in 2011, Greg Boland, the CEO of West Face ("Boland"), won a seat on the board of Maple Leaf Foods Inc. as part of an overhaul initiated by West Face. The Maple Leaf Foods situation is an example of a "special situations for control" type of investment.

23. Attached as Exhibit "C" is a copy of an email Moyse sent to a colleague on March 27, 2014 in which Moyse wrote that he had an "interesting conversation" with Tom Dea, a partner at West Face ("Dea"), over coffee. I believe, based on my review of this email, that it was around this time that Moyse began to plan to move from Catalyst to West Face.

24. I believe that Moyse knew that West Face competed directly with Catalyst, based on multiple internal discussions that occurred at Catalyst in Moyse's presence and based on my

review of an email Moyse wrote in February 2013. Attached as Exhibit "D" is a copy of an email

Moyse wrote in response to a colleague who sent him a *Globe and Mail* article about West Face:

They're very Ackman-like in their high-profile hits and misses. They've been hammered on one activist play we're looking at (though we don't like) – never good when we're looking at something you bought – **and we're fighting with them on a different distressed name right now.** [Emphasis added.]

25. I believe that the emphasized text in the quotation above refers to the telecom situation referred to in paragraph 30 below.

26. Based on a forensic review of Moyse's work computer, as described in greater detail below and in the affidavit of Martin Musters, a forensic IT expert in computer forensics retained by Catalyst ("Musters"), I believe that between March 27, 2014, and May 15, 2014, Moyse met and exchanged emails with Dea and others at West Face to Moyse's move from Catalyst to West Face.

27. By May 15, 2014, Moyse was aware that West Face was about to formally offer him a job. Attached as Exhibits "E" and "F" are copies of emails exchanged between Moyse and two people whom Dea had contacted on May 15, 2014, to conduct reference checks on Moyse. In my experience, by the time a company is performing these reference checks, they intend to offer the subject of the reference checks a position unless the checks reveal something unexpected, which almost never happens.

28. Attached as Exhibit "G" is an email from Moyse to a colleague dated May 19, 2014, in which Moyse stated that he had been offered a job by Dea and would likely take it.

29. Four days later, while he was away from the office on vacation, Moyse informed Catalyst by email that he was resigning from Catalyst. Attached as Exhibit "H" is a copy of Moyse's resignation email dated May 24, 2014. Moyse later orally informed Catalyst that he had resigned to go work at West Face.

30. Before he gave notice, Moyse had been working extensively on a particular opportunity in the telecommunications industry that Catalyst had been considering for several years. The unique plans Catalyst is considering to execute are highly confidential and cannot be disclosed. It is sufficient for the purposes of this motion to say that if these plans are disclosed to West Face, West Face would be able to interfere with Catalyst's plans by either creating a blocking position or by scooping the opportunity, thereby causing immeasurable damage to Catalyst's good will and investment losses that will be almost impossible to quantify given the many possible outcomes of any given investment.

31. Moyse also participated in Catalyst's Monday morning meetings, which are usually held weekly and where materials are distributed and there is a review of current and prospective opportunities. If the information discussed at these meetings was shared with West Face, it would be devastating for Catalyst, as it would give West Face a tremendous advantage in its deployment of its investors' equity to the detriment of Catalyst's investment funds.

32. Under the terms of the Restrictive Covenants included in the Employment Agreement, Moyse had agreed not to work at a competitor's firm located in Toronto for a period of six months following a termination of employment initiated by him (the "Non-Compete").

33. The Non-Compete is a crucial component of the Employment Agreement. It is designed to restrict an analyst's ability to directly compete against Catalyst within the limited geographic

area of Toronto for the minimum amount of time that is necessary to protect Catalyst from unfair competition. The Non-Compete is designed to protect Catalyst's vital interests with minimal restrictions on its investment analysts, in three ways:

- (a) The Non-Compete is narrowly restricted to firms that engage in the same undertaking as Catalyst, namely investing in special situations for control or influence. If an investment analyst were to lateral to a less specialized investment firm such as RBC Dominion Securities or Canaccord Genuity, the Non-Compete would not prevent the investment analyst from commencing employment as soon as their notice period ended;
- (b) After six months, the analyst's knowledge of Catalyst's plans would be "stale" and of little use to a competitor; and
- (c) Catalyst's market focus is in Canada and its immediate competitors are primarily based in Toronto, so if an analyst were to move to New York, Hong Kong or London, it would most likely not interfere with Catalyst's plans or cause any harm to Catalyst.

34. By choosing to leave Catalyst for West Face, which is located in Toronto, Moyse chose to transfer to one of the few investment firms in Canada that fall within the scope of the Non-Compete, and left Catalyst with no choice but to insist on strict enforcement of the Non-Compete in order to protect its interests.

35. Although we reminded Moyse of his obligations under the Employment Agreement (as set out in greater detail below), Moyse gave us no assurance that he intended to adhere to his contractual obligations.

36. Since Moyse was contractually required to continue working for Catalyst for another thirty days, I immediately arranged for Moyse to work from home so as not to create a negative influence at Catalyst's office and to keep him isolated from any future discussions regarding upcoming investment opportunities.

The Defendants Refuse to Respect the Non-Compete

37. By letter dated May 30, 2014, Catalyst's outside counsel, Rocco Di Pucchio ("Di Pucchio"), wrote to Jeff Hopkins, Moyse's counsel ("Hopkins"), and to Boland to warn them that Moyse's and West Face's actions amounted to a breach of the Employment Agreement. Di Pucchio informed Hopkins and Boland that Catalyst would seek injunctive relief if necessary and invited them to make a proposal as to how the situation could be remedied to Catalyst's satisfaction. Di Pucchio's letter to Hopkins and Boland dated May 30, 2014, is attached as Exhibit "I".

38. By letter dated June 3, 2014, Adrian Miedema ("Miedema"), outside counsel for West Face, responded to Di Pucchio. On behalf of West Face, Miedema challenged the enforceability of the Non-Compete. Miedema also wrote that West Face "has impressed upon Mr. Moyse that he is not to share or divulge any confidential information that he obtained during his employment with [Catalyst]." Attached as Exhibit "J" is a copy of Miedema's June 3, 2014 letter.

39. By letter dated June 5, 2014, Hopkins responded to Di Pucchio's letter. In his response, Hopkins acknowledged that Moyse was aware of up to five prospective investments by Catalyst but indicated that Moyse had no intention of disclosing Catalyst's Confidential Information. Hopkins also adopted Miedema's position that the Non-Compete is unenforceable. Attached as Exhibit "K" is a copy of Hopkins' letter dated June 5, 2014.

40. "Five prospective investments" represents a significant portion (more than twenty-five per cent) of the investments Catalyst would make over the life of any of its funds.

41. By letter dated June 13, 2014, Di Pucchio responded to Miedema and Hopkins to inform them that their "assurances" that Moyse would not share Catalyst's Confidential Information with West Face were insufficient. Di Pucchio suggested a conference call between counsel to discuss what assurances Catalyst would require from Moyse and West Face to avoid litigation. Attached as Exhibit "L" is a copy Di Pucchio's letter dated June 13, 2014.

42. I am informed by Di Pucchio that on June 18, 2014, the parties' counsel participated in a conference call that did not end with a resolution of the situation.

43. Then, by letter dated June 19, 2014, Hopkins informed Di Pucchio that Moyse intended to commence employment at West Face on June 23, 2014. Attached as Exhibit "M" is a copy of Hopkins' letter to Di Pucchio dated June 19, 2014. In his letter, Hopkins informs Di Pucchio that he was advised by Moyse that Moyse's knowledge of Catalyst's "deals" is not nearly as detailed as Catalyst believes.

44. As I have personal knowledge of meetings Moyse attended, I know that this statement is inaccurate. Moyse attended meetings with management teams and advisors about investments.

Moreover, along with the other professionals at Catalyst, he participated in our Monday morning meetings where all of our existing and potential deals were discussed. We are a small shop where everyone knows what everyone else is working on – Moyse has knowledge of every deal that Catalyst has made or considered since he commenced employment at Catalyst.

45. By email dated June 19, 2014 (attached as Exhibit “N”), Di Pucchio informed Hopkins and Miedema that Catalyst had instructed him to commence legal proceedings against West Face and Moyse, which would include seeking injunctive relief to enforce the Restrictive Covenants.

Di Pucchio wrote,

I will try to get our materials to you and to Mr. Miedema forthwith, but in the event that we cannot get the matter heard before next Monday, we trust that no steps will be taken by each of your clients to alter the existing status quo prior to the matter being heard by the Court.

46. By letter dated June 19, 2014, Miedema responded to Di Pucchio’s email. Miedema wrote that Moyse has contractually agreed with West Face to maintain “strict confidentiality” over all confidential information obtained by him in the course of his employment with Catalyst, and that both Moyse and West Face take that obligation seriously. Miedema also wrote, “Your client has not provided any evidence that Mr. Moyse has breached any of his confidentiality obligations to Catalyst.” Attached as Exhibit “O” is a copy of Miedema’s letter to Di Pucchio dated June 19, 2014.

47. On June 24, 2014, Catalyst confirmed by reviewing Moyse’s LinkedIn profile (attached as Exhibit “P”) that Moyse had commenced employment at West Face. Catalyst attempted to resolve this impasse by negotiating directly with West Face. West Face rebuffed these efforts,

leaving Catalyst with no choice but to commence an action and to seek injunctive relief to protect its interests.

Catalyst Learns Moyse Removed its Confidential Information

48. In addition to the conduct described above, Catalyst recently learned, contrary to all of the assurances Moyse's and West Face's counsel were making about Catalyst's Confidential Information, that prior to his resignation Moyse accessed and was capable of transferring Catalyst's Confidential Information to his personal possession. This belief is based on information Catalyst received from Musters, whom Catalyst retained shortly after learning on June 19 that Moyse intended to commence employment at West Face before the parties could negotiate a resolution to their dispute.

49. The information set out below is derived from the report and affidavit of Musters, which I have reviewed prior to swearing this affidavit. Musters' affidavit explains Moyse's activity. The purpose of this section of my affidavit is to describe how the Confidential Information accessed by Moyse (as explained in Muster's affidavit) could be used by Moyse and West Face to unfairly compete with Catalyst.

50. I understand from Musters' report that Moyse's conduct between March 27 and May 26, 2014, is consistent with uploading confidential Catalyst documents from Catalyst's server (which Catalyst controls and can access) to Moyse's personal accounts with two Internet-based file storage services, "Dropbox" and "Box", which Catalyst does not control and cannot access.

51. As detailed below, the breadth and depth of Moyse's conduct is alarming. I am informed by Jonathan Moore, the team lead at Catalyst's external IT services supplier, that Moyse had no

reason to use Dropbox or Box for work purposes. Catalyst has remote access to its files and Moyse knew how to use these remote access services.

52. Based on a review of Moyse's file-access activity after March 27, 2014, I believe that shortly after Moyse met with Dea, he began to review Catalyst materials that had nothing to do with his immediate assignments, for the purpose of gaining as much knowledge of Catalyst's methods as he could before crossing the street to start working at West Face and possibly to transfer Catalyst's Confidential Information to his Dropbox and Box accounts.

53. Attached as Exhibit "Q" is a list of web addresses ("URLs") for Moyse's Box account. I note that according to this record, Moyse had a "Catalyst Capital" folder in his Box account on May 26, 2014, two days after he gave Catalyst notice of his intention to resign and begin working for West Face.

54. The following are some examples of the Confidential Information that Moyse reviewed after he met with Dea on March 27, 2014. The documents themselves, which are highly confidential and would prejudice Catalyst if publicly revealed, are not attached to my affidavit but the records of Moyse's conduct are attached as indicated.

Investment Letters

55. On March 28, 2014, one day after Moyse met with Dea, Moyse reviewed Catalyst's letters to investors in the Catalyst Fund Limited Partnership II ("Fund II") sent between 2006 and 2011 (the "Investor Letters"). Attached as Exhibit "R" is an excerpt from a summary of Moyse's file activity on March 28, 2014. This exhibit records Moyse accessing the Investor Letters, which have nothing to do with his duties and responsibilities at Catalyst.

56. In the Investor Letters, Catalyst reported to our investors on events that transpired with respect to Fund II's investments. The Investor Letters also contained forward-looking statements. The time period for which Moyse was reviewing the Investor Letters relates to activity on Catalyst's Stelco investment, which was no longer active and in which Catalyst and West Face were in direct competition.

57. Catalyst's records reveal that Moyse accessed these files between 6:28 p.m. and 6:39 p.m., outside of regular office hours at Catalyst. Moreover, eleven minutes is insufficient time to read these letters.

Stelco Files

58. On April 25, 2014, Moyse reviewed dozens of files related to Catalyst's investment in Stelco. Attached as Exhibit "S" is an excerpt from a summary of Moyse's file activity on April 25, 2014. I am aware of no legitimate business reason why Moyse would review these documents.

59. Catalyst's records reveal that Moyse accessed its Stelco material over an approximately 75-minute period on that day. That is an insufficient amount of time to read all of the material Moyse was accessing.

Masonite Files

60. On the evening of May 13, 2014, less than 48 hours before Dea started checking Moyse's personal references, and just before Moyse went on a one-week vacation, Moyse apparently accessed files related to Masonite International that were stored on his Dropbox account. These files are related to an opportunity Catalyst has been studying, but which Moyse was not working

on, in May 2014. I am aware of no legitimate reason why Moyse would copy these files to his Dropbox account in May 2014. Attached as Exhibit "T" is an excerpt from a summary of Moyse's file activity on May 13, 2014.

Telecom Files

61. As discussed above, Catalyst is working on a very sensitive and confidential opportunity in the telecommunications industry. This opportunity is referred to in general terms in the correspondence between counsel attached to this affidavit. As this is a situation that Catalyst is actively investigating and that I believe West Face is also investigating, Catalyst does not intend to disclose details about the situation, other than to say it is a significant opportunity which requires a lot of advance complex planning.

62. On the evening of May 13, 2014, shortly after he reviewed or transferred the Masonite International files referred to above, Moyse accessed several files related to this situation. Attached as Exhibit "U" is a redacted excerpt from a summary of Moyse's file activity on May 13, 2014.

63. This exhibit records Moyse accessing Catalyst files that are all related to this sensitive opportunity between 8:39 p.m. and 9:03 p.m. As on the other occasions described above, this is an insufficient amount of time for Moyse to read these documents.

Monday Meeting Notes

64. Two days after Moyse gave notice, Moyse apparently created a file containing his notes from our Monday morning meeting held on May 26, 2014. According to the record from

Moyse's hard drive, an excerpt of which is attached as Exhibit "V", Moyse accessed these notes at 12:30 p.m., which appears to be after the meeting ended.

65. The Monday morning meeting at Catalyst is where the firm reviews its existing investments and situations that Catalyst is studying on an ongoing basis, with updates and details of Catalyst's future plans. I am unaware of any legitimate reason why Moyse would be making notes of a meeting he attended after he had resigned.

Catalyst's Vulnerability to the Defendants' Unfair Competition

66. In light of, among other things, (a) Moyse's level of responsibility at Catalyst; (b) Moyse's suspicious accessing of Catalyst's Confidential Information for no apparent legitimate reason; (c) the fact that Moyse maintained personal Internet file storage accounts where he stored, and possibly continues to store, Catalyst's Confidential Information; (d) the fact that Catalyst and West Face are competitors in an industry where a small number of firms compete over the same investment opportunities; and (e) the fact that West Face and Catalyst are currently investigating the same opportunity in the telecommunications industry, Catalyst is extremely vulnerable to unfair competition by Moyse and West Face.

67. Unless Moyse is forced to comply with the Non-Compete and to return all of the Confidential Information to Catalyst, Catalyst is at risk of losing the telecommunications opportunity and possibly other special situations it is currently studying. It will also be at risk of having its secret methods for valuing and analyzing opportunities disclosed to a competitor, which may lead to further losses of future opportunities. West Face will have an unfair advantage if Moyse and other employees at West Face are able to use Catalyst's confidential methods and

investment models, which it developed through hard work and experience over several years, to compete with Catalyst in future special situations.

68. Allowing West Face and Moyse to violate Catalyst's rights will cause incalculable harm to Catalyst's business for which monetary damages will not give Catalyst an appropriate or adequate remedy.

69. The harm Catalyst will suffer if Moyse is not stopped from continuing to breach the Restrictive Covenants and to return our Confidential Information is incalculable. Mere damages cannot compensate for the inability to capitalize on a specific situation, as any losses Catalyst will suffer will be impossible to quantify given the unpredictable range of possible outcomes for a given investment.

70. Moreover, the ripple effect of losing out on a given special situation due to unfair competition is impossible quantify – that is, it is impossible to determine what other special situations Catalyst will be unable to capitalize on because the initial special situation did not succeed. It is impossible to quantify in damages how misuse of Catalyst's Confidential Information will damage Catalyst's business in the long term.

71. Further, it is important to realize that it is impossible for Catalyst to know precisely why it was unable to successfully execute on a special situation. In most circumstances, the parties to a special situation will not want to become involved in a dispute between competitor investment firms and will offer Catalyst no assistance in disclosing how it is that Catalyst's plans failed or that West Face was able to successfully implement its investment in the situation.

72. Simply, it is impossible to accurately quantify how Moyse's immediate employment at West Face and possible misuse of Catalyst's Confidential Information will damage Catalyst in the long term. However, I believe that if Moyse is able to ignore the Restrictive Covenants in the Employment Agreement, Catalyst's long-term viability is at risk.

The Need to Conduct a Forensic Review of Moyse's Computers and Electronic Devices

73. A forensic review of any computers or personal electronic devices, such as an iPad, owned by Moyse or any computer used by Moyse at West Face may reveal whether Moyse in fact took Catalyst's Confidential Information and what use he made of such information. Catalyst has no other means of ascertaining this information.

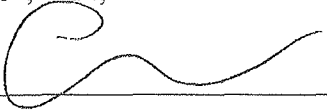
74. In light of (a) the suspicious nature of his actions to date, which only came to light because of Catalyst's forensic review of Moyse's hard drive; and (b) the fact that on June 19, the Defendants refused to agree to maintain the *status quo* pending the determination of Catalyst's motion for injunctive relief because Catalyst had not provided evidence that Moyse had breached his confidentiality undertakings to Catalyst, I have no confidence that Moyse will disclose this information honestly and forthrightly.

Undertaking as to Damages

75. I hereby undertake, on behalf of Catalyst, that if an injunction is granted the company will comply with any order regarding damages the Court may make in the future, if it ultimately appears that the injunction requested by the plaintiff ought not to have been granted, and that the granting of the injunction has caused damage to the defendants for which the plaintiff should compensate them.

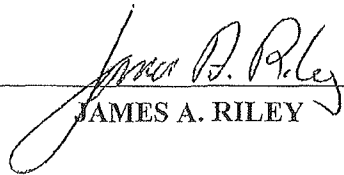
76. I swear this affidavit in support of Catalyst's motion for an injunction and for no other purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
June 26th, 2014,

A stylized, cursive signature of Andrew Winton, written in black ink, positioned above a horizontal line.

Commissioner for Taking
Affidavits, etc.

ANDREW WINTON

A stylized, cursive signature of James A. Riley, written in black ink, positioned above a horizontal line.

JAMES A. RILEY

THE CATALYST CAPITAL GROUP INC.
Plaintiff

-and- BRANDON MOYSE and WEST FACE CAPITAL INC.
Defendants

Court File No. CV-14-507120

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
TORONTO

**AFFIDAVIT OF JAMES A. RILEY
(SWORN JUNE 26, 2014)**

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Fax: (416) 598-3730

Lawyers for the Plaintiff

TAB B

This is Exhibit "B" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, appearing to be 'A. Winton', written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

This is Exhibit "A" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.



A Commissioner for taking Affidavits

The Catalyst Capital Group Inc.

October 1, 2012

Mr. Brandon Moyse
brandonmoyse@hotmail.com

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

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

Page 1 of 9

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.

As further compensation you will be granted options on equity in CCGI ("Starting Equity") equivalent to an aggregate 0.15% of the equity in CCGI. These options are to have a strike price proportionately equal to the current value of the equity. In addition, you will be entitled to earn a greater equity interest in CCGI ("Additional Equity") based on your performance as determined by CCGI in its sole discretion, acting reasonably. This Additional Equity, if awarded, will be in the form of options or common shares and such greater interest to be available to be awarded annually. A proportionate amount of the Starting Equity shall be deemed to have been allocated annually to you on each anniversary date of Fund IV or five (5) years, whichever is longer. Any Additional Equity made available to you will be allocated on an equal straight line basis per year based on the maximum number of years remaining in the life of Fund IV from the time of award. Gabriel de Alba or Newton Glassman will meet with you periodically for purposes of discussing, among other things, staffing, compensation and general equity allocations.

All Starting Equity and Additional Equity will cliff vest at the later of (i) the end of the investment period of Fund IV or (ii) when the Firm's carried interest in Fund IV is deemed to have value, as determined by CCGI in its sole discretion acting reasonably. However, so long as such Starting or Additional Equity remains outstanding, they will only be capable of being voted by Newton Glassman. Accordingly, for such purpose, it is understood that either such shares, once vested, will be registered in his name subject to him signing a declaration of trust reflecting your beneficial ownership of such shares (subject to the provisions of this paragraph) or, if such shares are registered in your name, you will sign a power of attorney authorizing Newton Glassman to sign proxies and

shareholder resolutions on your behalf as your agent or you will enter into such form of voting trust with him as we may reasonably require to achieve the same result.

As a potential equity holder of CCGI, you will participate in Fund IV team co-investments. As a special consideration, you will also be eligible to participate in Fund III's co-investment if you so choose including the current embedded gain in Fund III. You must notify CCGI of your intention to participate in Fund III's co-investment on your first day of employment. Your total Fund III co-investment commitment would be US\$30,000. As 40% of Fund III's capital has been called, you will be required to make a payment in the amount of US\$12,000 by December 31, 2012. This amount will be adjusted for any additional capital calls between now and your start date. Once you start your employment, you will have to fund the co-investment capital calls for Fund III and Fund IV at the time when calls are made. Fund III has significant embedded gains and distributions are made in accordance with the Limited Partnership Agreements, typically on a quarterly basis. Additional capital calls will be made as required. Upon termination of your employment for any reason, you will no longer be entitled to participate in the team co-investment. Should you leave the Firm for any reason whatsoever, your capital, and/or any portion thereof remaining, will be returned to you at original cost (and you will lose the right to any gains thereof) upon you signing a release of all claims relating to your participation in or investment in these Funds.

Upon your employment ending, regardless of the reason, you will immediately lose all rights to any options or shares which have not vested as of the date your active employment with CCGI ends, regardless of whether you were terminated without notice and even if any applicable notice period (under contract, common law or statute) would extend beyond the date those options would otherwise have vested. Under no circumstances will any new options or shares vest after the end of active employment.

Within 180 days of your employment ending, other than if you are terminated for just cause, we will ensure that one of the related companies of CCGI buys back from you, and you agree to sell to it, all of your shares which are both allocated and vested as of the date your active employment with CCGI ends, at the shareholder's equity attributable to those shares, without regard to fair market value, to be determined as at the end of our fiscal quarter immediately preceding your employment ending (subject to first paying the above-noted strike price to exercise the options giving rise to these shares, if that strike price had not previously been paid). The shareholder's equity will be calculated in accordance with the most recent financial statements of CCGI (either annual audited financial statements or interim financial reports relating to the quarter). Once you hold vested shares or options, these statements will be made available to you at your request for the purpose of informing yourself as to the current value, if any, of your options or shares. To be clear, the repurchase value will be computed at the end of the quarter immediately preceding the end of your active employment, and no benefit will accrue to you from an increase in the shareholder's equity (i.e. book value) attributable to those shares beyond that date, regardless of whether you were terminated without notice and there may have been an increase in value during any applicable notice period (under

contract, common law or statute).

This repurchase is subject to CCGI receiving a release from you prior to such repurchase releasing all rights, direct or indirect, to any amounts related to either the equity in CCGI or any CCGI-managed fund.

If your employment is terminated for cause, all of your options (both vested and unvested) shall immediately expire and terminate without value and you will surrender any shares of CCGI as of the date your active employment with CCGI ends.

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 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

Page 5 of 9

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.

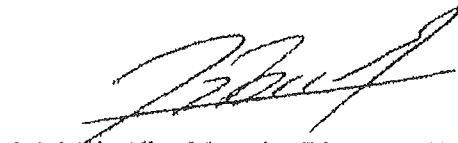
The parties hereto shall be bound by any award granted by the Arbitrator and the parties hereto consent to judgment upon the award granted by the Arbitrator being entered in any Court of competent jurisdiction.

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,

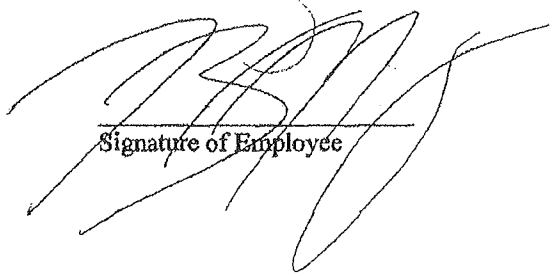
THE CATALYST CAPITAL GROUP INC., on its own behalf and on behalf of its parent company



Gabriel de Alba, Managing Director and Partner

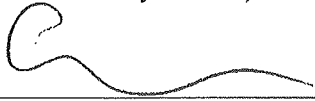
I, Brandon Moyse, have reviewed, understand and accept the terms of this offer, and acknowledge that I have had an adequate opportunity to seek and receive independent legal advice prior to signing this letter agreement.

Date: Oct. 3, 2012



Signature of Employee

This is Exhibit "B" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a wavy line.

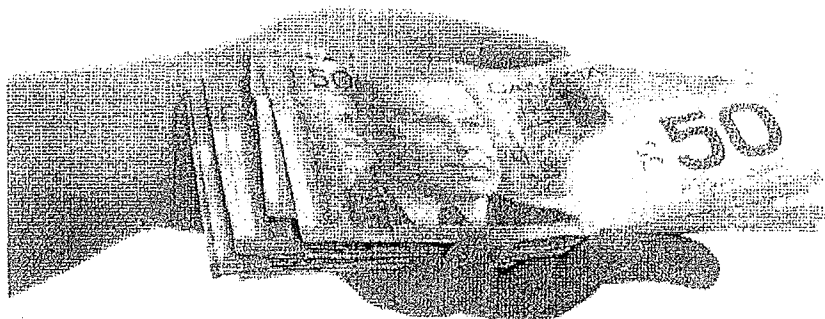
A Commissioner for taking Affidavits

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West Face Capital launches \$600-million special situations fund

BLOOMBERG NEWS | January 9, 2014 5:38 PM ET
More from Bloomberg News



West Face's new offering will benefit from companies that face special situations that fuel their need to raise money or issue debt.

Fotolia

West Face Capital Inc., the hedge-fund firm that accelerated the overhaul of Maple Leaf Foods Inc., opened a credit fund to provide alternative debt financing to companies that don't access traditional markets.

West Face, led by Chief Executive Officer Greg Boland, formed the Alternative Credit Fund in December 2013 and plans to raise \$600-million for the offering, according to an e-mailed statement from the Toronto-based company. The fund currently has \$400-million in commitments.

West Face's new offering will benefit from companies that face special situations that fuel their need to raise money or issue debt. Global credit hedge funds returned an average 8.6% in 2013, according to data compiled by HSBC Holdings Plc, outperforming the 1.5% decline in Bank of America Merrill Lynch's Canada Broad Market Index.

The fund "allows us to address opportunities of greater maturity and with less liquidity than is appropriate" for the firm's core funds, Partner Tom Dea said in the statement. The fund will invest primarily in special situation credit and privately negotiated debt, he said.

West Face's new fund, which will seek opportunities mainly in Canada, can invest in second-lien debt, mezzanine loans, acquisition financing, and bridge loans focused on special situations. Special situations are events that can have an impact on a company's operations, including proxy battles, takeovers, executive changes and board shake-ups. The term can also apply to companies in

financial distress.

Activist Approach

West Face, an investor known for its activist approach, manages more than \$2-billion. The firm closed its first deal for the credit fund in December as lead investor in an US\$80-million unsecured debt financing for Xcite Energy Ltd., a North Sea oil and gas explorer. The financing also included a common equity and warrant component.

West Face's Boland in 2011 won a seat on the board of Maple Leaf, a Toronto-based producer of foods from hamburgers to frozen pasta, and has pushed for changes at the company. Maple Leaf is considering selling its bread unit, garnering interest from Grupo Bimbo SAB and others. West Face owned 11% of the company's shares as of March 2013, according to data compiled by Bloomberg.

Boland was also elected to the board of directors of Longreach Oil and Gas Ltd. by shareholders proposing a change. Most recently, funds advised by West Face provided US\$250-million of equity funding to department-store chain Hudson's Bay Co. in its acquisition of Saks Inc.

www.bloomberg.com



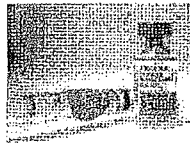
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estate investments



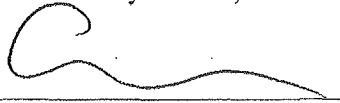
Junk Science Week:
Vaccinating the 'Tard'



Junk Science Week:
IPCC commissioned
models to see if...

Topics: FP Street, Greg Boland, West Face Capital Inc.

This is Exhibit "E" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a wavy line.

A Commissioner for taking Affidavits

From: [Andrew Yeh](#)
To: [Moyse, Brandon](#)
Subject: Re: intro
Date: May-15-14 9:56:02 AM
Attachments: [image001.jpg](#)

4257365807

On Thu, May 15, 2014 at 9:55 AM, Moyse, Brandon <BMoyse@catcapital.com> wrote:

Yeah, can I call you now?

Brandon Moyse

The Catalyst Capital Group Inc.

(t): [416.945.3015](tel:416.945.3015)

(m): [416.270.2902](tel:416.270.2902)

bmoyse@catcapital.com

From: Andrew Yeh [<mailto:yeh.andrew@gmail.com>]
Sent: Thursday, May 15, 2014 9:44 AM
To: Moyse, Brandon
Subject: Fwd: intro

Have a minute to talk? Just to review what you want me to highlight

----- Forwarded message -----

From: **Tom Dea** <tom.dea@westfacecapital.com>
Date: Thu, May 15, 2014 at 9:43 AM
Subject: intro
To: "yeh.andrew@gmail.com" <yeh.andrew@gmail.com>

Hello Andrew,

As was given your name in confidence as a possible reference for Brandon Moyes.

Do you have a minute to chat?

Thanks – Tom Dea [647-724-8902](tel:647-724-8902)

Thomas P. Dea, Partner | West Face Capital Inc.

2 Bloor Street East, Suite 3000

Toronto, ON M4W 1A8



Tel: [647-724-8902](tel:647-724-8902)

tom.dea@westfacecapital.com

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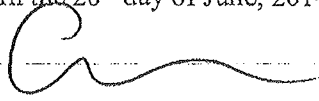
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This is Exhibit "F" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.



A Commissioner for taking Affidavits

From: [Stransky, Conor](#)
To: [Moyse, Brandon](#)
Subject: RE: reference
Date: May-15-14 3:31:22 PM
Attachments: [image001.jpg](#)

He never called me

Sent with Good (www.good.com)

-----Original Message-----

From: Moyse, Brandon [BMoyse@catcapital.com]
Sent: Thursday, May 15, 2014 03:28 PM Eastern Standard Time
To: Stransky, Conor (VLSH)
Subject: RE: reference

How'd it go?

Brandon Moyse
The Catalyst Capital Group Inc.
(t): 416.945.3015
(m): 416.270.2902
bmoyse@catcapital.com

From: Stransky, Conor [<mailto:conor.stransky@credit-suisse.com>]
Sent: Thursday, May 15, 2014 1:42 PM
To: Moyse, Brandon
Subject: RE: reference

sure

Conor Stransky
Liability Management
+1 212 325 2476 (*105 2476)

From: Moyse, Brandon [<mailto:BMoyse@catcapital.com>]
Sent: Thursday, May 15, 2014 1:41 PM
To: Stransky, Conor (VLSH)
Subject: RE: reference

Def don't want to put words in your mouth...mind if I give you a call for context?

Brandon Moyse
The Catalyst Capital Group Inc.
(t): 416.945.3015
(m): 416.270.2902
bmoyse@catcapital.com

From: Stransky, Conor [<mailto:conor.stransky@credit-suisse.com>]

Sent: Thursday, May 15, 2014 1:40 PM

To: Moyse, Brandon

Subject: RE: reference

You want to give me a script?

Conor Stransky

Liability Management

+1 212 325 2476 (*105 2476)

From: Moyse, Brandon [<mailto:BMoyse@catcapital.com>]

Sent: Thursday, May 15, 2014 1:39 PM

To: Stransky, Conor (VLSH)

Subject: RE: reference

Thanks, did you want to discuss first or are you more comfortable doing your own thing?

Brandon Moyse

The Catalyst Capital Group Inc.

(t): 416.945.3015

(m): 416.270.2902

bmoyse@catcapital.com

From: Stransky, Conor [<mailto:conor.stransky@credit-suisse.com>]

Sent: Thursday, May 15, 2014 1:38 PM

To: Moyse, Brandon

Subject: FW: reference

FYI -- haven't spoken with him yet

Conor Stransky

Liability Management

+1 212 325 2476 (*105 2476)

From: Tom Dea [<mailto:tom.dea@westfacecapital.com>]

Sent: Thursday, May 15, 2014 9:45 AM

To: Stransky, Conor (VLSH)

Subject: reference

Hello Conor,

I was given your name in confidence as a possible reference for Brandon Moyes.

Do you have a minute to chat?

Thanks -- Tom Dea 647-724-8902



Thomas P. Dea, Partner|West Face Capital Inc.
2 Bloor Street East, Suite 3000
Toronto, ON M4W 1A8
Tel: 647-724-8902
tom.dea@westfacecapital.com

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This is Exhibit "G" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a small flourish.

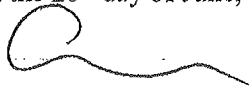
A Commissioner for taking Affidavits

From: Moyse, Brandon
To: Mercein, Thomas R. (thomas.mercein@credit-suisse.com)
Date: May-19-14 7:30:00 PM

Hey Tommy – just an fyi – was offered a job by Tom Dea and will likely take it, so I'm pretty excited. Thanks again for your help!

Brandon Moyse
The Catalyst Capital Group Inc.
77 King Street West, North Tower, Suite 4320
Toronto, ON M5K 1J3
T: 416.945.3015
F: 416.945.3060
E: bmoyses@catcapital.com

This is Exhibit "H" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.



A Commissioner for taking Affidavits

De Alba, Gabriel

From: Moyse, Brandon
Sent: May-24-14 12:02 AM
To: De Alba, Gabriel
Subject: Notice

Gabriel,

I am writing to provide notice that I would like to resign from my position at Catalyst effective 30 days from today, June 22. I would like to discuss with you when you are in the office Monday. I appreciate the experience I've had and what I've learned, and will work to transition my duties over the next month.

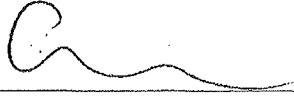
Best regards,
Brandon

Sent from my BlackBerry 10 smartphone on the Rogers network.

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This is Exhibit "T" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.



A Commissioner for taking Affidavits

ROCCO DI PUCCHIO
Direct: (416) 598-2268
rdipucchio@counsel-toronto.com
File No. 13094

LAX O'SULLIVAN SCOTT LISUS LLP
Suite 1920, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

**LAX
O'SULLIVAN
SCOTT
LISUS**

May 30, 2014

BY FACSIMILE

Mr. Jeff Hopkins
Grosman, Grosman & Gale LLP
Barristers and Solicitors
390 Bay Street, Suite 1100
Toronto, ON M5H 2Y2

Mr. Greg Boland
Chief Executive Officer
West Face Capital Inc.
2 Bloor St. East, Suite 3000
Toronto, ON M4W 1A8

Dear Sirs:

Re: Brandon Moyse - - Employment by West Face Capital

We represent The Catalyst Capital Group Inc. ("CCGI"). Through discussions with our client, we understand that Mr. Hopkins represents Brandon Moyse ("Moyse") and are writing to him in that capacity.

By way of background, CCGI is a leading private equity investment firm that specializes in control and/or influence investments in distressed and undervalued Canadian situations. CCGI provides operational, turnaround, financial and strategic expertise to those companies that it chooses to invest in.

As you know, CCGI had, until recently, employed Mr. Moyse out of its Toronto office. Mr. Moyse joined CCGI effective November 1, 2012 as an Analyst. He was in the process of being promoted to an Associate position prior to the events described herein. Mr. Moyse also obtained an equity stake in CCGI as part of the consideration offered to him in exchange for agreeing to join the company on certain terms that were memorialized in an Employment Agreement executed in or around October 1, 2012 (the "Employment Agreement").

The environment at CCGI is aggressive and entrepreneurial, such that individuals such as Mr. Moyse are invested with substantial autonomy and responsibility. In his role with CCGI, Mr. Moyse was primarily responsible for analysing new investment opportunities

of distressed and/or under-valued situations, as well as assisting in structuring and closing deals and monitoring portfolio investments. As part of his deal screening/analysis responsibilities, Mr. Moyse performed valuations of companies using proprietary valuation methodologies in order to identify new investment opportunities for CCGI, and assisted in the structuring and negotiation of terms of investments.

The information received and generated by Mr. Moyse in his capacity as an employee of CCGI was highly sensitive and confidential. This was acknowledged by Mr. Moyse in his Employment Agreement, as follows:

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 investments 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.

Furthermore, in recognition of the nature of his responsibilities at CCGI and the commercial sensitivity of the Confidential Information imparted to him during the course of his employment, Mr. Moyse agreed to the following non-competition and non-solicitation covenants in his Employment Agreement:

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.*

Mr. Moyse first notified representatives of CCGI that he had decided to leave the company's employ on May 26, 2014. It has recently come to our client's attention that, in fact, Mr. Moyse was offered and has accepted an employment position with West Face Capital Inc. in its Toronto office ("West Face"). We understand that West Face is a direct competitor to CCGI in Ontario, and its business model similarly involves identifying investment opportunities in distressed and/or under-valued companies.

West Face was or ought to have been well-aware of the above-mentioned provisions of Mr. Moyse's Employment Agreement and nonetheless proceeded with its decision to extend an offer of employment to Mr. Moyse. In our view, Mr. Moyse's acceptance of a position at West Face constitutes a clear and deliberate breach of the non-competition provision contained in paragraph 8 of his Employment Agreement with CCGI. Moreover, our client is concerned, reasonably in our view, that Mr. Moyse has imparted

or will be imparting Confidential Information to West Face that he acquired in the course of his employment with CCGI, thereby causing irreparable harm to CCGI. This Confidential Information includes, but is not limited to, current investment strategies of CCGI, proprietary valuation methodologies, and a listing of prospective acquisitions for the CCGI portfolio.

At all material times, West Face and Mr. Moyse were aware that Mr. Moyse would be breaching these obligations under his Employment Agreement with CCGI by accepting an offer of employment with West Face, yet Westface induced Mr. Moyse to breach those obligations.

Our client takes this breach of Mr. Moyse's Employment Agreement, and West Face's role in relation thereto, very seriously. CCGI's business interests have been and will continue to be irreparably harmed by what has occurred. In this regard, we note that paragraph 11 of Mr. Moyse's Employment Agreement provides as follows:

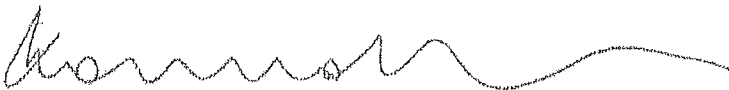
11. Remedies

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 or 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 which 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.

CCGI hereby states that it reserves all of its legal remedies in respect of the damage to its business interests that have been occasioned by Mr. Moyse's and West Face's actions, including its right to obtain injunctive relief. Having said this, our client is prepared for a brief window of time to consider any proposal which Mr. Moyse and West Face wish to make as to how the current situation may be remedied to our client's satisfaction. If, however, we do not hear from you immediately with respect to any such proposal, our client will be left with no alternative but to avail itself of all of its legal remedies against Mr. Moyse and West Face.

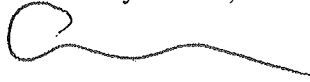
Yours truly,



Rocco Di Pucchio

RDP:rp

This is Exhibit "J" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized capital 'C' followed by a wavy line.

A Commissioner for taking Affidavits



Adrian Mledema

adrian.mledema@dentons.com
D +1 416 863 4678

Salans FMC SNR Denton
dentons.com

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

June 3, 2014

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

We are the lawyers for West Face Capital Inc. ("**West Face**"). Your letter of May 30, 2014 to West Face regarding Brandon Moyse has been referred to us for reply.

It is our confident opinion that the non-competition and non-solicitation clauses contained in Mr. Moyse's employment contract with The Catalyst Capital Group Inc. ("**CCGI**") (the "**Employment Agreement**") are unreasonable and therefore unenforceable.

To our knowledge there are no Ontario cases in the recent past in which a non-competition covenant has been upheld for a mere employee. To the contrary, the courts have repeatedly ruled that non-competition covenants are *prima facie* unenforceable as an unreasonable restraint of trade and therefore against the public interest.

Further, and in any event, in Mr. Moyse's case, the non-competition covenant is too broad as it purports to prohibit Mr. Moyse from engaging in any business or undertaking of the type conducted by CCGI or the "Fund" (which term is not defined anywhere in the Employment Agreement) or "any direct Associate" of CCGI. Given the nature of CCGI's investments, such a restriction would effectively prohibit Mr. Moyse from participating in a wide variety of industries and sectors that are completely unrelated to Mr. Moyse's duties with CCGI. The non-solicitation clause in the Employment Agreement is similarly unenforceable as it purports to prohibit Mr. Moyse from soliciting equity or other forms of capital for any entity "...managed, advised and/or sponsored by any of the protected entities" regardless of whether Mr. Moyse actually had any contact or relationship with the particular entity during the course of his employment. Such clauses have repeatedly been struck down by the courts (see for example, *Mason v. Chem-Trend Limited Partnership*, 2011 ONCA 344; *Phoenix Restorations Ltd. v. Brownlee*, 2010 BCSC 1749; *Brown v. First Contact Software Consultants Incorporated*, 2009 CarswellOnt 5482 (Sup.Ct.J.)).

It appears to us that CCGI simply used its standard form non-competition and non-solicitation covenants without considering whether they were appropriate for Mr. Moyse's role and without attempting to tailor them to his role.



Rocco Di Pucchio
June 3, 2014
Page 2

Salans FMC SNR Denton
dentons.com

Notwithstanding the above, you have provided no evidence to support your allegation that your client has suffered irreparable harm. Your assertion that West Face induced Mr. Moyse to breach his contractual obligations to CCGI is similarly baseless.

In any event, West Face has impressed upon Mr. Moyse that he is not to share or divulge any confidential information that he obtained during his employment with CCGI.

Should you wish to discuss the above, kindly contact the writer.

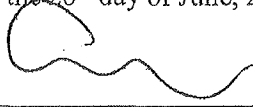
Yours truly,
Dentons Canada LLP



Adrian Miedema

AJM/agp

This is Exhibit "K" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a wavy line.

A Commissioner for taking Affidavits



GROSMAN, GROSMAN & GALE LLP
BARRISTERS & SOLICITORS

JEFF C. HOPKINS
Email: jhopkins@grosman.com

June 5, 2014

DELIVERED BY EMAIL rdipucchio@counsel-toronto.com

Mr. Rocco Di Pucchio
Lax O'Sullivan Scott Lisus LLP
2750 - 145 King Street West
Toronto, ON M4H 1J8

Dear Mr. Di Pucchio:

Re: Brandon Moyse

I represent Mr. Brandon Moyse ("Mr. Moyse") and confirm receipt of your May 30, 2014 letter. I have had an opportunity to review and discuss your letter with Mr. Moyse.

With respect to Mr. Moyse's former Analyst role with The Catalyst Capital Group Inc. ("CCGI"), while it is true Mr. Moyse performed valuations of companies, he did not do so using "proprietary valuation methodologies", as alleged. Conversely, Mr. Moyse utilized well known, commonly used valuation methodologies. Moreover, with respect to your statements regarding "investment strategies", Mr. Moyse does not know what this is in specific reference to, in the context of confidential or proprietary information.

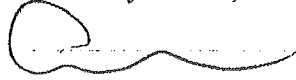
With regard to Mr. Moyse's knowledge of "prospective acquisitions", Mr. Moyse is only aware of 3 to 5 such prospects at least 2 of which are well known publicly as they have been disclosed by CCGI in public statements. In any event, Mr. Moyse has no intention of disclosing these "prospective acquisitions" or any information which could reasonably be considered confidential or proprietary in nature.

With respect to the non-competition and non-solicitation provisions contained in Mr. Moyse's written Employment Agreement (the "Employment Agreement"), Mr. Moyse agrees with the positions asserted in Mr. Miedema's June 3, 2014 letter.

In response to your client's invitation that Mr. Moyse propose terms on which the current situation may be remedied, Mr. Moyse is willing to confirm in writing that he understands and will abide by the confidentiality provision contained in the Employment Agreement, a proposal which we feel is reasonable in the circumstances.

390 Bay Street, Suite 1100, Toronto, Canada M5H 2Y2
Telephone: 416-364-9599 Facsimile: 416-364-2490 www.grosman.com

This is Exhibit "L" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized capital 'R' followed by a wavy line.

A Commissioner for taking Affidavits

ROCCO DI PUCCHIO
Direct: (416) 598-2268
rdipucchio@counsel-toronto.com
File No. 13094

LAX O'SULLIVAN SCOTT LISUS LLP
Suite 1920, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

**LAX
O'SULLIVAN
SCOTT
LISUS**

June 13, 2014

BY EMAIL

Mr. Adrian Miedema
Dentons Canada LLP
Barristers and Solicitors
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Mr. Jeff Hopkins
Grosman, Grosman & Gale LLP
Barristers and Solicitors
390 Bay Street, Suite 1100
Toronto, ON M5H 2Y2

Dear Mr. Miedema and Mr. Hopkins:

Re: Brandon Moyse - - Employment by West Face Capital

I am responding to your letters of June 3 and 5, 2014, respectively.


The position expressed in your letters appears to be that, in spite of both fully understanding and agreeing to accept employment with The Catalyst Capital Group Inc. ("CCGI") on the terms of his Employment Agreement, Mr. Moyse is free to now simply ignore the various covenants he made to CCGI because they are "unenforceable". My client fundamentally disagrees. While your clients are focussed on advancing a number of technical arguments around the enforceability of the covenants, they ignore the rather obvious, uncontradicted and important point that West Face Capital ("West Face") is a direct competitor of CCGI, and that both companies operate in a highly specialized field in which very sensitive confidential and proprietary information is shared every day with trusted analysts such as Mr. Moyse. In this context, it is nonsensical to suggest that Mr. Moyse was unaware that the non-competition covenant in his Employment Agreement precluded him from accepting an employment offer with a direct competitor such as West Face, or that enforcing the covenant in these circumstances would be contrary to the public interest.

Moreover, we note that in Mr. Hopkins' letter, Mr. Moyse acknowledges that he has become aware of confidential acquisition targets through his employment with CCGI. While CCGI is comforted by the assurances in your correspondence that Mr. Moyse

"has no intention of disclosing these prospective acquisitions or any information which could reasonably be considered confidential or proprietary in nature" and that West Face "has impressed upon Mr. Moyse that he is not to share or divulge any confidential information that he obtained during his employment with CCGI", these assurances respectfully do not go far enough.

CCGI is fully prepared to take action to enforce the covenants contained in Mr. Moyse's Employment Agreement. In a final attempt to avoid the necessity for doing so, I would suggest that we schedule a conference call to discuss the assurances that CCGI requires in order to avoid litigation in this matter. I will have my assistant reach out to your respective assistants shortly to find a mutually agreeable date and time for such a call.

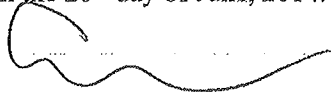
Yours truly,

A handwritten signature in black ink, appearing to read 'Rocco Di Pucchio', with a stylized, wavy flourish extending to the right.

Rocco Di Pucchio

RDP:rp

This is Exhibit "M" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of loops and a long horizontal stroke.

A Commissioner for taking Affidavits



GROSMAN, GROSMAN & GALE LLP
BARRISTERS & SOLICITORS

JEFF C. HOPKINS
Email: jhopkins@grosman.com

June 19, 2014

DELIVERED BY EMAIL rdipucchio@counsel-toronto.com

Mr. Rocco Di Pucchio
Lax O'Sullivan Scott Lisus LLP
2750 - 145 King Street West
Toronto, ON M4H 1J8

Dear Mr. Di Pucchio:

Re: Brandon Moyse

Further to our conference call yesterday, I have just been advised that Mr. Moyse will be commencing work with West Face on June 23rd.

As outlined in my June 5th letter to you, I reiterate that Mr. Moyse fully understands and intends to abide by his contractual obligations to Catalyst with respect to confidential information. More specifically, he will not divulge any information related to the "deals" which appear to be at the root of Catalyst's concern. That said I am advised by Mr. Moyse that his knowledge in this regard is not nearly as detailed as Catalyst appears to believe.

In any event, in an attempt to avoid any legal proceedings, Mr. Moyse remains amenable to confirming these legal obligations in writing, including references to specific areas of concern to Catalyst. Accordingly, we would be happy to consider any such proposal Catalyst wishes to put forward.

I look forward to hearing from you.

Yours very truly,

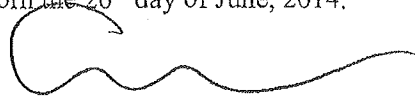
GROSMAN, GROSMAN & GALE LLP

For Per/ Jeff C. Hopkins
JCH:tv

c. A. Mledema
[DENTONS]

390 Bay Street, Suite 1100, Toronto, Canada M5H 2Y2
Telephone: 416-364-9599 Facsimile: 416-364-2490 www.grosman.com

This is Exhibit "N" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'C' shape followed by a series of wavy lines.

A Commissioner for taking Affidavits

Andrew Winton

From: Rocco DiPucchio
Sent: June-19-14 2:06 PM
To: Jeff C. Hopkins
Cc: adrian.miedema@dentons.com; Andrew Winton
Subject: RE: Brandon Moyse [IWOV-CLIENT.FID45653]

Jeff, in view of your advice in your correspondence sent today that Mr. Moyse is now planning to commence employment at West Face Capital next Monday, I have just received instructions to commence proceedings against Mr. Moyse and West Face Capital. Those proceedings will include a request for relief in the form of an interlocutory injunction to enforce the various covenants in Mr. Moyse's Employment Agreement with Catalyst Capital. I will try to get our materials to you and to Mr. Miedema forthwith, but in the event that we cannot get the matter heard before next Monday, we trust that no steps will be taken by each of your clients to alter the existing status quo prior to the matter being heard by the Court.

Rocco Di Pucchio
Direct: (416) 598-2268
rdipucchio@counsel-toronto.com

Lax O'Sullivan Scott Lisus LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
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**LAX
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From: Theresa (Terry) Vandervoort [<mailto:TerryV@grosman.com>]
Sent: June-19-14 12:53 PM
To: Rocco DiPucchio
Cc: adrian.miedema@dentons.com; Jeff C. Hopkins
Subject: Brandon Moyse

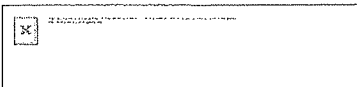
Good afternoon Mr. Di Pucchio,

Please see attached letter from Jeff Hopkins of our Firm with respect to the above subject matter.

Yours very truly,

Terry

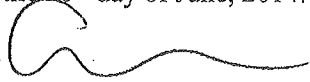
Theresa (Terry) Vandervoort
Legal Assistant to Jeff C. Hopkins & Justin Tetreault



390 Bay Street, Suite 1100, Toronto, Ontario, M5H 2Y2
Tel: 416-364-9599 Fax: 416-364-2490
www.grosman.com

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This is Exhibit "O" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a wavy line.

A Commissioner for taking Affidavits



Adrian Miedema
Partner

adrian.miedema@dentons.com
D +1 416 863 4678

Salans FMC SNR Denton
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Dentons Canada LLP
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T +1 416 863 4511
F +1 416 863 4592

June 19, 2014

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

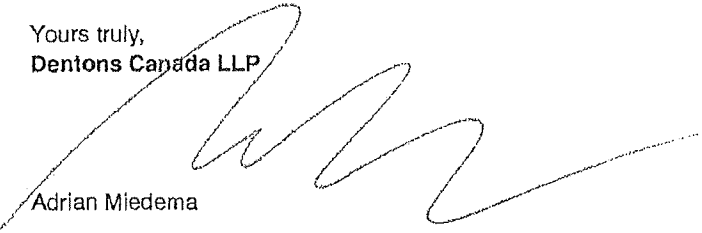
This letter is further to the writer's discussion yesterday with you and Jeff Hopkins, counsel for Mr. Moyse. As Mr. Hopkins has advised, Mr. Moyse will be starting work with West Face Capital Inc. on Monday, June 23rd.

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



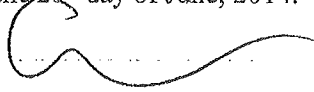
Adrian Miedema

AJM/mf

c.c. Jeff Hopkins, counsel for Brandon Moyse

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This is Exhibit "R" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

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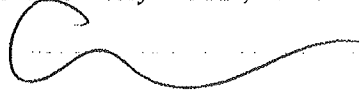
A Commissioner for taking Affidavits

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This is Exhibit "S" referred to in the
Affidavit of James A. Riley,
sworn the 26th day of June, 2014.

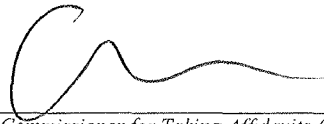
A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a wavy line.

A Commissioner for taking Affidavits

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3492	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Summary%20Plan%20%20(Nov%207%2005).xls	04/25/2014 03:04:07 PM
9234	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Summary%20Plan%20%20(Nov%207%2005).xls	04/25/2014 03:04:07 PM
78	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Bondholder%20Summary%20(Oct%2019%2005).xls	04/25/2014 03:04:46 PM
4443	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Bondholder%20Summary%20(Oct%2019%2005).xls	04/25/2014 03:04:46 PM
9398	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Bondholder%20Summary%20(Oct%2019%2005).xls	04/25/2014 03:04:46 PM
9039	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Plan%20Summary%20Analysis_SH%20(Nov%203%2005).ppt	04/25/2014 03:07:13 PM
259	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:13:22 PM
3975	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:13:22 PM
9222	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:13:22 PM
302	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:19:44 PM
566	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:19:44 PM
3493	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:19:44 PM
9235	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/OLD%20POR%20Comparisons%20and%20Recovery%20Analysis/Stelco_POR%20Comparisons%20and%20Recovery%20Analysis%20(04/25/2014 03:19:44 PM
2716	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/GDA%20STE%20-%20Claims%20Recovery%20Analysis_Aug%2026%2007.xls	04/25/2014 03:19:51 PM
8834	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/GDA%20STE%20-%20Claims%20Recovery%20Analysis_Aug%2028%2007.xls	04/25/2014 03:19:51 PM
4647	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Claims%20Recovery%20Analysis_Apr%2020%2007%20(Summary).pdf	04/25/2014 03:20:00 PM
9142	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Claims%20Recovery%20Analysis_Apr%2020%2007%20(Summary).pdf	04/25/2014 03:20:00 PM
260	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Miscellaneous/Affidavits%20of%20Matthew%20Heckler%20sworn%20Sept%2022,%202005).pdf	04/25/2014 03:20:13 PM
3746	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Miscellaneous/Affidavits%20of%20Matthew%20Heckler%20sworn%20Sept%2022,%202005).pdf	04/25/2014 03:20:13 PM
9171	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Miscellaneous/Affidavits%20of%20Matthew%20Heckler%20sworn%20Sept%2022,%202005).pdf	04/25/2014 03:20:13 PM
261	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Miscellaneous/Broker%20Contacts.pdf	04/25/2014 03:20:19 PM
3766	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Miscellaneous/Broker%20Contacts.pdf	04/25/2014 03:20:19 PM
9188	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Miscellaneous/Broker%20Contacts.pdf	04/25/2014 03:20:19 PM
4716	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Stelco%20-%20Final%20Allocations_from%20Monitor_v4.xls	04/25/2014 03:20:40 PM
9360	bmoysel	file:///Z:/docs/credits/STE.A/POR%20Analysis/Stelco%20-%20Final%20Allocations_from%20Monitor_v4.xls	04/25/2014 03:20:40 PM
79	bmoysel	file:///Z:/docs/credits/STE.A/Term%20Sheets/Catalyst%20Consolidated%20Term%20Sheets%20(Oct%2024%2005).doc	04/25/2014 03:22:14 PM
4444	bmoysel	file:///Z:/docs/credits/STE.A/Term%20Sheets/Catalyst%20Consolidated%20Term%20Sheets%20(Oct%2024%2005).doc	04/25/2014 03:22:14 PM
9389	bmoysel	file:///Z:/docs/credits/STE.A/Term%20Sheets/Catalyst%20Consolidated%20Term%20Sheets%20(Oct%2024%2005).doc	04/25/2014 03:22:14 PM
57	bmoysel	file:///Z:/docs/credits/STE.A/Conference%20Call%20Materials/Conference%20Call%20re%20Acquisition%20of%20Stelco%20by%20US%20Steel%20Corp_Aug%2027%2007.pdf	04/25/2014 03:26:01 PM
3057	bmoysel	file:///Z:/docs/credits/STE.A/Conference%20Call%20Materials/Conference%20Call%20re%20Acquisition%20of%20Stelco%20by%20US%20Steel%20Corp_Aug%2027%2007.pdf	04/25/2014 03:26:01 PM
8956	bmoysel	file:///Z:/docs/credits/STE.A/Conference%20Call%20Materials/Conference%20Call%20re%20Acquisition%20of%20Stelco%20by%20US%20Steel%20Corp_Aug%2027%2007.pdf	04/25/2014 03:26:01 PM
4648	bmoysel	file:///Z:/docs/credits/STE.A/Extraordinary%20Resolution%20-%208%25.pdf	04/25/2014 03:26:14 PM
9143	bmoysel	file:///Z:/docs/credits/STE.A/Extraordinary%20Resolution%20-%208%25.pdf	04/25/2014 03:26:14 PM
75	bmoysel	file:///Z:/docs/credits/STE.A/Catalyst%20Presentation%20to%20Stelco%20Board%20of%20Directors%20-%20May%209,%202005.pdf	04/25/2014 03:26:18 PM
4437	bmoysel	file:///Z:/docs/credits/STE.A/Catalyst%20Presentation%20to%20Stelco%20Board%20of%20Directors%20-%20May%209,%202005.pdf	04/25/2014 03:26:18 PM
9395	bmoysel	file:///Z:/docs/credits/STE.A/Catalyst%20Presentation%20to%20Stelco%20Board%20of%20Directors%20-%20May%209,%202005.pdf	04/25/2014 03:26:18 PM
321	bmoysel	file:///Z:/docs/credits/STE.A/Factum.October%2010,%202007.pdf	04/25/2014 03:35:34 PM
1349	bmoysel	file:///Z:/docs/credits/STE.A/Factum.October%2010,%202007.pdf	04/25/2014 03:35:34 PM
9286	bmoysel	file:///Z:/docs/credits/STE.A/Factum.October%2010,%202007.pdf	04/25/2014 03:35:34 PM
9327	bmoysel	file:///C:/Users/fomysel/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/%7B6D067483-FD2F-4095-8D0F-74FAC45572CC%7D/%7B7ADAAC03-32F7-4381-872A-F	04/25/2014 03:37:03 PM
303	bmoysel	file:///Z:/docs/credits/STE.A/Letter%20to%20Stelco%20Board%20Members%20-%20April%2028,%202005.pdf	04/25/2014 03:38:14 PM
567	bmoysel	file:///Z:/docs/credits/STE.A/Letter%20to%20Stelco%20Board%20Members%20-%20April%2028,%202005.pdf	04/25/2014 03:38:14 PM
3501	bmoysel	file:///Z:/docs/credits/STE.A/Letter%20to%20Stelco%20Board%20Members%20-%20April%2028,%202005.pdf	04/25/2014 03:38:14 PM
9236	bmoysel	file:///Z:/docs/credits/STE.A/Letter%20to%20Stelco%20Board%20Members%20-%20April%2028,%202005.pdf	04/25/2014 03:38:14 PM
4649	bmoysel	file:///Z:/docs/credits/STE.A/Audit%20Valuation%20Memos/Stelco_Valuation%20Memo_Dec2005_FINAL.doc	04/25/2014 03:47:14 PM
9144	bmoysel	file:///Z:/docs/credits/STE.A/Audit%20Valuation%20Memos/Stelco_Valuation%20Memo_Dec2005_FINAL.doc	04/25/2014 03:47:14 PM
139	bmoysel	file:///Z:/docs/credits/STE.A/Audit%20Valuation%20Memos/Stelco_Conversion.pdf	04/25/2014 03:47:16 PM
489	bmoysel	file:///Z:/docs/credits/STE.A/Audit%20Valuation%20Memos/Stelco_Conversion.pdf	04/25/2014 03:47:16 PM
4551	bmoysel	file:///Z:/docs/credits/STE.A/Audit%20Valuation%20Memos/Stelco_Conversion.pdf	04/25/2014 03:47:16 PM
9080	bmoysel	file:///Z:/docs/credits/STE.A/Audit%20Valuation%20Memos/Stelco_Conversion.pdf	04/25/2014 03:47:16 PM
339	bmoysel	file:///Z:/docs/credits/STE.A/Share%20Elect%20Factum%20Oct%2015%2007%20hearing.pdf	04/25/2014 03:47:23 PM
1437	bmoysel	file:///Z:/docs/credits/STE.A/Share%20Elect%20Factum%20Oct%2015%2007%20hearing.pdf	04/25/2014 03:47:28 PM
9304	bmoysel	file:///Z:/docs/credits/STE.A/Share%20Elect%20Factum%20Oct%2015%2007%20hearing.pdf	04/25/2014 03:47:28 PM

TAB C

This is Exhibit "C" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of connected loops and a final horizontal stroke.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

**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 MARTIN MUSTERS
(sworn June 26, 2012)**

I, MARTIN MUSTERS, of the City of Oakville, in the Regional Municipality of Halton, MAKE OATH AND SAY:

1. I am the Director of Forensics at Computer Forensics Inc. ("CFI"), a computer security consulting firm based in Oakville, Ontario. In this capacity, I am responsible for all aspects of CFI's computer forensic services.

Expertise

2. CFI specializes in the preservation and analysis of digital evidence to assist in criminal, civil, or labour relations investigations. In particular, CFI specializes in the retrieval of data from hard drives, servers, laptops, cell phones, PDA's and other devices, even when the user has deleted or otherwise removed (or attempted to remove) the data.

3. As the Director of Forensics at CFI, I have overseen and conducted computer forensic investigations regarding litigation, including forensic searches for confidential information. I have also been involved with law enforcement investigations, corporate investigations and data and password recovery projects.

4. I have extensive experience in information technology and computer forensics and have been involved in the field since 1979. I have received numerous professional certifications in the field of computer and electronic forensics. I am:

- (a) a Certified Information Systems Security Professional (CISSP);
- (b) a Certified Fraud Examiner (CFE);
- (c) a Certified Information Systems Auditor (CISA);
- (d) a Certified Protection Professional (CPP);
- (e) a Certified Stenographic Examiner;
- (f) trained in the use of Encase Forensic Software; and
- (g) certified in Advanced Cell Phone Forensics.

5. I have written numerous articles and spoken at numerous conferences in the field of computer forensics. I have also been certified as an expert witness in the field of electronic forensics by the Ontario Superior Court of Justice and the Ontario Court of Justice. A copy of my detailed *curriculum vitae* is attached as Exhibit "A" to my affidavit.

Investigation

6. On June 20, 2014, CFI was retained by Lax O'Sullivan Scott Lisus LLP, lawyers for the plaintiff, Catalyst Capital Group Inc. ("Catalyst"), to conduct a forensic analysis of a desktop computer that I was advised had previously been used by Brandon Moyse, a former employee of Catalyst, while Moyse was employed by Catalyst (the "Desktop Computer"). On June 21, 2014, CFI created a forensic image of the Desktop Computer and then conducted an analysis of the image.

7. As the investigator assigned to this matter, I conducted the examination of the Desktop Computer. As such, I have knowledge of the matters contained in this affidavit, which I am swearing to provide information to the Court, and for no other purpose.

8. I was able to determine from my review of the forensic image that Moyse had personal accounts with "Box" and "Dropbox", two Internet-based file-storage services (together, the "Cloud Services"), and that he accessed the Cloud Services using the Desktop Computer. Attached as Exhibit "B" is a list of the Internet Uniform Resource Locators ("URLs") for the Cloud Services that Moyse accessed from the Desktop Computer.

9. The Cloud Services are file-hosting services that offer cloud storage, file synchronization, personal cloud, and client software. They allow users to create a special folder on each of their computers, which they then synchronize so that it appears to be the same folder (with the same contents) regardless of which computer is used to view it. Files placed in this folder also are accessible through a website and mobile phone applications.

10. It is difficult to trace the use of Cloud Services to copy information from a hard drive. Unlike the copying of a file to a USB drive, which leaves a record of the file transfer activity on the hard drive, uploading documents to a Cloud Service such as Dropbox does not leave a similar record. Cloud Services can be used as a sophisticated way to copy large amounts of data in a relatively brief period of time.

11. I was also able to determine from my analysis of the Desktop Computer that Moyse accessed specific files on specific dates.

12. On March 28, 2014, over an eleven-minute period, Moyse accessed a series of files from an "Investors Letters" directory. Attached as Exhibit "C" is a table listing the files accessed by Moyse between 6:28 and 6:39 p.m. on March 28, 2014.

13. On April 25, 2014, over a seventy-minute period, Moyse accessed several files which contain the word "Stelco" in the file directory or in the filename. Attached as Exhibit "D" is a table listing the files accessed by Moyse between 2:36 and 3:47 on April 25, 2014.

14. On May 13, 2014, over a sixty-one-minute period, Moyse accessed several files through his Dropbox account which had the name "Masonite" in the filename. Attached as Exhibit "E" is a table listing the files accessed by Moyse from his Dropbox account between 6:59 and 8:00 p.m. on May 13, 2014.

15. Also on May 13, 2014, over a twenty-four-minute period, Moyse accessed several files from a "2014 Potential Investment" directory. Attached as Exhibit "F" is a redacted table listing the files accessed by Moyse between 8:39 and 9:03 p.m. on May 13, 2014. I am informed by James Riley, Catalyst's Chief Operating Officer, that the redactions to this table are necessary in order to maintain confidentiality concerning a potential investment that Catalyst is studying.

16. On May 26, 2014, at 12:31 p.m., Moyse accessed a document entitled "14-05-26 Notes" from a directory entitled "Monday Meeting", as shown on the table attached as Exhibit "G".

17. In my experience, Moyse's conduct of accessing several files from the same directory over brief period of time, as described above, is consistent with transferring files to a Cloud Service. It is my opinion that, based on the pattern of conduct described above, Moyse was very likely transferring the documents he reviewed on March 28, April 25 and May 13 from Catalyst's computers to his Dropbox or Box accounts, although I cannot say so definitively at this time.

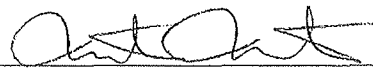
18. I cannot conclusively determine whether Catalyst's files were transferred by Moyse to the Cloud Services and then from the Cloud Services onto any other computer or electronic device, such as an iPad, without access to those computers and/or devices that potentially had the files transferred to them.

19. Attached as Exhibit "H" is a signed Acknowledgment of Expert's Duty form, which I signed prior to swearing this affidavit.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
June 26, 2014



Commissioner for Taking
Affidavits, etc.



MARTIN MUSTERS

THE CATALYST CONSULTING GROUP INC. -and-
Plaintiff

BRANDON MOYSE and WEST FACE CAPITAL INC.
Defendants

Court File No. CV-14-507120

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF MARTIN MUSTERS
(sworn June 26, 2014)

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Lawyers for the Plaintiff

TAB D

This is Exhibit "D" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a wavy line.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

This is Exhibit "B" referred to in the
Affidavit of Martin Musters,
sworn the 26th day of June, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line and a small flourish.

A Commissioner for taking Affidavits

Record	Site Name	URL	Artifact	Artifact ID
20	Box	http://cdn.fs.s1.blackberry.com/fs/gnx/production/57e5667f9e4ae03b576e419e033a225453c505f5/sys.cfs.box.d1_2_0_79/1.2.1.50/box-1.2.1.50-nto+armle-v7+signed+patch+1_2_0_79.bar	Internet Explorer 10-11 Content	3714
19	Dropbox	http://cdn.fs.s1.blackberry.com/fs/gnx/production/57e5667f9e4ae03b576e419e033a225453c505f5/sys.cfs.dropbox.d1_2_0_65/1.2.1.43/dropbox-1.2.1.43-nto+armle-v7+signed+patch+1_2_0_65.bar	Internet Explorer 10-11 Content	3608
100	Box	https://app.box.com/files/0/f/748017970/1/f_16146526195	Chrome/360 Safe Browser Carved Web History	2692
101	Box	https://app.box.com/files/0/f/0	Chrome/360 Safe Browser Carved Web History	2696
102	Box	https://app.box.com/files/0/f/1851077853/NMFG_Model	Chrome/360 Safe Browser Carved Web History	2697
96	Box	https://app.box.com/files	Chrome/360 Safe Browser Carved Web History	2670
97	Box	https://app.box.com/	Chrome/360 Safe Browser Carved Web History	2669
98	Box	https://app.box.com/login	Chrome/360 Safe Browser Carved Web History	2680
99	Box	https://app.box.com/files/0/f/748017970/Waj_Abdullah_Documents	Chrome/360 Safe Browser Carved Web History	2691
103	Box	https://app.box.com/files/0/f/748017970/1/f_16281174259	Chrome/360 Safe Browser Carved Web History	2931
40	Box	http://www.box.com/	Chrome Web History	107
41	Box	https://www.box.com/	Chrome Web History	108
42	Box	https://app.box.com/login/	Chrome Web History	109
43	Box	https://app.box.com/login	Chrome Web History	110
44	Box	https://app.box.com/	Chrome Web History	111
45	Box	https://app.box.com/files	Chrome Web History	112
46	Box	https://app.box.com/files/0/f/748017970/Waj_Abdullah_Documents	Chrome Web History	113
47	Box	https://app.box.com/files/0/f/1262640460/Catalyst_Capital	Chrome Web History	114
48	Box	https://app.box.com/files/0/f/1735282713/NMFG	Chrome Web History	115
49	Box	https://app.box.com/files/0/f/1451639530/Cash_Position	Chrome Web History	116
21	Dropbox	www.dropbox.com/	Internet Explorer 10-11 Cookies	174

Date/Time - (UTC-5:00) [MM/dd/Source]	Located At	Evidence Number
02/10/2014 11:01:43 AM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Microsoft\Windows\WebCache\WebCacheV01.dat	Table: Container_17 (EntryId 15488) 160
02/10/2014 11:01:54 AM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Microsoft\Windows\WebCache\WebCacheV01.dat	Table: Container_17 (EntryId 15511) 160
04/15/2014 05:05:50 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833052 160
04/15/2014 05:06:30 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833052 160
04/15/2014 05:06:33 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833052 160
04/21/2014 01:38:16 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833049 160
04/21/2014 01:38:16 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833051 160
04/21/2014 01:38:16 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833051 160
04/21/2014 01:38:22 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833052 160
04/21/2014 01:38:25 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (Unallocated Clusters)	Physical Sector 176833645 160
05/26/2014 02:16:18 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 185), Table: urls(id: 107) 160
05/26/2014 02:16:18 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 186), Table: urls(id: 108) 160
05/26/2014 02:16:21 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 187), Table: urls(id: 109) 160
05/26/2014 02:16:30 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 188), Table: urls(id: 110) 160
05/26/2014 02:16:30 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 189), Table: urls(id: 111) 160
05/26/2014 02:16:30 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 190), Table: urls(id: 112) 160
05/26/2014 02:16:50 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 191), Table: urls(id: 113) 160
05/26/2014 02:17:01 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 193), Table: urls(id: 114) 160
05/26/2014 02:17:11 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 195), Table: urls(id: 115) 160
05/26/2014 02:17:14 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Google\Chrome\User Data\Default\History	Table: visits(id: 197), Table: urls(id: 116) 160
06/20/2014 03:45:24 PM	160.E01 - Entire Disk (Microsoft NTFS, 145.83 GB) Preload (All Files and Folders) - [ROOT]\Users\bmoyse\AppData\Local\Microsoft\Windows\WebCache\WebCacheV01.dat	Table: Container_1 (EntryId 959) 160

TAB E

This is Exhibit "E" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of wavy lines.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

Plaintiff

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.

Defendants

**AFFIDAVIT OF BRANDON MOYSE
(Sworn July 7, 2014)**

I, BRANDON MOYSE, of the City of Toronto, MAKE OATH AND SAY:

1. I am a Defendant in this action and a respondent in this motion, and, as such, have knowledge of the matters set out in this affidavit. To the extent that my knowledge is based on information and belief, I identify the source of such information and believe the information to be true.
2. I swear this affidavit in response to the Affidavits of James A. Riley ("Mr. Riley") sworn on June 26, 2014 and Martin Musters ("Mr. Musters") sworn on June 26, 2014 and in opposition to the motion by The Catalyst Capital Group Inc. ("Catalyst"). Where I do not respond to every allegation set out in the Affidavits of Mr. Riley or Mr. Musters, my failure to respond to a specific allegation should not be construed as an agreement with the statement made. I have, instead, tried to cover the most salient points in their affidavits, as I see them.
3. I am twenty-six (26) years of age. I was born and raised in Montreal, Quebec, and earned a Bachelor of Arts in Mathematics from the University of Pennsylvania. Prior to working for Catalyst, I was employed at Credit Suisse in New York and RBC Capital Markets in Toronto as a junior banker on their respective Debt Capital Markets desks.

MY JUNIOR ROLE AT CATALYST

4. I commenced employment at Catalyst as an Analyst on or around November 1, 2012, pursuant to a written employment agreement (the "Employment Agreement"), dated October 1, 2012. The Employment Agreement is attached as **Exhibit "A"**.

5. While employed at Catalyst, my role as an Analyst was to perform financial and qualitative research both on potential investment opportunities and companies already owned by Catalyst. A job description for my Analyst position is attached as **Exhibit "B"**. As part of my research of potential investment opportunities, I would normally review publicly available information, such as financial statements and provide analysis regarding the company's potential value to Catalyst. From time to time, I would also meet with management groups of various companies as part of my due diligence activities.

6. Contrary to paragraph 15 of Mr. Riley's Affidavit, I did not have "substantial autonomy and responsibility" in my role. As an Analyst, I held the lowest level position at Catalyst. The hierarchy at Catalyst is as follows: Partner, Vice President, Associate, and Analyst. While I was employed at Catalyst, all potential and actual investments were sourced at the Partner level. Analysts were not actively encouraged to generate ideas for the firm and their thoughts and recommendations were routinely disregarded. Furthermore, as an Analyst, I had no direct input into investment decisions or strategy, but was instead assigned specific research projects by the Partners.

7. While at the beginning of my employment with Catalyst I was more involved with researching potential investments; during the last six months of my employment, I was focused almost entirely on performing operating reviews of Catalyst-owned companies. As such, I have very little knowledge of Catalyst's current prospective investments.

8. Given the junior nature of my position, even while I was employed at Catalyst, I had very little knowledge of Catalyst's potential investments and its strategy for those investments. While I regularly attended Catalyst's Monday meetings, these meetings did not contain the in-depth confidential strategy discussions that Mr. Riley implies, but normally a very low level update on

Catalyst projects. Instead, it is my understanding that these strategy discussions primarily took place at Partners only meetings, which I did not attend.

9. In response to the allegations at paragraphs 39-40 of Mr. Riley's Affidavit, while my counsel Jeff Hopkins informed Catalyst's counsel that I am aware of up to five prospective investments at Catalyst, this was a rough estimate and, in fact, I am aware of three potential investments and had very limited involvement and no strategic involvement in any of these files.

10. The first potential investment is WIND Mobile. I believe this is the "opportunity in the telecommunications industry" that Mr. Riley refers to at paragraph 30 of his Affidavit. Contrary to Mr. Riley's assertion that this opportunity is so highly confidential that the company cannot even be named in his Affidavit, it is widely known in the industry that Catalyst is interested in purchasing WIND Mobile. Attached at **Exhibit "C"** are two newspaper articles which document Catalyst's interest in the acquisition.

11. In response to the allegations at paragraph 30 of Mr. Riley's Affidavit, while I had been working on the WIND Mobile file prior to giving my notice of resignation, I was privy to very little, if any confidential information about the transaction and played a minor role, essentially limited to contributing to a memo. I was only assigned to work on WIND Mobile the week before I left on vacation (two weeks before my resignation), and as such, did not have extensive knowledge of the transaction. I performed my analysis using documents provided by WIND Mobile, which WIND Mobile would have provided to any potential purchaser. As a low-level employee, I was not privy to any internal discussions about the strategy behind Catalyst's potential acquisition or how Catalyst planned to structure a potential deal.

12. The second potential investment is Mobilicity. Like with WIND Mobile, Catalyst's interest in Mobilicity is public knowledge. Attached at **Exhibit "D"** are newspaper articles documenting Catalyst's interest in Mobilicity. On the Mobilicity file, I fulfilled a purely clerical or administrative role typing Mr. Riley, Mr. de Alba, and Mr. Michaud's handwritten notes into a PowerPoint presentation on two occasions and updating 3-4 charts in the presentation using publically available information.

13. The third potential investment involves a nutrition company and is not public knowledge, but again, my involvement in the file was limited. For that file I drafted an investment memo in

December 2012. This memo contained no confidential information and, in fact, no financial information about the company. I had no other involvement on that file until on or about May 14, 2014, when I was provided with a "teaser deck" from that company's financial advisor. As part of my duties at Catalyst, I transposed the financial information from the teaser deck into an Excel file and saved it to Catalyst's system. I did not perform any analysis of the financial information and have no knowledge of Catalyst's strategy for the company.

14. While at paragraph 40 of Mr. Riley's Affidavit he states that five potential investments represents a significant portion of the investments that Catalyst would make in the life of any of its funds, this is comparing apples to oranges. While Catalyst may make around 20-25 investments during the life of its funds, it analyzes many more potential investments during that time, with very few going beyond the initial research stage.

15. Contrary to the allegations at paragraphs 8 and 67 of Mr. Riley's Affidavit, there was nothing confidential or proprietary in the methodology that I used to value certain investment opportunities while I worked at Catalyst. Rather, I used commonly used and well-known valuation methods.

16. I learned how to analyze companies as part of my education at the University of Pennsylvania and my previous employment at Credit Suisse and RBC Capital Markets, and in fact, this process can be learned by anyone with a generalist background in finance or mathematics.

MY COMPENSATION AT CATALYST

17. At Catalyst, I earned a base salary of \$90,000 and had the opportunity to earn a bonus of \$80,000.00. Contrary to the statement at paragraph 16 of Mr. Riley's Affidavit, my equity compensation did not exceed my base salary and bonus. In fact, the equity compensation I received was negligible. In 2013, I earned \$165,127.00, of which \$90,000 was my salary and \$72,000 was my annual bonus. My 2013 T4 and Notice of Assessment are attached as Exhibit "E".

18. While Mr. Riley touts Catalyst's "60/40 Scheme" in his affidavit, I note that he did not attach a copy of the plan to his affidavit. During my employment at Catalyst, I was never

5

provided with a copy of the plan, nor any statements indicating the "points" I had allegedly accrued.

19. I disagree that the 60/40 Scheme gave me a "partner-like interest" in Catalyst. It is my understanding that the compensation earned under the 60/40 Scheme is only paid out after the fund returns all capital to investors, plus the 8% preferred return. Typically, this takes many years. As such, it is extremely rare for any Catalyst Analyst or Associate to receive any money from the 60/40 Scheme. For example, the Catalyst Fund II was raised in 2006 and has yet to trigger payments under the 60/40 Scheme.

20. Furthermore, while Catalyst allows employees the opportunity to earn options in the company, these options can only be exercised by purchasing shares at their fair market value. As such, it is not correct to consider Catalyst's options as a form of compensation.

21. Rather than treating employees as "Partners", it was my observation that the true Partners at Catalyst enjoyed superior economics at the expense of junior employees and investors. As part of Catalyst's equity plan, Analysts were allocated 0.15% of equity in Catalyst, meaning they had to fund capital calls for new investments as if they had a 0.15% interest in the fund. However, it was my understanding that the dividends paid to Analysts were calculated based on the portion of the allocated equity which had accrued, with the full amount of that allocation being spread out over the life of the investments funds. After two years at Catalyst, the dividends I received were based on an approximate 0.03% ownership interest, while my capital calls to the fund were based on a 0.15% ownership interest.

22. Additionally, Catalyst made extravagant purchases, including both a private jet and a helicopter, which to my understanding were used to transport the Partners on personal vacations or to their cottages on weekends.

POISONED WORK ENVIRONMENT AT CATALYST

23. Beyond the compensation scheme at Catalyst, which I considered unfair, the working environment was uncomfortable to the point of being hostile or toxic. The Co-Founder and Managing Partner of Catalyst, Newton Glassman ("Mr. Glassman") would often have outbursts in the office: yelling and screaming, cursing profusely, and even openly threatening to fire

employees. In late 2012, Mr. Glassman was unhappy with the explanation of a contract given by a Vice President of Catalyst, Zach Michaud ("Mr. Michaud"). As a result, during a meeting, Mr. Glassman stated that if Mr. Michaud wasn't more specific in his explanation, he would *"fucking bitch slap"* him. Unfortunately, this was not the only threat of violence that employees at Catalyst were forced to endure. In 2013, another Partner, Gabriel de Alba ("Mr. de Alba") threw a chair at Mark Horrox.

24. Mr. Glassman's aggressive and hostile nature was not directed solely to employees of Catalyst, and as a result, both he and Catalyst have obtained a negative reputation among many sources of potential investments and leads. It is common knowledge in the industry that many investment banks, law firms, accounting firms, and other investors will not work with Catalyst because of its reputation for being difficult, unreasonable, insincere, and disingenuous in its dealings. I've personally heard Mr. Glassman make statements to Catalyst advisors including: *"Stop fucking blowing smoke up my ass"*, *"do your fucking job"*, and *"if you're going to have a fucking argument with me you better be fucking prepared."* Consequently, Catalyst had limited investment opportunities and "deal flow", which meant that I spent most of my time analyzing companies already owned by Catalyst, rather than researching new opportunities. Attached at **Exhibit "F"** is a newspaper article in which Mr. Glassman admits Catalyst's negative reputation and the effect it has had on the firm's "deal flow".

25. Moreover, these statements were frequently made in full earshot of employees, perpetuating the hostile and toxic work environment at Catalyst.

26. Beyond the uncomfortable and oppressive financial and work environments at Catalyst, I was also unhappy with the future prospects of Catalyst as over approximately the prior six months, operations at several portfolio companies deteriorated and / or missed their forecasts, causing me to lose faith in the firm and my opportunities there.

27. As a result of the above factors, I began looking for alternative employment in or around December 2013. Despite searching for new employment, I continued, at all times, to perform my duties and responsibilities toward Catalyst in a loyal and dedicated manner, and to the best of my abilities.

28. On or about May 19, 2014, I was offered a position with West Face Capital Inc. ("West Face") as an Associate. As such, on May 24, 2014, I submitted my resignation to Catalyst and gave the thirty (30) days' notice of my resignation as required by the Employment Agreement (and as acknowledged by Mr. Riley in his Affidavit). Attached at **Exhibit "G"** is a copy of my notice of resignation.

29. On May 26, 2014, I was instructed by Mr. Riley to remain at home for the balance of my notice period.

THE NON-COMPETITION COVENANT IN THE EMPLOYMENT AGREEMENT IS NOT ENFORCEABLE

30. While Catalyst relies upon the non-competition covenant in my Employment Agreement, it is an attempt to prevent me from working at West Face, and is an unreasonable restraint of trade that would prevent me from earning a living and is therefore against the public interest.

31. Furthermore, while Mr. Riley attempts to minimize the scope of the restriction at paragraph 33 of his Affidavit by stating that the covenant is "*narrowly restricted to firms that engage in the same undertaking as Catalyst, namely investing in special situations for control or influence*", this is incorrect. The restrictions are much broader.

32. The non-competition covenant in the Employment Agreement states:

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;

33. This covenant is both vague and overbroad and thus unenforceable as it attempts to prohibit me from engaging in any business or undertaking of the type conducted by Catalyst or the "Fund" (which is not defined anywhere in the Employment Agreement) or "any direct Associate" of Catalyst.

34. The Ontario *Business Corporations Act* defines "Associate" as:

"associate", where used to indicate a relationship with any person, means,

- (a) any body corporate of which the person beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the body corporate for the time being outstanding,
- (b) any partner of that person,
- (c) any trust or estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar capacity,
- (d) any relative of the person, including the person's spouse, where the relative has the same home as the person, or
- (e) any relative of the spouse of the person where the relative has the same home as the person; ("personne qui a un lien")

Attached at **Exhibit "H"** is the relevant portion of the Ontario *Business Corporations Act*.

35. Given the nature of Catalyst's investments, such a restriction would effectively prohibit me from working in a wide variety of industries and sectors that are completely unrelated to my duties with Catalyst. For example, Catalyst has voting control over companies in the rental car, film and television production, biologics / pharmaceuticals and casino gaming industries, among others.

CATALYST'S ACCUSATIONS OF BREACH OF CONFIDENTIALITY ARE WITHOUT MERIT

36. It is noteworthy that neither Mr. Riley nor Mr. Musters provide any actual evidence that I transferred any information, confidential or otherwise, from Catalyst's servers to my Dropbox or Box accounts or other personal devices. Instead, Mr. Riley and Mr. Musters rely solely on unsupported speculation and innuendo.

37. In response to Mr. Riley's statements at paragraph 51 of his Affidavit, while Catalyst does have a remote access system, it is notoriously slow and unreliable. As such, it is common practice among Catalyst Associates and Analysts to forward information to their cloud accounts and personal devices in order to work more efficiently from home. Moreover, Partners would request Associates and Analysts to forward certain company information to their personal email addresses when they were unable to access the Catalyst network.

38. Contrary to the allegations at paragraphs 50-53 of Mr. Riley's Affidavit and the assertion of Jonathan Moore, the team lead at Catalyst's external IT services supplier that I would have "no reason to use Dropbox or Box for work purposes", Mr. Riley has provided no evidence that I have used my personal Dropbox account to store Catalyst files and is misconstruing the Box account as a personal Box account, which it was not. My Box account was established under my Catalyst email address, with Catalyst's knowledge, to host or have access to information hosted by Catalyst's portfolio companies or advisors.

39. While Mr. Riley objects to the "Catalyst Capital" folder in my Box account and heavily relies on the fact of its existence to support Catalyst's position that I have retained Catalyst's confidential information, the "Catalyst Capital" folder in my Box account was not created by me, but by Capstone Advisory Group ("Capstone"). Capstone was the financial advisor to Advantage Rent-A-Car, a Catalyst portfolio company, and it created the folder to share diligence materials with Catalyst. I did not have control over this folder. Furthermore, Mr. Riley's statement that Catalyst had no knowledge of this folder is surprising to me, as other Catalyst employees and Partners including Mr. de Alba had access to it.

40. Moreover, while Mr. Riley raises strong objections to the fact that there was a "Catalyst Capital" folder in my Box account, the fact is that **all** of the folders in my Box account were related to Catalyst. The "Cash Position", "NMFG", "NMFG_Model" and "Waj_Abdullah_Documents" folders were all related to Natural Markets Food Group ("NMFG"), a company owned by Catalyst. For example, the "Cash Position" folder contained the daily postings of the cash balances at NMFG. These folders were in some instances created by me, in other instances created by others, but at all times created with the full knowledge of Catalyst, with access shared amongst various Catalyst employees and Partners.

41. Since my resignation from Catalyst, I have not accessed or attempted to access the information located in this Box account, and I have not disclosed such information to West Face or any other parties.

42. Despite performing a forensic search on my Catalyst hard drive, Mr. Musters discovered only four categories of documents that I accessed from March 27, 2014 to the end of my employment (a period of nearly three months), which Catalyst alleges arouse suspicion and justify the extraordinary and intrusive step of searching both my personal computer equipment and that of my new employer. Each of Catalyst's accusations can be easily explained.

INVESTMENT LETTERS

43. On March 28, 2014, I accessed various quarterly investment letters as set out in Mr. Riley and Mr. Muster's affidavits. Contrary to Mr. Riley's statements at paragraph 57 of his Affidavit, 6:28 pm to 6:39 pm is not outside of regular office hours at Catalyst. I, along with most other investment professionals routinely stayed at the office well beyond 7:00 pm and routinely until 9:00 pm or 10:00 pm.

44. It is important to note that the investment letters I accessed covered the time period of June 2008 to April 2011 and as such did not contain any current investment information.

45. I admit that I did not access these letters as part of my duties and responsibilities at Catalyst. Having helped work on the quarterly letters in the past, I was aware that Mr. Glassman included personnel updates in those letters. As I had been considering leaving Catalyst, I was looking for statements made by Mr. Glassman about employees who had left the firm or were terminated in order to gauge what statements he might make about me if I left. For example, in March 2014, Mr. Glassman denigrated a former employee in front of substantially all of Catalyst's investors, causing me to believe he may make negative statements about me.

46. The reason it only took me approximately 11 minutes to read the letters is because I skimmed the letters looking for comments Mr. Glassman made about former Catalyst employees. I did not read all of the information in each letter. I did not transfer any of the letters to my Box, Dropbox, or any other personal account, nor have I provided any of the information to West Face.

STELCO

47. I admit reviewing the Stelco documents listed in Mr. Riley and Mr. Musters' Affidavits and that I did not access the letters as part of my duties and responsibilities.

48. I reviewed the Stelco documents simply out of personal curiosity and to learn more about the transaction. These files were accessible to anyone with access to Catalyst's system. As Mr. Riley admits at paragraph 56 of his Affidavit, by the time I viewed the documents, the transaction was no longer active. In fact, the files I accessed were at least six years old and Stelco itself no longer exists. While I do admit transferring one Stelco file to Dropbox to read at home, I deleted the file after reading it and did not provide the information to West Face or any other parties.

MASONITE FILES

49. Contrary to the allegations at paragraph 60 of Mr. Riley's Affidavit, I did not transfer any Catalyst files related to Masonite International ("Masonite") to my Dropbox account. In fact, not only are none of the documents listed confidential, none of the documents belonged to Catalyst.

50. If Catalyst had been studying an opportunity related to Masonite, I was not aware of it and would in fact be surprised as Masonite is a \$2+ billion, BB+ rated company that does not fit the profile of a company whose securities Catalyst would be interested in acquiring. This is contrary to Mr. Riley's Affidavit, which asserts that I was aware of all of Catalyst's potential investments, which given his statements regarding Masonite, clearly I was not.

51. As part of my job search, I interviewed with a number of companies, including Mackenzie Investments. The reason that I had documents in my Dropbox related to Masonite is because, as part of the interview process, I was asked to use the company as a case study and to draft a 2-4 page model of the company. Attached at **Exhibit "I"** is an email (with attachments) from Sharon Beers at Mackenzie Investments assigning me the project.

52. I will note that Exhibits T and E of Mr. Riley's and Mr. Musters' Affidavits show that the documents I accessed were located in my personal Dropbox (which was linked to my Catalyst computer) and have not provided any evidence that I accessed any Masonite documents on

Catalyst's system. This is because no such evidence exists. The documents I used for the case study were public documents, published by Masonite and provided to me by Mackenzie Investments or obtained from Masonite's website.

TELECOM FILES

53. With respect to the allegations at paragraph 61 of Mr. Riley's Affidavit, and the fact that I recognize the filenames in Exhibit U, I believe the "very sensitive and confidential opportunity in the telecommunications industry" is WIND Mobile.

54. Contrary to the allegations at paragraphs 24 and 25 of Mr. Riley's Affidavit, I was not referring to WIND Mobile in my email, but another investment.

55. I admit that I accessed the files in question. Contrary to Mr. Riley's bald assertion that I did so for a nefarious purpose, I accessed the files as part of my duties at Catalyst. In fact, I was specifically assigned to work on WIND Mobile by Mr. de Alba. I accessed the files in question because I was working on a chart to include in an investment memo. As there are hundreds of files related to WIND Mobile in Catalyst's system, I had to open a number of files and quickly scan them to determine if they contained the information I was looking for. I did not have to read the entirety of all of the documents I accessed. While I accessed the files between 8:39 pm and 9:03 pm, email records show that I was still at work. Attached at **Exhibit "J"** is an email exchange between myself and my girlfriend dated May 13, 2014 in which I tell her that I will not be home until 10:15 pm. I was also working amongst other employees and not trying to surreptitiously read or transfer files. One of those employees still in the office was Lorne Creighton (who was also working on WIND Mobile). I did not transfer any of the files to my Box, Dropbox, or any other personal account, nor have I provided any of the information to West Face.

56. As mentioned above, as a low-level employee, I was not privy to any internal discussions about the strategy behind Catalyst's potential acquisition of WIND Mobile or how Catalyst planned to structure a potential deal. Nevertheless, prior to the commencement of my employment at West Face, West Face took specific efforts to erect a "Confidentiality Wall" to ensure that the limited confidential information I have is not shared with anyone at West Face. Furthermore, I have absolutely no involvement with West Face's potential investment with

WIND Mobile. To that end, employees at West Face have been instructed not to discuss WIND Mobile with me and it is my understanding that the IT Group at West Face has restricted my access to West Face's network for files regarding WIND Mobile. Attached at **Exhibit "K"** is a memorandum from Supriya Kapoor, Chief Compliance Officer at West Face outlining the Confidentiality Wall.

57. I have at all times respected my obligations to Catalyst with regard to WIND Mobile, which I take seriously and will continue to do so.

MONDAY MEETING NOTES

58. Contrary to the allegations at paragraph 64 of Mr. Riley's Affidavit, the Monday meetings did not take place in the morning, and in fact to the best of my recollection, never before 12:30 p.m. As such, when I accessed the file, the meeting would not have ended, but was likely just beginning.

59. In any event, I did not attend the meeting on May 26, 2014. Earlier that morning, I verbally confirmed my previous written notice of resignation and, as a result, was not invited to the meeting. Following my resignation, I did not attend any further Monday meetings, as I was asked to remain at home.

60. The "Monday Meeting Notes" were not my notes from the meeting (which would be impossible because I didn't attend it), but were my notes **for** the meeting, consisting of world news and economic events, which might be discussed at the meeting. This was my usual practice prior to most Monday meetings. I do not believe the notes were Catalyst's property and in any event they did not contain any confidential information. Nevertheless, I did not transfer the notes to my Box, Dropbox, or any other personal account, nor have I provided any of the information to West Face.

61. As explained above, Catalyst's allegations of my removal and misuse of confidential information are baseless.

62. I do admit that early in my interview process with West Face, via one email, I provided West Face with four company research pieces I created at Catalyst between November 2012

and January 2014. I provided these to West Face not so it could gain any sort of competitive advantage or trade secret, but merely as an example of my writing and research ability.

63. I am unable to produce this email in my affidavit, as it is no longer in my possession. I deleted the email shortly after sending it to West Face.

64. Three of these research pieces did not contain any confidential information or information proprietary to Catalyst; it was also my understanding that Catalyst was not actively pursuing an investment in any of these companies.

65. In the fourth case, Catalyst had already successfully completed its investment in the company and therefore I did not believe the information would be of any use to West Face or detrimental to Catalyst. Moreover, this company was a European company and West Face does not focus on European investments.

66. I have not provided or disclosed any confidential information to West Face beyond these four research pieces. In fact, I have been under specific instruction by West Face to not provide or disclose such information.

67. I have been reminded of my obligations in this regard by West Face on several occasions both prior to and following the commencement of my employment at West Face. For instance, on or about May 22, 2014, I was contacted by Alex Singh ("Mr. Singh"), West Face's General Counsel and Secretary. During that conversation, Mr. Singh instructed me not to use or disclose any confidential or proprietary information belonging to Catalyst. I indicated to Mr. Singh that I understood and agreed, and as stated above, have taken this obligation very seriously and will continue to do so.

THIS COURT SHOULD REJECT CATALYST'S REQUEST FOR AN INJUNCTION/FORENSIC REVIEW

68. As the non-competition covenant is not enforceable, I believe that Catalyst has no basis to request an injunction to prevent me from working at West Face.

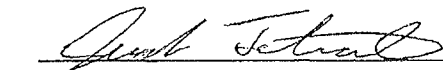
69. Even if the non-competition agreement may be enforceable, which is not admitted, but expressly denied, such relief is not justified, as monetary damages are calculable and will be sufficient to address any damage to Catalyst.

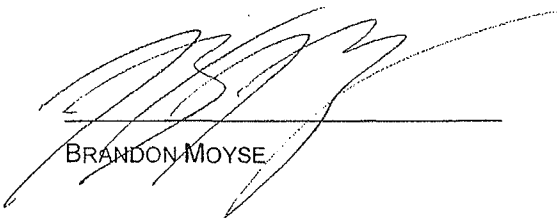
70. On the other hand, an interlocutory injunction would be devastating to my career and livelihood, as it would prevent me from holding gainful employment and would deprive me of the experience I am developing in my still young career.

71. Furthermore, there is no basis to order a forensic review of my personal computer equipment and accounts, which is requested only as a fishing expedition. Despite retaining an expert to forensically examine my Catalyst computer, Catalyst was unable to provide any actual evidence that I transferred any confidential information to my personal equipment or accounts.

72. I swear this affidavit in opposition to Catalyst's motion for an injunction and for no other purpose.

SWORN before me at the City of Toronto)
on the 7th day of July, 2014)


A Commissioner for Taking Affidavits etc.
Justin Tetraault


BRANDON MOYSE

TAB F

This is Exhibit "F" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized capital 'A' followed by a series of connected loops and a long horizontal stroke.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

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 THOMAS DEA
(Sworn July 7, 2014)**

I, Thomas Dea, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY:

1. I am a Partner of the Defendant, West Face Capital Inc. ("West Face") and as such, I have knowledge of the matters to which I hereinafter depose. Where this Affidavit is based on information and belief, I have stated the source of that information or belief and verily believe it to be true.
2. In making this Affidavit, I have also had the opportunity to review the Affidavit sworn by James A. Riley, Chief Operating Officer for The Catalyst Capital Group Inc., ("Catalyst") on June 26, 2014 (the "Riley Affidavit") as well as the Affidavit sworn by Alexander Singh, General Counsel and Secretary of West Face, on July 7, 2014.

Nature of West Face's Business

3. West Face is an investment manager based in Toronto. West Face has been in business since 2006. West Face employs approximately 43 staff in Toronto who work in the following capacities: portfolio management, investor relations, administration and general office support.
4. West Face manages a number of funds and accounts covering a broad range of investment strategies. Its investments, which are in publicly traded and privately negotiated securities, include "long positions" in common equities, bonds, convertible debentures and distressed debt situations as well as certain "short positions". It has assets under management of over \$2.5 billion.
5. West Face's strategies are not intended to be correlated to the general performance of the broader market indices; rather, West Face focuses on "event driven investment strategies". An "event driven investment strategy" is generally one in which West Face has identified a situation where securities are believed to be mispriced for one or two principal reasons.
6. West Face does not use a single approach for these types of investments, and in fact, it will often seek unusual circumstances where the factors that are expected to contribute to favourable investment performance are not correlated with other factors in the broader portfolio. Factors can include corporate reorganizations, business combinations, adverse external shocks, unhedged commodity exposures, management malfeasance or fraud, over-indebtedness, liquidity constraints, changes in regulatory or government policy, and litigation. In most

-3-

cases, in making such event driven investments, West Face does not seek to take either a controlling interest or a position of influence in the company. Moreover, it is not part of this strategy for West Face to become involved in the management of the company. Investments by West Face for outright control have been rare.

7. West Face has two principal groups of funds: the Long-Term Opportunities Fund (the "LTOF") and the Alternative Credit Fund (the "ACF"). The LTOF, which is West Face's principal and inaugural fund, has a broad investment mandate which is principally focused on making minority investments in public common equity strategies and publicly traded debt opportunities primarily related to companies located in North America.
8. The investment mandate of the ACF, which was launched in December 2013, is to make investments in illiquid private debt with terms greater than two years, with the expectation of holding each investment until its maturity. Contrary to the statements made in the Riley Affidavit, this fund was not established to compete with Catalyst. The ACF was created in order to continue activities previously undertaken in the LTOF on a limited basis. The ACF allows West Face to better match assets' liquidity characteristics with investor requirements.
9. Because the LTOF allows investors in the fund to request to redeem their investments on a quarterly basis, West Face must overwhelmingly pursue investments in the LTOF that can be liquidated fairly quickly if necessary. The ACF, by contrast, is a pool of committed capital which is drawn as required to

-4-

fund illiquid debt investments expected to be held to maturity, which can be up to 7 years. Again, investments in the ACF are not intended, primarily, to seek a controlling interest or a position of influence in a company.

Comparison of West Face and Catalyst

10. West Face's primary investment strategy has a different focus from Catalyst. As outlined in the Riley Affidavit, Catalyst is focused on control or influence-based "distressed investments" (i.e. investment opportunities where a company is considered to be under-managed, under-valued or poorly capitalized). Generally, this means that Catalyst seeks to control or influence the management of the companies it is investing in, to increase the value of the company by influencing/changing its management or operations.
11. This description is also found on Catalyst's website, a copy of which is attached as Exhibit "A" to my Affidavit.
12. During the aftermath of the credit crisis from 2008 to 2009, West Face made a number of "distressed investments" in public debt securities. However, since that time, credit availability has improved materially and, as a result, the number of opportunities that can be considered "distressed investments" has declined significantly, such that there are very few opportunities available to pursue this type of strategy. The relatively small number of investment opportunities in this field, particularly when confined to Canada, also has the result that the investment opportunities that are available are widely known in the industry.

-5-

13. As a result of these factors, over the last few years, West Face has focused less and less on making distressed investments, although it is not out of this market entirely.
14. Ultimately, West Face tends to focus on publicly traded securities while Catalyst is a private equity firm. This is an important distinction, since private equity firms like Catalyst that seek to make investments that either influence or control the company have very different arrangements with their investors. In those circumstances, capital is committed by investors but not funded until suitable investments are identified. The capital can also be retained, typically for very long periods of up to 10 years or more, which is often required because the companies are often not listed on public exchanges. When the private equity firm sells its investment, the capital is then typically returned to the investors.
15. By contrast, as I noted above, West Face's LTOF pursues much more liquid investments. Further, while it is common for private equity firms like Catalyst to become involved with a target company's management, West Face generally does not become involved with the management of target companies.
16. As such, while West Face and Catalyst do compete in certain respects, their primary business focuses are different, as they concentrate on different investment opportunities and seek to take different levels of control of the companies in which they seek to invest. Where West Face and Catalyst have been involved in the same investment target, Catalyst has been a very small participant, presumably because of its restricted investment mandate.

-6-

Brandon Applies for a Job at West Face

17. I first met Brandon Moyse in or around 2012. West Face had commenced a recruitment drive for a number of analyst positions and Brandon had submitted an application. Although West Face did not hire Brandon during this round of recruitment, we nonetheless stayed in touch.
18. On or about September 25, 2012, Brandon contacted me to tell me that he had accepted a position at Catalyst. Although I congratulated Brandon at that time, I did tell him that Catalyst had a reputation in the marketplace as a difficult place to work.
19. With the exception of a single email which I received from Brandon in December 2012 about a transaction that he had recently worked on which had been published in the news, I did not hear from Brandon again until March 2014.
20. On or about March 14, 2014, Brandon sent me an email in which he told me that he had seen that West Face had launched a new alternative credit fund. Brandon advised me that, if there was a position available, he would be interested in working with West Face on this new venture.
21. I subsequently met with Brandon on March 26, 2014. During our meeting, we discussed the financial industry generally and Brandon shared with me his goal of working in a role where his focus was on pursuing new investments rather than on existing portfolio investments, which was the focus of his position at Catalyst. As West Face was currently recruiting for analysts, I asked Brandon to

-7-

provide me with a copy of his resume so that I could circulate it to others at West Face.

22. Following our meeting, I arranged for Brandon to meet with several of my colleagues on or about April 11, 2014 and again on or about April 28, 2014. On or about May 9, 2014, I asked and obtained several references from Brandon, whom we contacted over the next several days.

Brandon's Employment Relationship with West Face

23. Pursuant to the terms of a written offer of employment dated May 26, 2014, West Face offered employment to Brandon as an Associate (the "West Face Employment Contract"). Brandon accepted the terms of West Face's offer on May 26, 2014; he started working at West Face on June 23, 2014. A copy of the West Face Employment Contract is attached as Exhibit "B" to my Affidavit.
24. Brandon is 26 years old and only one of his four years of experience in the financial services industry has been spent working at a firm that makes investments as a principal as its primary function. Brandon was hired as an Associate to act as a generalist working on a variety of investment strategies across a diverse set of industries. His duties include:
- (a) Fundamental research and due diligence of investment opportunities, including equities and credits;
 - (b) Financial modeling;
 - (c) Deal structuring; and
 - (d) General support of West Face's Portfolio Managers.

25. Brandon is the most junior member of West Face's investment team. At his position, he does not receive portfolio summaries, is not a member of West Face's investment committee, does not participate in senior management meetings nor does he have the authority to make any strategic decisions. I estimate that there are hundreds of positions like Brandon's at banks and other financial institutions in Toronto. While these types of junior employees are capable of making a contribution to their employers, they are not able to work independently without significant supervision, especially in the context of an institutional money management firm like West Face.
26. Under the terms of the West Face Employment Contract, Brandon agreed that he would not use any property in the course of his employment with West Face that was the confidential or proprietary information of any other person, company, group or organization.
27. In addition, Brandon represented and warranted that his acceptance of West Face's offer of employment would not result in any breach of any non-solicitation and non-competition agreements. With respect to this particular representation, Brandon told us that he had a non-competition covenant with Catalyst. West Face subsequently asked Brandon to provide us with a copy of his employment contract with Catalyst redacting any confidential information. On May 28, 2014, Brandon provided us with a redacted copy of his employment contract with Catalyst (the "**Catalyst Employment Contract**"). A copy of the Catalyst Employment Contract is attached as Exhibit "C" to my Affidavit.

-9-

28. Upon reviewing the Catalyst Employment Contract, West Face concluded that the non-competition covenant was unenforceable for a number of different reasons. I will give just two examples here. First, given its breadth, it would prohibit Brandon from working for virtually any investment company in Ontario. In addition, the covenant restricted Brandon from working in any business of the type conducted by “any direct Associate” of Catalyst within Canada, which, given the nature and industry scope of Catalyst’s investments and the broad definition of “Associate” under Ontario’s *Business Corporations Act*, prohibited Brandon from participating in a wide variety of industries and sectors that are completely unrelated to Brandon’s duties with West Face. There are certainly other reasons to challenge the clause in addition to these two. As such, we concluded that Brandon was not restricted from working for West Face by virtue of the non-competition clause, as it was not enforceable.
29. West Face also reviewed the non-solicitation clause in the Catalyst Employment Contract and concluded that it was similarly unenforceable. While there are a number of reasons for its unenforceability, for brevity, I will simply note that it is overbroad since it purports to prevent Brandon from soliciting equity or other forms of capital for any entity “...managed, advised and/or sponsored by any of the protected entities” regardless of whether Brandon actually had any contact or relationship with the particular entity during the course of his employment.
30. In any event, the nature of Brandon’s position with West Face is such that he will not be soliciting equity or other forms of capital for West Face’s funds, and

-10-

therefore the risk of a breach of this clause, notwithstanding its unenforceability, is low.

31. At the time that West Face first provided Brandon with a written offer of employment, I asked Alexander Singh, West Face's General Counsel and Secretary, to speak to Brandon and remind him that he was not under any circumstances to disclose or use any confidential or proprietary information belonging to Catalyst. I did so because I wanted to ensure that Brandon understood that although we did not feel the non-competition covenant was enforceable, Brandon still had obligations of confidentiality to Catalyst.

32. I am advised by Mr. Singh and verily believe that he immediately conveyed my concerns to Brandon, and that Brandon confirmed to Mr. Singh that he would not disclose or use any confidential or proprietary information belonging to Catalyst.

West Face Advises Catalyst that Brandon will Abide by His Confidentiality Obligations

33. On May 30, 2014, West Face received a letter from Catalyst's external counsel, Rocco Di Pucchio, expressing concerns over West Face's hire of Brandon. At the time we received this letter, I had already been advised by Mr. Singh that he had spoken with Brandon about his confidentiality obligations. A copy of Mr. Di Pucchio's letter dated May 30, 2014 is attached as Exhibit "D" to my Affidavit.

-11-

34. On June 3, 2014, West Face's external counsel, Adrian Miedema, responded to Catalyst's letter on West Face's behalf. In this letter, West Face confirmed that it had impressed upon Brandon that he was not to share or divulge any confidential information that he obtained during his employment with Catalyst. A copy of Mr. Miedema's letter dated June 3, 2014 is attached as Exhibit "E" to my Affidavit.
35. By letter dated June 5, 2014, Brandon's counsel, Jeff Hopkins, advised Catalyst that in response to its concerns, Brandon was willing to confirm in writing that he understood and would abide by the confidentiality provision contained in the Catalyst Employment Contract. A copy of Mr. Hopkins' letter dated June 5, 2014 is attached as Exhibit "F" to my Affidavit.
36. In a letter dated June 13, 2014, Mr. Di Pucchio advised that the assurances of West Face and Brandon that Brandon would not share or divulge any of Catalyst's confidential information "did not go far enough". A copy of Mr. Di Pucchio's letter dated June 13, 2014 is attached as Exhibit "G" to my Affidavit.
37. I am advised by Mr. Miedema and verily believe that on June 18, 2014, he attended a conference call with Mr. Di Pucchio and Mr. Hopkins during which Mr. Di Pucchio advised that Catalyst was concerned about a specific transaction for which Catalyst and West Face had each submitted bids (the "Transaction").
38. In response to Catalyst's concerns, Mr. Hopkins sent a letter on June 19, 2014 in which Brandon again confirmed that he fully understood and intended to abide by his contractual obligations of confidentiality to Catalyst and further, that he

-12-

would not divulge any information regarding the Transaction. The letter confirmed that Brandon was willing to confirm these legal obligations in writing, including references to specific areas of concern of Catalyst. A copy of Mr. Hopkins' letter dated June 19, 2014 is attached as Exhibit "H" to my Affidavit.

39. Later that afternoon, Mr. Miedema received an email from Mr. Di Pucchio advising that he had been instructed by Catalyst to commence proceedings against West Face and Brandon. Prior to receiving this communication, West Face was already in the process of implementing a confidentiality wall between Brandon and the rest of West Face with respect to the Transaction (the "Confidentiality Wall").
40. Under the terms of the Confidentiality Wall which has been in place since Brandon started working at West Face on June 23, 2014, Brandon is not permitted to discuss any information that he may have about the Transaction with anyone at West Face, nor can anyone at West Face inquire about or discuss the Transaction with Brandon. Further, West Face's information technology group restricted access to the network for files regarding the Transaction. Copies of the Confidentiality Wall Memorandum and the email from West Face's Chief Compliance Officer to Brandon enclosing the Confidentiality Wall Memorandum are attached as Exhibits "I" and "J" respectively to my Affidavit.
41. Mr. Miedema subsequently wrote, by letter dated June 19, 2014, to Mr. Di Pucchio advising that West Face had implemented the Confidentiality Wall and confirming that Brandon had not had, and would not have, any involvement with

-13-

the Transaction at West Face. A copy of Mr. Miedema's letter dated June 19, 2014 is attached as Exhibit "K" to my Affidavit.

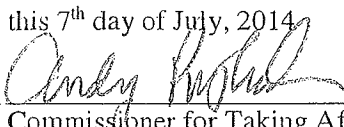
42. Since the commencement of this litigation, West Face has taken steps to preserve all documents relevant to the matters at issue. In addition, West Face has conducted a diligent search of its emails to determine whether there was any information of Catalyst disclosed by Brandon. West Face has found only one email from Brandon in which he provided West Face with documents related to Catalyst's business. The documents were provided by email from Brandon to me at the early stages of the recruitment process as a way of Brandon showing me his written communication skills and the types of work he was doing at Catalyst. A copy of the email from Brandon to me dated March 27, 2014 is attached as Exhibit "L" to my Affidavit.
43. West Face has not used or relied on any of the documents attached to this email, nor has West Face done any significant review of the documents attached to this email. Moreover, as I noted earlier, prior to Brandon commencing work, I am advised by Mr. Singh and verily believe that he conveyed to Brandon that West Face takes matters of confidentiality very seriously and that if he wished to work at West Face he was not to provide West Face with any information related to Catalyst's business. Brandon has not made any further disclosures of any of Catalyst's information.
44. Interim relief is not appropriate. There are legitimate grounds to believe that the non-competition and non-solicitation covenants are not enforceable. That said,

-14-

even if the covenants may be enforceable, which is not admitted but is expressly denied, interim relief is not justified, as monetary damages are calculable and will be sufficient to address any damage to Catalyst.

45. Moreover, West Face has taken significant efforts to ensure that no confidential information is disclosed by Brandon to West Face, West Face has done a comprehensive review of its emails respecting confidentiality and with one exception (which has been addressed) no such information has been disclosed, and with respect to the Transaction that Catalyst has raised as a concern, West Face has taken steps to ensure not only that no confidential information is disclosed, but has gone so far as to ensure that Brandon has no access to or involvement in the Transaction on behalf of West Face. In any event, West Face confirms that it will preserve all relevant documents to any matter in issue which West Face has in its power, possession or control for the duration of this proceeding.

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

SWORN before me at the City of)
 Toronto in the Province of Ontario)
 this 7th day of July, 2014)
)
 Commissioner for Taking Affidavits, etc)


 THOMAS DEA

THE CATALYST CAPITAL GROUP INC.
Plaintiff

- and -

BRANDON MOYSE and WEST FACE CAPITAL INC.
Defendants

RMR Page 161

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF THOMAS DEA
(Sworn July 7, 2014)

DENTONS CANADA LLP
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Telephone: (416) 863-4660/(416) 862-3468
Facsimile: (416) 863-4592

Lawyers for the Defendant,
West Face Capital Inc.

TAB G


This is Exhibit "G" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of wavy lines.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF THOMAS DEA SWORN BEFORE
ME THIS 7TH DAY OF JULY, 2014.


A Commissioner etc.

BETWEEN: THIS EMPLOYMENT AGREEMENT dated as of May 26, 2014.

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.

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 (prorated 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" includes, 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. INTELLECTUAL PROPERTY

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.

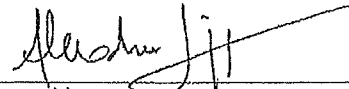
ARTICLE 17.
GENERAL

- 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.

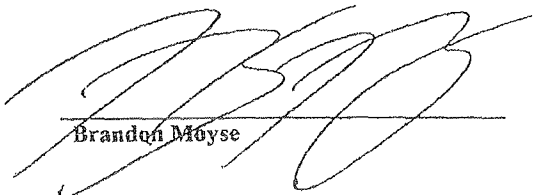
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

WEST FACE CAPITAL INC.

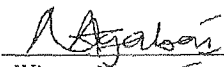
Name:

Title:

Agreed and accepted this 26 day of May, 2014



Brandon Moyse



Witness Name: IVAN NUWAGABA

THIS IS EXHIBIT "L" REFERRED TO IN THE
AFFIDAVIT OF THOMAS DEA SWORN BEFORE
ME THIS 7TH DAY OF JULY, 2014.


A Commissioner etc.

From: Tom Dea
Sent: March-27-14 10:28 AM
To: - Greg Boland; Peter Fraser; Tony Griffin; Yu-Jia Zhu
Subject: FW: Update

We met 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? ??

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. Secondly, 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



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

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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

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

HOMBURG INVEST INC.

MAY 2013

1.	Executive Summary.....	2
2.	Business Description	3
3.	Capitalization	14
4.	Situation Overview	16
5.	Comparables.....	26
6.	Corporate Structure.....	27
7.	Waterfall Analysis.....	29
8.	Capital Structure Summary.....	42
9.	Operating and Credit Statistics	44
10.	Review of Historical Asset Values.....	45
11.	Summary / Issues / Next Steps.....	46
12.	Appendix	47

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

Series	Catalyst Multiple on Claims																		Catalyst Multiple on Cash					
	Catalyst				Catalyst Multiple on Claims			Catalyst Equity			Catalyst Multiple on Cash				Catalyst Equity			Catalyst Multiple on Cash						
	Total Recovery as % of Total Claim				Already Owned			Cash-Set Price			Equity Recovery as % of Total Claim				Equity Cash Out			Equity Cash Out						
	Avg Price # of Pct = Claims Owned	Monitor Low ⁽¹⁾	Monitor High ⁽¹⁾	Comparables Normalized ⁽¹⁾	Low	High	Normalized	Low	High	Normalized	Monitor Low ⁽²⁾	Monitor High ⁽²⁾	Comparables Normalized ⁽²⁾	Low	High	Normalized	Low	High	Normalized					
Mortgage Bonds																								
HMB4	44.4%	56.7%	67.3%	53.3%	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%	51.3%	1.3x	1.5x	3.0x	16.4%	16.5%	28.0%	28.9%	79.0%	1.7x	1.7x	4.7x	1.7x	1.7x	4.6x						
HMB6	24.5%	75.5%	81.0%	191.7%	3.2x	3.4x	8.2x	30.5%	30.7%	52.0%	51.6%	143.8%	1.7x	1.7x	4.7x	1.6x	1.8x	4.9x						
HMB7	69.8%	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																								
UB5	20.7%	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						
UB3	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						
UB10	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						
UB11	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	16.5%	41.4%	46.1%	107.1%	1.6x	1.7x	4.3x	16.7%	17.2%	18.5%	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) Under the plan, purchased outside of the tender offer. Price represents weighted average price paid.

(2) Source: Monitor (Catalyst) Information Circular dated April 23, 2013.

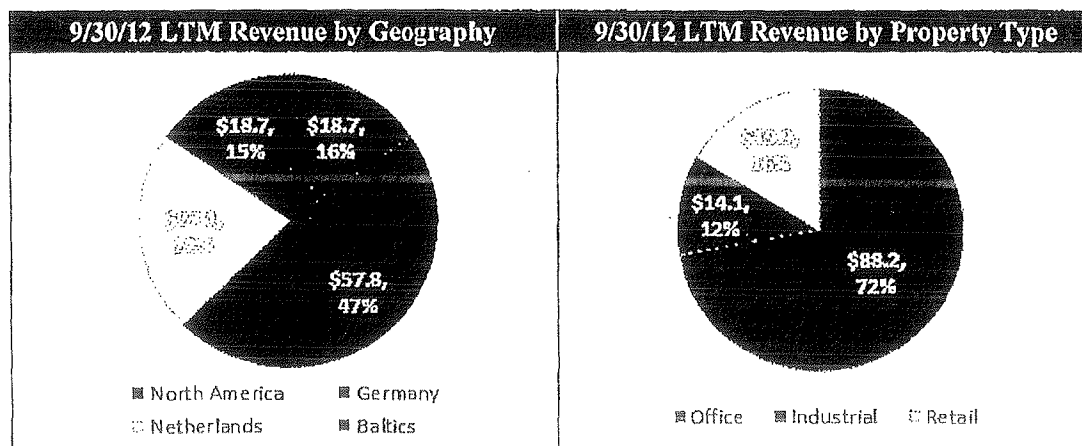
(3) DCF values calculated based on assumptions of 10% discount rate and 10% growth rate.

Note: Recovery of purchase price is 100% of value of claims; Catalyst's tender price is based on the value of claims.

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



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

HII Asset Breakdown

(As at September 30, 2012, CS 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	\$27.8	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

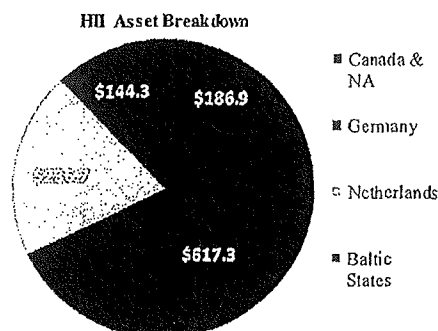
Construction Properties Being Developed for Resale

	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

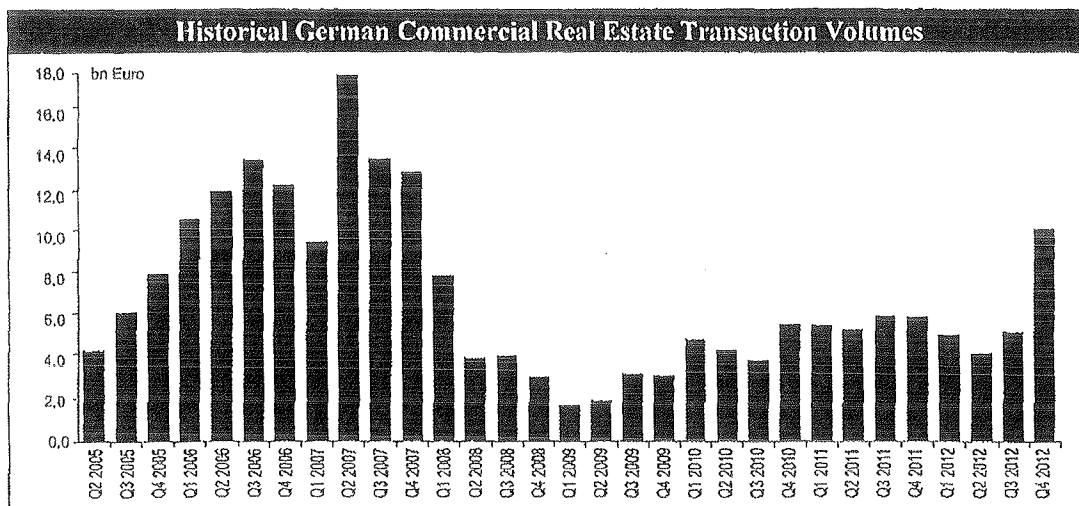
Total	123	1,185.2	7.5
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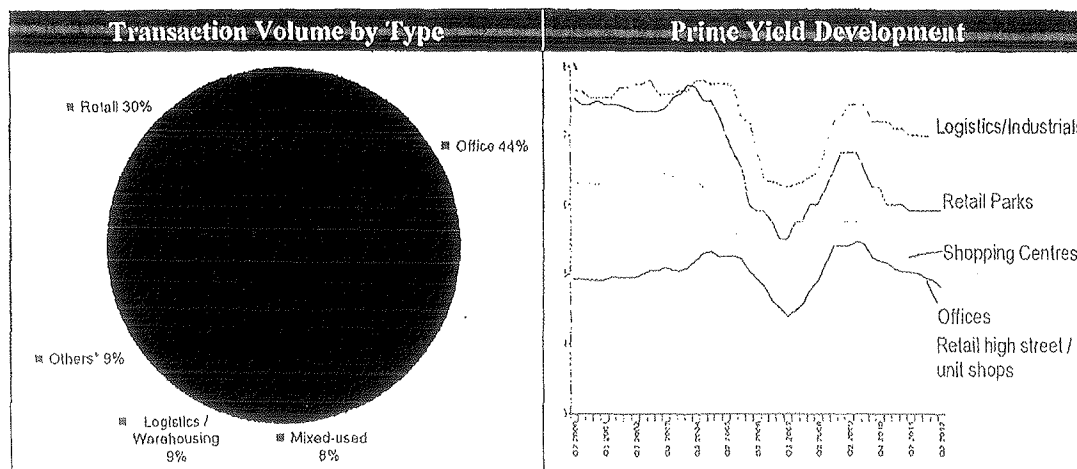
- Homburg's assets are held in individual numbered LPs, called "Homcos", of which Homburg is the sole limited partner and also controls the managing general partner
- The Company has a diverse list of quality tenants across its investment properties including: Infineon Technologies, SEB Group, Moto Dupli 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

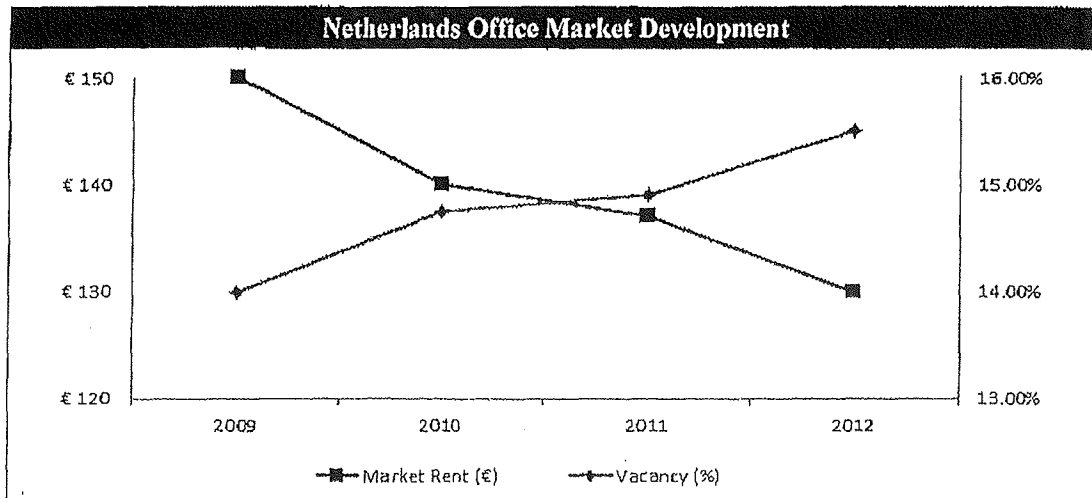


- Demand was mostly focused on the “Core” segment (i.e. high quality properties in prime locations), but since the end of 2011, appetite for Core-Plus properties has been visibly increasing due to lack of supply of Core assets
 - Homburg’s German assets would likely be characterized as Core-Plus
- There 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



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
 - 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
 - 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
 - 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
 - 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



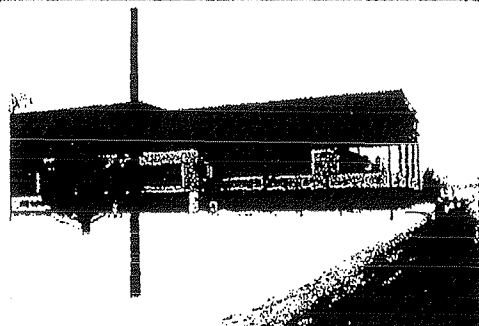
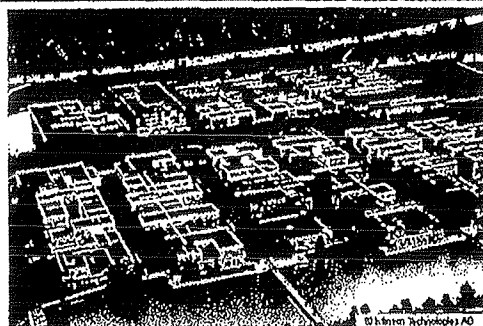
Key Assets

- 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

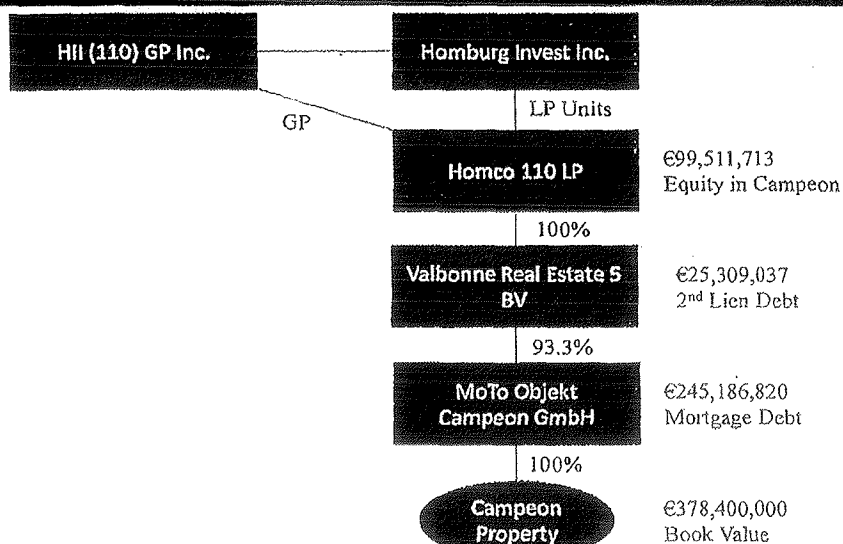
Homco 110 ("Campeon") – AM Campeon 1-12, Neubiberg (Munich), Germany

- 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



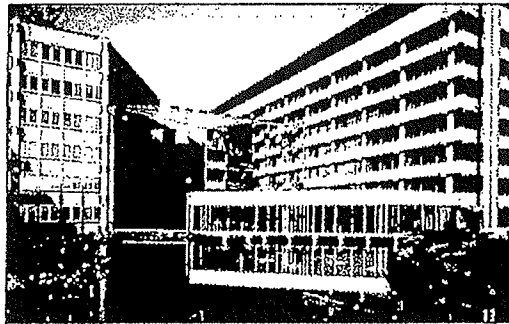
Campeon Structure



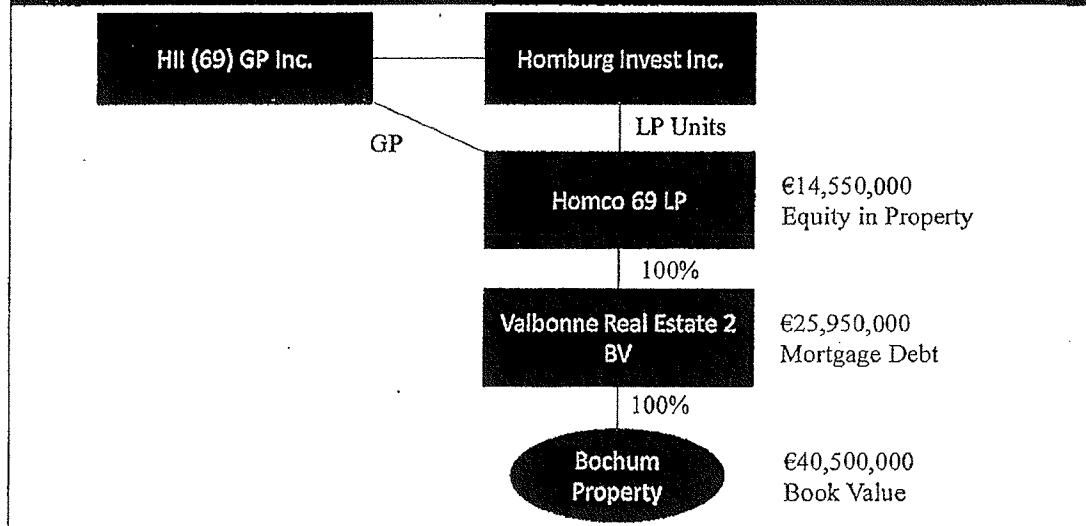
Homco 69 – Philippstrasse 3, Bochum, Germany

- 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



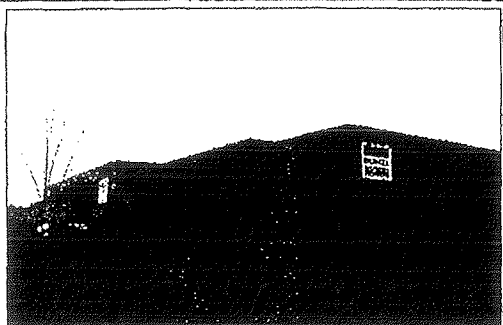
Homco 69 Structure



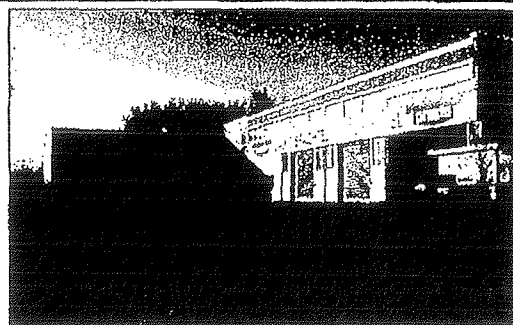
Homco 70

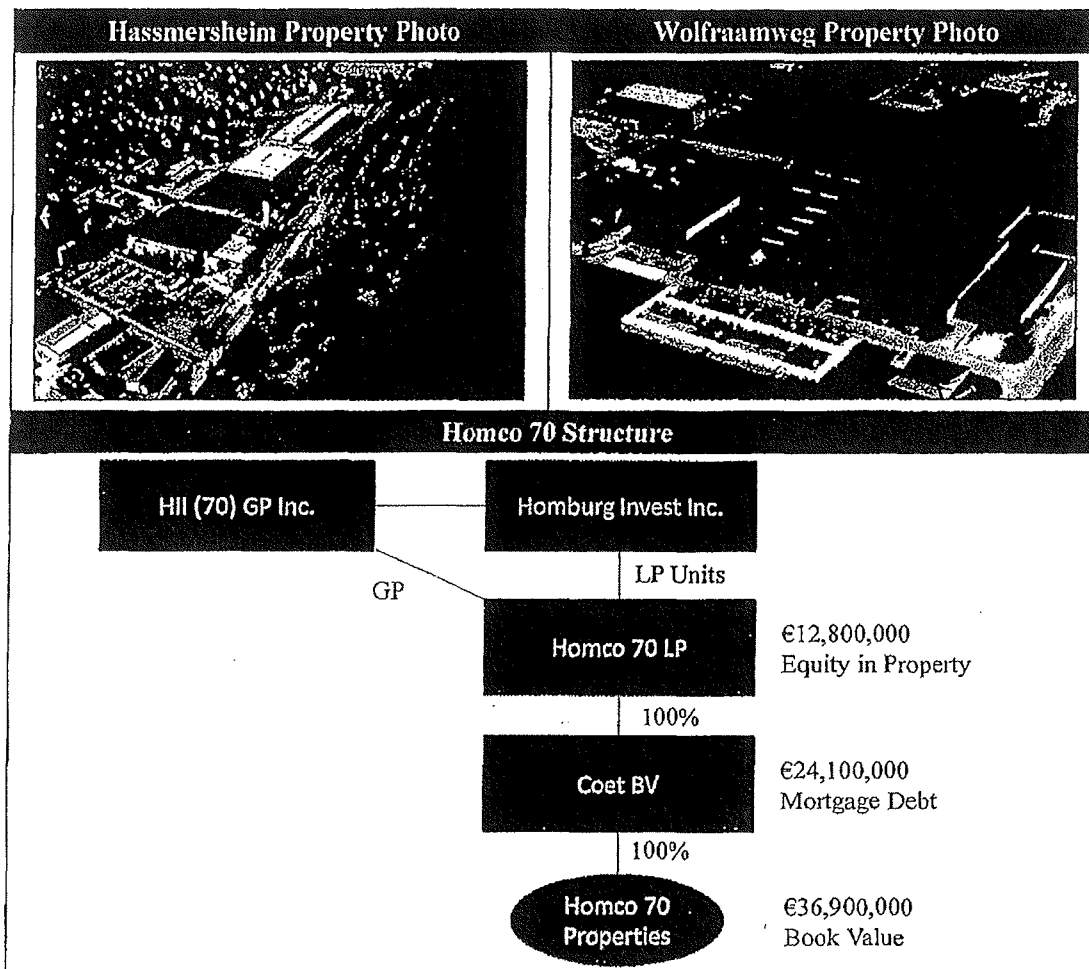
- Homco 70 holds four properties: 3 in Germany and 1 in the Netherlands
 - Elbestrasse 1-3, Marl, Germany
 - Light industrial / storage / office space located in industrial section of Marl, a town of 87,000 in North-Rhine Westphalia. Closest major city is Essen, ~16 miles away
 - 169,178 sqft. of leasable 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



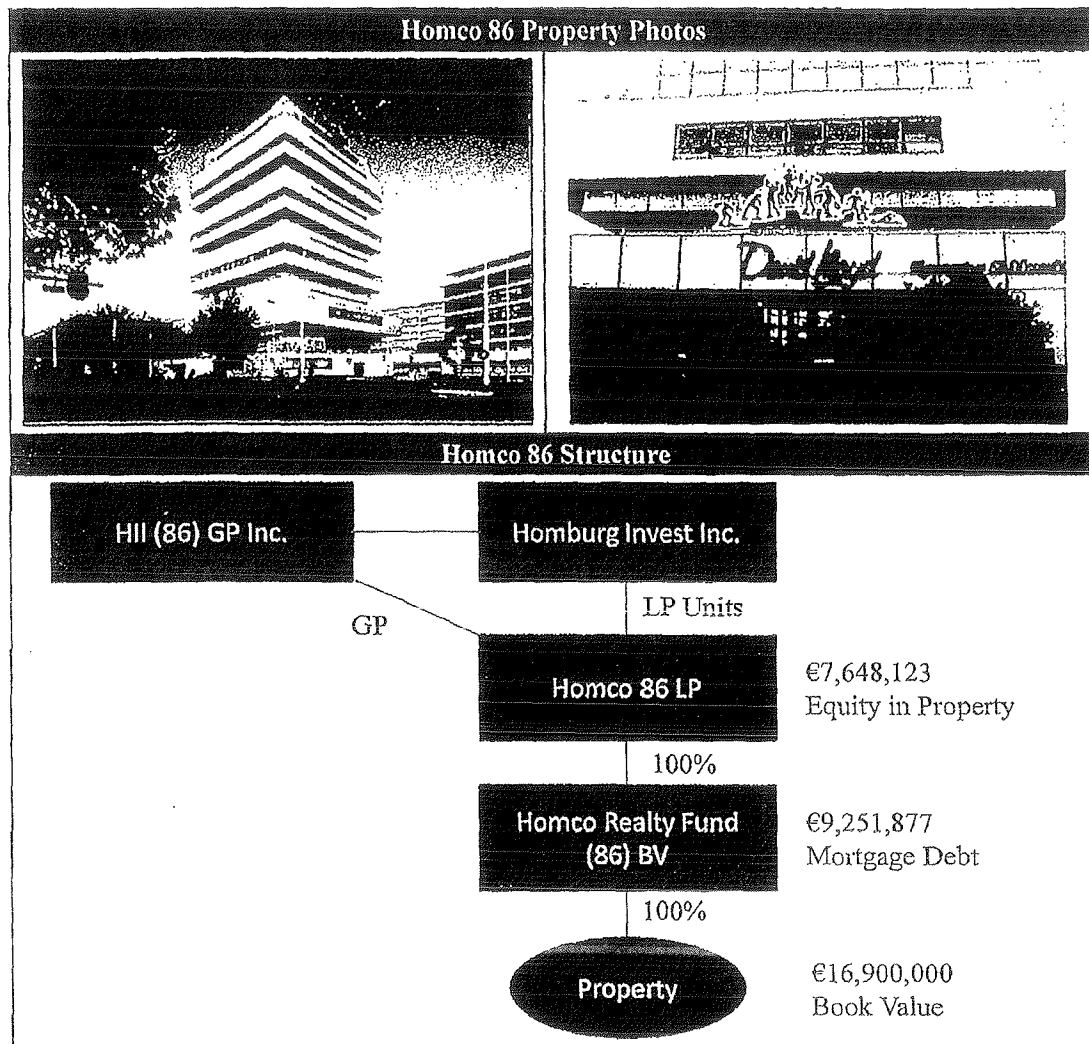
Schwerte Property Photo





Homco 86 – Benthemstraat 10, Rotterdam, Netherlands

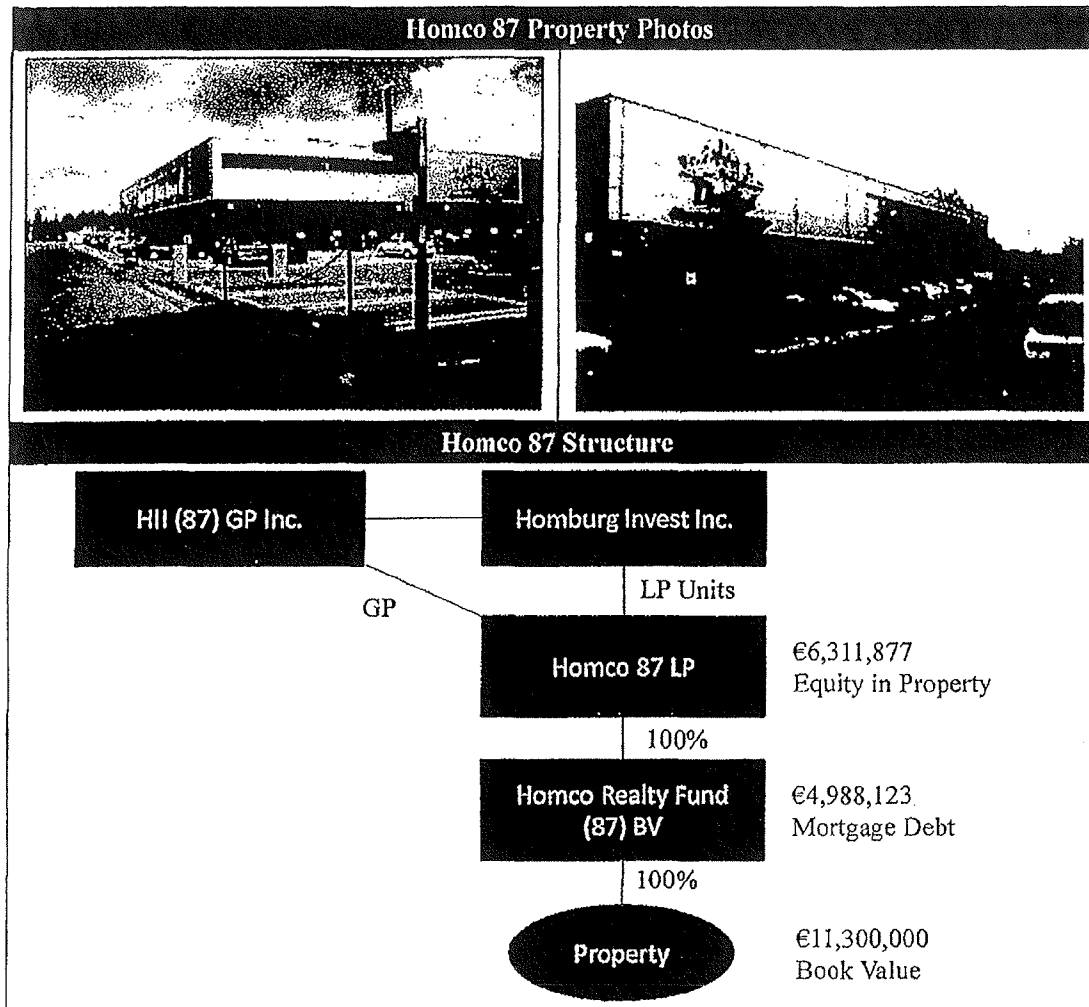
- Office building in north-central Rotterdam district of Agniesebuurt
- Rotterdam is the second-largest city in the Netherlands with a population of 617,000
- The property is leased until 2033 to David Lloyd Sports & Health club, a European chain of large fitness and health centres, and is currently 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 87 – Benthemstraat 10, Rotterdam, Netherlands

- 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



Newco Core Business Assets

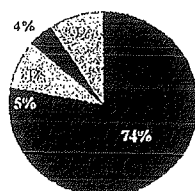
- Newco, the restructured Homburg which comprises its core income-producing, equity-positive assets, will own a portfolio of 61 commercial, retail and industrial properties in three geographic regions: Netherlands, Germany and the Baltics
- The Canadian and U.S. assets are being divested to fund cash payments to existing creditors under the restructuring plan

Newco Asset Breakdown

(As per Information Circular dated April 28, 2013)

Investment Properties				Country	Address	Lettable Area - Square Feet
	Properties	Fair Value (000s)	Sq. Ft. (000s)			
Germany	5	€ 450,301	2,267.7	Germany	Philippstrasse 3, Bochum	248,937
Netherlands	3	€ 28,128	307.8	Germany	Elbestrasse 1-3, Marl	304,565
Estonia	12	€ 51,030	323.6	Germany	Binnerheide 26, Schwerie	54,584
Latvia	16	€ 26,920	229.4	Germany	Industriestrasse 19, Hassmersheim	169,047
Lithuania	25	€ 56,690	439.2	Germany	AM Campeon 1-12, Neubiberg	1,490,520
Total	61	€ 613,069	3,567.6	Germany Total	5 Properties	2,267,652

Investment Properties by Value



■ Germany ■ Netherlands ■ Estonia ■ Latvia ■ Lithuania

Netherlands	Wolframweg 2, Wolvega	191,834
Netherlands	Benthamstraat 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)

	<u>EUR</u>	<u>CAD⁽¹⁾</u>	<u>Maturity</u>	<u>Int. Rate</u>
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

	<u>EUR</u>	<u>CAD⁽¹⁾</u>	<u>Maturity</u>	<u>Int. Rate</u>
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

	<u>EUR</u>	<u>CAD⁽¹⁾</u>	<u>Maturity</u>	<u>Int. Rate</u>
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

	<u>EUR/US</u>	<u>CAD⁽¹⁾</u>	<u>Maturity</u>	<u>Int. Rate</u>
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

	<u>EUR/US</u>	<u>CAD⁽¹⁾</u>	<u>Maturity</u>	<u>Int. Rate</u>
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		
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(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
- 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)
 - Catalyst was the first fund to put an offer forward for any of the Company's securities
 - 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:
 - Full offer extended to all creditors to supplement Catalyst's initial offer to holders of the mortgage bonds

- 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")
 - 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
 - Hired a private investigator to provide further information on her relationship with Richard Homburg
 - 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									
Series	Face Value (€)	Price Paid (€)	Average Price	Monitor Recovery Range ⁽¹⁾			Catalyst Returns ⁽²⁾		
				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

Series	Face Value (€)	Price Paid (€)	Average Price	Monitor Recovery Range			Catalyst Returns		
				Low	Mid	High	Low	Mid	High
H88	2,325,000	573,800	24.7%	45.7%	48.4%	51.0%	2.0x	2.1x	2.2x
H89	3,015,000	753,000	25.0%	45.7%	48.4%	51.0%	1.9x	2.0x	2.2x
H810	7,140,000	1,783,950	25.0%	45.7%	48.4%	51.0%	1.9x	2.1x	2.2x
H811	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

Series	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		
	Avg. Price % of Face - Claims Owned	Monitor Low ⁽¹⁾	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
<i>Mortgage Bonds</i>																		
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	4.5x
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
<i>Unsecured Bonds</i>																		
H88	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
H89	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
H810	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
H811	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
<i>Other Claims ⁽¹⁾</i>																		
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) RUN450mm 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

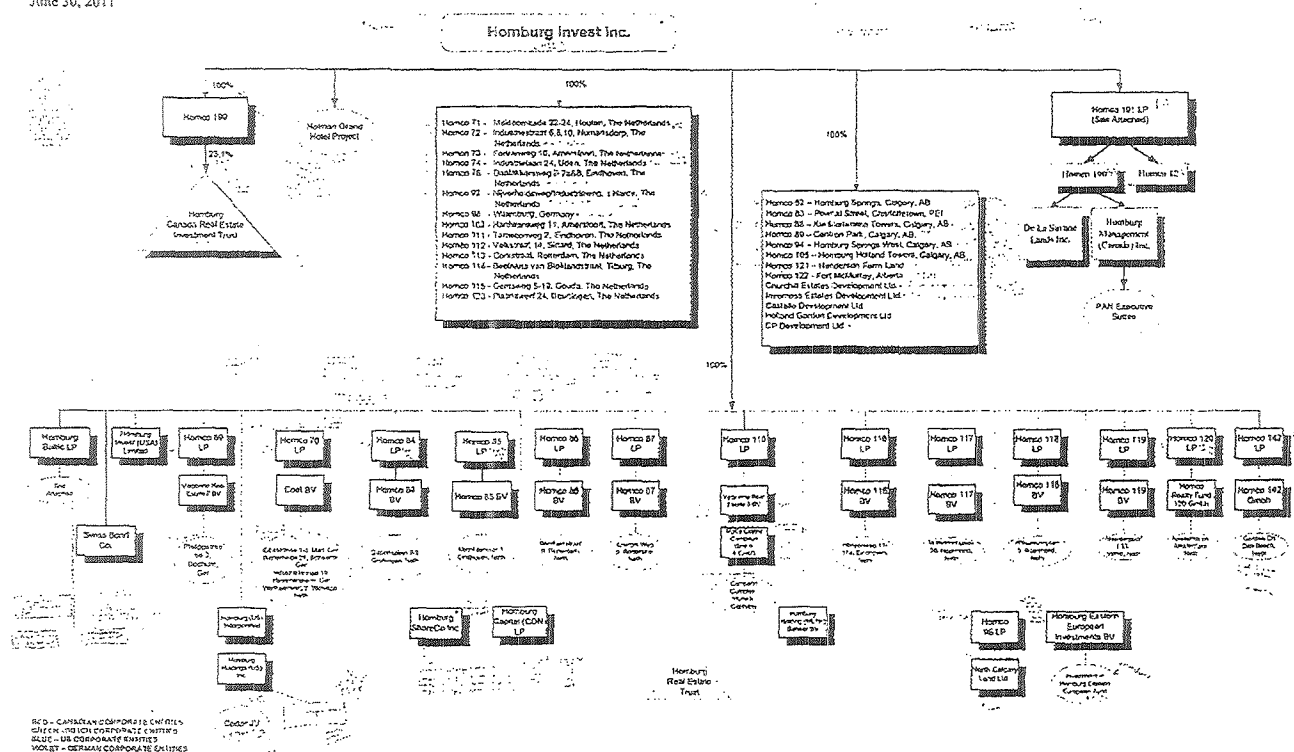
- The Company's publicly traded comparables are valued, on average, at:
 - 6.57% capitalization rate (Net Operating Income / Investment Property value)
 - 5.46% Adjusted Funds from Operations yield (Cash from Operations less CapEx)
 - 1.02x book value
 - 6.90% dividend yield
- Based on these trading 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)

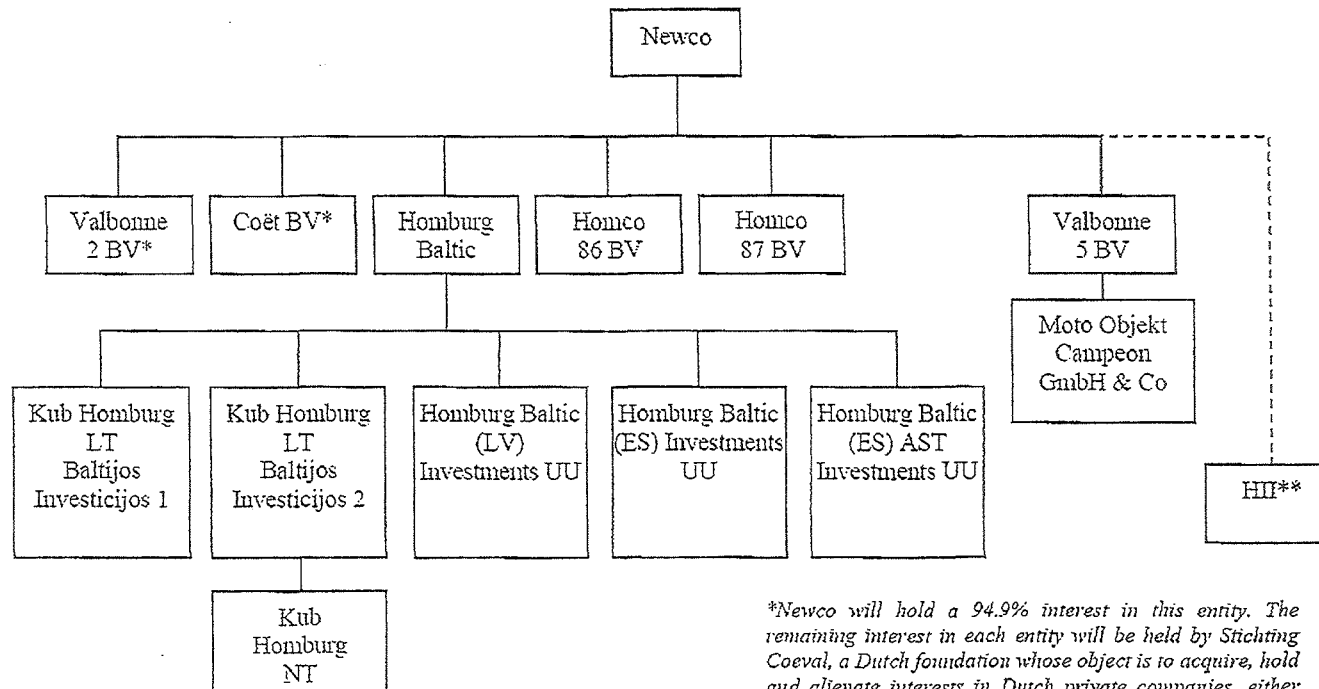
All EUR unless otherwise noted													
	Country(ies) of Focus	Curr.	Total Assets	Investment Properties	Book Equity				Price / Book	NOI Cap Rate	AFFO Yield	Dividend Yield	
					Value	Market Cap	NOI	Adj. FFO					
Eurcommercial Properties	France/Italy	EUR	2,733,030	2,666,233	1,281,851	1,203,210	147,900	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%	
Hanstee 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	

- 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

Homburg Invest Inc.



- 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
 - Antecedent pages cover the asset-level analysis and value flow

Recovery Analysis (CS 000s unless otherwise noted)			
	Low Case	Mid Case	High Case
Estimated Cash at Emergence⁽¹⁾			
Estimated Cash Before Adjustments	69,773.88	69,773.88	69,773.88
HMB3 Guarantee Payment ⁽²⁾	(3,063.85)	(3,063.85)	(3,063.85)
Loans Negotiation ⁽³⁾	(24,790.00)	(24,790.00)	(24,790.00)
Release of Retained 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)
JISBC Secured Claim ⁽⁴⁾	(17,426.70)	(17,426.70)	(17,426.70)
Net Estimated Cash at Emergence	37,896.61	35,882.49	31,868.37
Germany Residual Value from Property Equity	99,813.94	130,553.54	161,293.14
Netherlands Residual Value from Property Equity	15,780.33	28,457.94	42,358.81
Bahamas Residual Value from Property Equity	8,667.12	17,688.00	35,729.26
USA Residual Value from Property Equity	4,133.00	8,633.00	18,193.00
Canada Residual Value from Property Equity	19,980.39	35,158.89	51,311.58
Residual Value from Property Equity CS	148,374.98	228,491.37	303,816.29
Total Remaining Residual Value CS	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			
HMB 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 28.01mm) - Deficiency Claim	21,013.41	17,688.41	14,363.41
HMB5 Series (EUR 20.01mm) - Deficiency Claim	24,597.56	24,597.56	24,597.56
HMB6 Series (EUR 31.23mm) - Deficiency Claim	29,873.29	24,063.38	17,030.01
HMB7 Series (EUR 31.23mm) - Deficiency Claim	29,249.13	19,796.63	10,344.13
Total HMB 4,5,6,7 Series Deficiency Claims	104,733.38	86,145.56	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 CS	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	101,581.14	146,581.31	200,252.37
Recovery Including Accrued Interest %	24%	34%	47%
HB Series Recovery from Taberna Notes⁽⁶⁾	10,494.27	15,622.78	22,228.22
Total HB Series Recovery	112,075.41	162,204.10	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) HMB3 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) JISBC is a holder of 5 sub-sold Canadian properties. JISBC will be paid at emergence, prior to the sales of those properties.

(5) Accrued interest from 8/30/2011 to 9/2/2011 (filing date).

(6) EUR100m of Taberna notes are subordinated to HB series and HB9 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

Item	Low Case	Mid Case	High Case
Homburg Mortgage Bonds			
Deficiency Claim Recovery	26%	38%	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	4,098.32	6,045.17	6,715.35
Additional Recovery from Taberna Notes ⁽¹⁾	514.85	645.18	745.41
HMB4 Series Total Recovery	12,163.17	16,685.35	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⁾	601.67	897.19	1,276.53
HMB5 Series Total Recovery	9,519.38	12,369.47	15,641.53
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	8,223.87	7,962.08
Additional Recovery from Taberna Notes ⁽¹⁾	731.93	877.71	883.80
HMB6 Series Total Recovery	21,139.22	28,213.02	34,990.69
Recovery from Residual Collateral Value	31%	44%	61%
Recovery from Deficiency Claim	16%	19%	18%
Additional Recovery from Taberna Notes	2%	2%	2%
HMB6 Recovery Including Accrued Interest %	49%	65%	81%
HMB7 Residual Collateral Value	13,905.00	23,357.50	32,810.00
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	3.7%	2.5%	1.3%
HMB7 Series Deficiency Claim Recovery	6,957.30	6,765.67	4,836.11
Additional Recovery from Taberna Notes ⁽¹⁾	716.64	722.08	536.82
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) HMB4, HMB5, and HMB6 are subordinated to HMB7 and HMB8 series deficiency claims. Their recovery will flow up to support the HMB7 series recovery and HMB8 deficiency claims recovery.

(2) HMB5 bondholders voted to release their security in return for a lump sum payment to be made at emergence.

(3) HMB6 residual security consists of a receivable due from HMB7 to HMB8. HMB8 has a claim on the assets of HMB7.

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 \$5,000s unless otherwise noted)

Assets

Property	Lender	Entity	Low	Mid	High
			50%	75%	100% of List Price
Homburg Springs, Calgary AB. NW quarter of Section Eleven, Township 26, Range 3, Calgary AB	na	Hombro 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%	46.6%
Deficiency Claim Recovery	\$4,988	\$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 \$5,000s unless otherwise noted)

Assets

Property	Lender	Entity	Low Value	Mid Value	High Value
			50%	75%	100%
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%	46.6%
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 HMB6's remaining claim is the deficiency claim
- HMB6 holders would therefore recover a total of 49-81% of their total claim

HMB6 (in \$'000's unless otherwise noted)					
Assets					
			Low	Mid	High
General Unsecured Recovery					
			24%	34%	47%
H61 Receivable from H1 - HMB6 Portion			55,921	55,921	55,921
H61 Receivable Recovery - HMB6 Portion			13,302	19,111	26,145
Property					
	Lender	Entity	70% of BV	85% of BV	100% of Book Value
Carat Park, Toucher Weg / Feldstrasse, Lutherstadt, Wittenburg, Germany	Halfield 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					
	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
Mathildelaan 1, Eindhoven, The Netherlands	SNS Bank	Homco 85 LP	24,280	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
Keasomlaan 6-10, Amstelveen, The Netherlands	FHP Bank	Homco 120 LP	8,190	9,945	11,700
Meldornkade 22-24, Houten, The Netherlands	Direktbank (ABN)	Homco 72 LP	3,430	4,165	4,900
Daalakkersweg 2-2a&b, Eindhoven, The Netherlands	Fortis Bank NV	Homco 76 LP	5,684	6,902	8,120
Industriestraat 6, 8, 10, Nijmegen, The Netherlands	Fortis Bank NV	Homco 72 LP	1,197	1,454	1,710
Sub-Total: Homco 71-120 Property Value			67,095	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%	45.4%
Homco 71 - 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					
			\$19,873	\$24,063	\$17,030
Deficiency Claim as % of Unsecured Pool					
			3.8%	3.1%	2.2%
Deficiency Claim Recovery (%)					
			23.8%	34.2%	48.8%
Deficiency Claim Recovery					
			\$7,106	\$8,224	\$7,962
Additional Recovery from Tobeco 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 Tobeco 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 \$,000s unless otherwise noted)					
Assets					
Property	Lender	Entity	Low 50%	Mid 75%	High 100% of List Price
Kai Mortensen Towers, Calgary AB	HSBC	Homco B8 LP	18,905	28,358	97,810
Homco B8 HSBC Construction Financing			5,000	5,000	5,000
Total			5,000	5,000	5,000
Residual Value to HMB7			13,905	23,358	92,810
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	\$92,810
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%	46.0%
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

Waterfall Analysis (€'s in 000s, unless otherwise indicated, as at September 30, 2012 or as per updated Monitor reports)				
Germany		Low Case	Mid Case	High Case (NAV)
Assets				
Assets	Entity	NAV	NAV	NAV
ABT Campeon 1, 1-12, 85579 Neuberg (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	1.31	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⁾	1.31	239,913.00	239,913.00	239,913.00
Recovery %		100%	100%	100%
Loan to Value	70%	70%	67%	63%
Intech Debt CAD ⁽¹⁾		4,250.48	4,250.48	4,250.48
Intech Debt EUR ⁽¹⁾	1.31	3,172.00	3,172.00	3,172.00
Recovery %		100%	100%	100%
Loan to Value	0%	2%	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	135,215.00
Equity Stake in LP ⁽¹⁾	100.00%	130,616.50	155,969.30	181,322.10
Equity Stake in LP	100.00%	97,475.00	116,395.00	135,215.00
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	1.31	24,059.04	24,059.04	24,059.04
Fair Value Adjustment ⁽¹⁾		-	-	-
Fair Value Adjustment CAD		-	-	-
Fair Value Adjustment EUR	1.31	-	-	-
Remaining Residual Value CAD		98,377.39	123,730.19	149,082.99
Remaining Residual Value EUR		73,415.96	92,325.96	111,255.96
Assets				
Assets	Entity	NAV	NAV	NAV
Carri Park, Teuchter Weg / Feldhause, Luthernstadt, Weidenburg, 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	1.31	14,245.61	17,419.67	20,493.73
Homco 98 LP Mortgage				
First Lien Mortgage Debt CAD ⁽¹⁾		27,716.56	27,716.56	27,716.56
First Lien Mortgage Debt EUR ⁽¹⁾	1.31	20,684.60	20,684.60	20,684.60
Recovery %		69%	84%	99%
Loan to Value	70%	144%	119%	101%
Remaining Residual Value CAD		-	-	-
Remaining Residual Value EUR		-	-	-
Mortgage Bond Payable				
Mortgage Bond HMB6 CAD ⁽¹⁾		42,554	42,554	42,554
Accrued Interest HMB6 CAD ⁽¹⁾		621	621	621
Total CAD		43,175	43,175	43,175
Mortgage Bond HMB6 EUR ⁽¹⁾	1.3026	31,230	31,230	31,230
Accrued Interest HMB6 EUR ⁽¹⁾		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		-	-	-
Unsecured HMB6 Bond Portion CAD		43,175	43,175	43,175
Unsecured 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

Divisions		Low Case	Mid Case	High Case (NAV)
Homco 69 LP				
Assets				
Property:	Entity			NAV
Phäopstrasse 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, Hauswiesheim, Germany	Homco 70 LP	18,076.60	20,522.10	22,967.60
Ehrenstrasse 1-3, Moll, Germany	Homco 70 LP	9,862.40	11,048.30	12,234.20
Birkenheide 26, Schwerte, Germany	Homco 70 LP	2,693.48	3,075.30	3,457.20
Wolvenweg 2, Weheze, The Netherlands	Homco 70 LP (1)	6,097.00	7,470.50	8,844.00
Total CAD		36,729.48	42,116.20	47,503.00
Total EUR	1.34	27,430.00	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				
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⁾	1.3620	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
Unsecured HMB5 Bond Portion CAD		24,598	24,598	24,598
Unsecured HMB5 Bond Portion EUR		18,052	18,052	18,052
German Remaining Residual Value CAD		99,813.94	130,553.54	167,293.14
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 EUR48,000 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 (Erg 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 (NAV)
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
Moedderlaan 1, Eindhoven, The Netherlands	Homco 85 LP (1)	24,270.00	29,495.00	34,700.00
Dankkingsweg 2-2a&8, Eindhoven, The Netherlands	Homco 76 LP (2)	5,684.00	6,992.00	8,120.00
Stationplein 7-9, Groningen, The Netherlands	Homco 84 LP (1)	16,870.00	20,485.00	24,100.00
Meidamlade 22-24, Houten, The Netherlands	Homco 71 LP (1)	3,430.00	4,165.00	4,900.00
Koersmolen 6-10, Amstelveen, The Netherlands	Homco 120 LP (2)	8,190.00	9,945.00	11,790.00
Forseweg 10, Amerfoort, The Netherlands	Homco 73 LP (2)	2,009.00	2,439.50	2,870.00
Industriestraat 6,8,10, Nieuwoudorp, The Netherlands	Homco 72 LP (2)	1,197.00	1,433.50	1,710.00
Total CAD		67,095.00	81,472.50	96,850.00
Total EUR	1.34	58,070.90	60,800.37	71,529.85
Netherlands Mortgage Debt⁽¹⁾				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%	40%
Loan to Value		308%	254%	216%
Remaining Residual Value CAD		-	-	-
Remaining Residual Value EUR		-	-	-
II61 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 - II61 Security (Receivable) CAD		13,301.53	19,111.44	26,144.81
Recovery - II61 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
Unsecured HMB6 Bond Portion CAD		29,873.29	24,063.38	17,030.01
Unsecured HMB6 Bond Portion EUR		21,759.10	17,423.34	12,174.56
HBOS Properties⁽⁴⁾				
Energieplein 9, Rotterdam, The Netherlands	Homco 87 LP (1)	9,112.00	11,658.00	14,204.00
Bouwenstraat 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
HBOS Mortgage Debt⁽⁵⁾				
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	6,925.00	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

Assets		Low Case	Mid Case	High Case (NAV)
Assets				
Property⁽¹⁾	Entity			NAV
Bruidenringel, Den Bosch, The Netherlands	Homco 142 LP (1)	4,464.88	6,378.40	7,504.00
Garden Court, Amsterdam, The Netherlands	Homco 142 LP (2)	7,973.00	11,390.00	13,408.00
Total CAD		12,437.88	17,768.40	20,912.00
Total EUR	1.34	9,282.00	13,260.00	15,600.00

FGH 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
Bechtels van Bokkendaal 10-14, Tilburg, The Netherlands	Homco 114 LP (2)	4,614.96	5,603.88	6,592.80
Pluizenwerf 22, 6641 TL Bovenrij, The Netherlands	Homco 123 LP (1)	8,160.68	9,909.30	11,658.00
Conkstraat 38-46, Shellfield Straat 21-39, Suiterstraat 30-34 Rosierdijk, The Netherlands	Homco 113 LP (1)	8,273.16	10,045.98	11,818.80
Tanassweg 2, Eindhoven, The Netherlands	Homco 111 LP (1)	6,097.00	7,403.50	8,710.00
Huizenweg 11-11a, Eindhoven, The Netherlands	Homco 116 LP (1)	5,159.00	6,264.50	7,370.00
Hardswegweg 11, Amersfoort, The Netherlands	Homco 102 LP (1)	4,596.20	5,581.10	6,566.00
Wilhelmiastraat 5, Roermond, The Netherlands	Homco 118 LP (2)	3,732.00	4,556.00	5,360.00
Genuweg 5-19, Gouda, The Netherlands	Homco 115 LP (1)	3,876.80	4,100.40	4,824.00
Valkstraat 14, Stiaad, The Netherlands	Homco 112 LP (1)	2,345.00	2,847.50	3,350.00
Wilhelmiastraat 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, 't Harde, The Netherlands	Homco 92 LP	957.54	1,367.92	1,667.92
Nijverheidsweg 12, 't Harde, The Netherlands	Homco 92 LP (2)	957.54	1,367.92	1,667.92
Nijverheidsweg 14A, 't Harde, The Netherlands	Homco 92 LP (2)	957.54	1,367.92	1,667.92
Nijverheidsweg 18, 't Harde, The Netherlands	Homco 92 LP (3)	957.54	1,367.92	1,667.92
Nijverheidsweg 18A, 't Harde, The Netherlands	Homco 92 LP (3)	957.54	1,367.92	1,667.92
Nijverheidsweg 14, 't Harde, The Netherlands	Homco 92 LP (3)	957.54	1,367.92	1,667.92
Hornburg 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⁽¹⁾				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		15,780.53	28,457.94	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. HMBG has a claim on HGI's assets. HGI has a receivable due from HBI which will participate in the general unsecured recovery and flow through to HMBG.

(3) Accrued interest from 6/08/2011 to 9/9/2011 (final 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 (NAV)
Assets				
Property⁽¹⁾	Entity			NAV
Tornimäe 2, Tallinn, Estonia	Homburg Baltic (ES) AST Investments UU	44,990.50	47,637.00	52,930.00
Unikentri, Riga, Latvia	Homburg Baltic (LV) Investments UU	23,235.60	24,602.40	27,336.00
Laives 75, Vihārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	4,556.00	4,824.00	5,360.00
Māironis 19, Kaunas, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	3,530.90	3,738.60	4,154.00
Torņa mī. 13, Tallinn, Estonia	Homburg Baltic (ES) Investments UU	3,417.00	3,618.00	4,020.00
Laives 12, Kaunas, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	7,859.10	8,321.40	9,246.00
Godimāro 10, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	9,112.00	9,648.00	10,720.00
Tības 157, Sīmulis, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	3,872.60	4,100.40	4,556.00
Jagālos 9/1, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	7,973.00	8,342.00	9,380.00
Godimāro 12, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	8,770.30	9,286.10	10,318.00
Makela 1, Tallinn, Estonia	Homburg Baltic (ES) Investments UU	774.52	820.68	911.20
Ruimārges 20, Pāncērges, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	3,417.00	3,618.00	4,020.00
Ruimāro 40a, Pāncērges, Līdumānā	Homburg Baltic (ES) AST Investments UU	3,075.30	3,256.20	3,618.00
Bomārs kls 4/6, Lēpja, Latvia	Homburg Baltic (LV) Investments UU	1,480.70	1,567.80	1,742.00
Oroks kls 1, Grubene, Latvia	Homburg Baltic (LV) Investments UU	683.40	723.60	804.00
Jagālos 9a, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	3,309.10	3,497.40	3,886.00
Ais 5, Vārs, Estonia	Homburg Baltic (ES) AST Investments UU	1,082.05	1,145.70	1,273.00
Kestācis 38, Kaunas, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	1,366.86	1,447.20	1,608.00
Vārs 11, Pāncērges, Līdumānā	Homburg Baltic (ES) AST Investments UU	828.08	868.32	961.80
Rīgas kls 2, Sāls, Latvia	Homburg Baltic (LV) Investments UU	683.40	723.60	804.00
Zemum 70, Vihārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	569.58	603.00	670.00
Vārs 2, Vihārs, Līdumānā	Homburg Baltic (ES) AST Investments UU	945.37	1,000.98	1,112.20
Baumavārs 51, Kēdānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	1,366.86	1,447.20	1,608.00
Burbos 3, Mārkānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	569.58	603.00	670.00
Tānānā 28, Narva, Estonia	Homburg Baltic (ES) AST Investments UU	1,321.24	1,398.96	1,554.40
Pāncērges 1, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	1,070.66	1,133.64	1,259.60
Bomārs kls 14, Dobele, Latvia	Homburg Baltic (LV) Investments UU	797.30	844.20	938.00
Vārs 11, Mārkānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	774.52	820.68	911.20
Turgus 15, Kēdānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	1,195.93	1,266.30	1,407.00
Ruimāro 1, Bīrānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	273.36	289.44	321.60
Tānānā 12, Rāpā, Estonia	Homburg Baltic (ES) AST Investments UU	580.89	615.06	683.40
Pomānā kls 11, Jēkabpils, Latvia	Homburg Baltic (LV) Investments UU	797.30	844.20	938.00
Rāpā 3a, Jēkabpils, Estonia	Homburg Baltic (ES) AST Investments UU	774.52	820.68	911.20
Dānānā kls 3, Kuldīga, Latvia	Homburg Baltic (LV) Investments UU	478.38	506.52	562.80
Tānā kls 3, Pērcis, Latvia	Homburg Baltic (LV) Investments UU	318.92	337.68	375.20
Kuldīga kls 3, Ventpils, Latvia	Homburg Baltic (LV) Investments UU	569.58	603.00	670.00
Rīgas kls 1, Sīpils, Latvia	Homburg Baltic (LV) Investments UU	398.65	422.10	469.00
Bānānā kls 8, Līvānā, Latvia	Homburg Baltic (LV) Investments UU	284.75	301.50	335.00
Uteris 15, Uteris, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	535.33	566.42	629.80
Rīgas kls 25, Vārs, Latvia	Homburg Baltic (LV) Investments UU	136.68	144.72	160.80
Lāpānā kls 2, Aizkraukle, Latvia	Homburg Baltic (LV) Investments UU	250.58	265.32	294.80
Bēnānā kls 6, Dohā, Latvia	Homburg Baltic (LV) Investments UU	227.80	241.20	268.00
Sēlonānā 29, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	273.36	289.44	321.60
Stānānā kls 2, Kraslava, Latvia	Homburg Baltic (LV) Investments UU	250.58	265.32	294.80
Ais 1, Jēgānā, Estonia	Homburg Baltic (ES) AST Investments UU	227.80	241.20	268.00
Turgus 19, Kēdānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	512.55	542.70	603.00
Turgus 17, Kēdānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 1	512.55	542.70	603.00
Jēkabpils, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	91.12	96.48	107.20
Vārs 9, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	1,241.51	1,314.54	1,460.60
Ilzānā 13, Kēdānā, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	1,537.65	1,628.10	1,809.80
Kānānā 98, Vārs, Līdumānā	KUB Homburg LT Balģos Investīcijas 2	284.75	301.50	335.00
Kēnānā 7, Kānā, Estonia	Homburg Baltic (ES) AST Investments UU	113.90	120.60	134.00
Lēpja kls 11, Kānānā, 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 ⁽³⁾		134,000.00	134,000.00	134,000.00
First Lien Mortgage Debt EUR ⁽³⁾	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 EUR118m balance at Q3/12, less EUR15m payment to SEB and 3m zero amortisation. 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

Smith Barney USA		Low Case (RV) \$M.	Mid Case \$M.	High Case \$M.
Assets	Entity			NAV
Property (1)				
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	2,185.12	2,910.82
559 East pikes Peak Avenue, Colorado Springs, Colorado, USA	Homburg Holdings (US) Inc	1,132.53	1,698.79	2,265.03
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 Hilpoint Drive, San Antonio, Texas, USA	Homburg Holdings (US) Inc	824.31	1,236.46	1,648.61
4718 and 4738 Cullen Bell 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
4575 Higon 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	9,016.18	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

Details Name of Entity/Title	Low Case CAD	Mid Case USD	High Case (NAV) USD
Mortgage Bond HMB4 Collateral ⁽¹⁾			
Assets			NAV
Property			
Homburg Springs, Calgary AB, NW quarter of Section Eleven, Township 26, Range 1, Calgary AB	Entity Homco 52 LP		13,300,000
Total CAD	6,650.00	9,975.00	13,300,000
Mortgage Bond Payable			
Mortgage Bond HMB4 CAD (EUR 20.01mm) ⁽¹⁾	1,362.6		Principal
Accrued Interest HMB4 CAD ⁽¹⁾	27,265.63	27,265.63	27,265.63
Total CAD	27,265.63	27,265.63	27,265.63
Recovery %	24%	36%	48%
Remaining Residual Value HMB4 CAD	-	-	-
Undersecured HMB4 Bond Portion CAD	21,613.41	17,488.41	14,363.41
Mortgage Bond HMB5 Collateral ⁽²⁾			
Property			
Homburg Gateway to North, Calgary, AB	Entity Homco 53 LP		-
Total CAD	-	-	-
Mortgage Bond Payable			
Residual Mortgage Bond HMB5 CAD (EUR 20.01mm) ⁽²⁾	24,597.56	24,597.56	Principal
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 ⁽³⁾			
Assets			NAV
Property			
TBD	Entity Homco 62 LP		-
Total CAD	-	-	-
Remaining Residual Value CAD	-	-	-
Kai Mortensen Towers, Calgary AB			
	Entity Homco 88 LP		
Total CAD	18,905.00	28,357.50	37,810.00
Remaining Residual Value CAD	18,905.00	28,357.50	37,810.00
Homco AS LP JISRC Construction Financing			
Construction Financing CAD ⁽¹⁾	5,000.00	5,000.00	Principal
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			
Mortgage Bond HMB7 CAD (EUR 31.23mm) ⁽¹⁾	1,362.6		Principal
Accrued Interest HMB7 CAD ⁽¹⁾	42,554.00	42,554.00	42,554.00
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

Remarks (Use and Interest Date)		Low Case \$M	Mid Case \$M	High Case All-VR \$M
Assets	Entity			NAV
Property				
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	Honco 121 LP	-	-	-
Total CAD		-	-	-
Honco 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 Loughheed Dr., Fort McMurray, AB	Honco 122 LP	3,289.84	4,934.77	6,579.69
Total CAD		3,289.84	4,934.77	6,579.69
Honco 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	Honco 165 LP	4,037.50	6,056.25	8,075.00
Total CAD		4,037.50	6,056.25	8,075.00
Honco 165 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
Points North, Calgary, AB	Honco 96 LP	15,200.00	22,800.00	30,400.00
Total CAD		15,200.00	22,800.00	30,400.00
Honco 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 Ave 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	Honco 94 LP	6,412.50	9,618.75	12,825.00
135 - 137 Farnham Street, Chinatown, PEI	Honco 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		19,980.39	35,158.89	51,311.58

(1) Source: Sedar, Monitor's Creditor List and 2nd & 10th report/Monitor's Report
 (2) Source: CCAA filings. Mortgage Bonds also have a corporate guarantee from HBL
 (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
	Security released at			
Rank / Security	1st Lien on assets of Homco 52 (Homburg Springs West)	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
	Valbonne Real Estate 2 BV	Coet BV	Homco Realty Fund (86) BV	Homco Realty Fund (87) BV
Borrower	Estate 2 BV	Coet BV	(86) BV	BV
Lender	NIBC Bank NV	HSN 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
		Not yet finalized. Terms reflect what is likely to be agreed upon		
Additional Notes	n/a	upon	Cross-Default with each other	

Property	Homco 110	Homco 110	Homco 110
	MoTo Objekt	MoTo Objekt	Valbonne Real Estate
Borrower	Campeon Bayerische	Campeon	5 BV
Lender	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
			Not yet finalized. Terms reflect what is likely to be agreed upon
Additional Notes	n/a	n/a	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	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	\$35,507	\$33,794	\$36,632	\$39,417	\$35,507	\$33,794	\$36,632	\$39,417
Operating Expenses and Cost of Sales	\$190,320	\$146,997	\$137,958	\$141,395	\$20,039	\$19,946	\$21,152	\$22,264	\$20,039	\$19,946	\$21,152	\$22,264
Gross Income from Operations	\$95,533	\$101,068	\$102,008	\$94,955	\$15,468	\$13,848	\$15,480	\$17,153	\$15,468	\$13,848	\$15,480	\$17,153
General and Administrative Expenses Relating to CCAA Filings	\$14,238	\$14,820	\$24,728	\$20,643	\$9,984	\$3,997	\$3,480	\$3,182	\$9,984	\$3,997	\$3,480	\$3,182
EBITDA	\$81,295	\$86,248	\$77,280	\$74,312	\$5,484	\$9,851	\$12,000	\$13,971	\$5,484	\$9,851	\$12,000	\$13,971
(Impairment) of Properties Under Development	(\$27,779)	(\$7,811)	(\$2,455)	(\$2,682)	(\$2,455)	(\$660)	\$424	\$15	(\$2,455)	(\$660)	\$424	\$15
Change in FV of Investment Properties	(\$12,227)	(\$10,221)	(\$196,309)	(\$17,873)	(\$193,661)	(\$5,920)	(\$102,354)	(\$15,958)	(\$193,661)	(\$5,920)	(\$102,354)	(\$15,958)
Change in FV of Properties Held for Sale	-	\$9,109	(\$15,116)	(\$15,175)	(\$15,116)	(\$59)	-	-	(\$15,116)	(\$59)	-	-
Change in FV of Properties Under Development	(\$48,707)	(\$16,777)	(\$38,937)	(\$50,838)	(\$49,846)	\$6,522	(\$7,460)	(\$54)	(\$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)	\$18,764	\$93	(\$41)	(\$34)
Change in FV of Derivatives	(\$7,460)	(\$972)	(\$5,209)	(\$8,248)	(\$1,570)	(\$907)	(\$3,711)	(\$2,051)	(\$1,570)	(\$907)	(\$3,711)	(\$2,051)
EBIT	(\$316,091)	\$29,959	(\$181,599)	(\$336,724)	(\$240,136)	\$11,676	(\$29,096)	(\$9,168)	(\$240,136)	\$11,676	(\$29,096)	(\$9,168)
Interest Expense	\$124,614	\$110,618	\$103,434	(\$28,345)	\$16,162	(\$15,820)	(\$13,794)	(\$14,885)	\$16,162	(\$15,820)	(\$13,794)	(\$14,885)
Net Income (Loss)	(\$440,705)	(\$88,054)	(\$285,033)	(\$365,069)	(\$256,300)	(\$11,857)	(\$43,890)	(\$24,053)	(\$256,300)	(\$11,857)	(\$43,890)	(\$24,053)
Capital Expenditures	(\$1,951)	(\$1,908)	(\$2,384)	(\$2,062)	(\$413)	(\$276)	(\$1,078)	(\$500)	(\$413)	(\$276)	(\$1,078)	(\$500)
Cash from Operations	\$37,682	(\$16,518)	(\$9,251)	(\$23,140)	(\$27,520)	(\$463)	(\$479)	\$5,222	(\$27,520)	(\$463)	(\$479)	\$5,222
Cash from Investing	(\$53,016)	\$66,680	\$58,972	\$49,769	\$9,774	\$15,416	\$16,251	\$8,378	\$9,774	\$15,416	\$16,251	\$8,378
Cash from Financing	\$11,544	(\$69,114)	(\$42,812)	(\$54,033)	(\$8,504)	(\$16,600)	(\$22,876)	(\$6,105)	(\$8,504)	(\$16,600)	(\$22,876)	(\$6,105)

Balance Sheet (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	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	\$1,224,201	\$1,226,591	\$1,090,479	\$1,028,011	\$1,224,201	\$1,226,591	\$1,090,479	\$1,028,011
Investment Properties Under Development	\$245,896	\$217,363	\$143,768	\$141,360	\$143,768	\$148,720	\$141,310	\$141,885	\$143,768	\$148,720	\$141,310	\$141,885
Investments, at Fair Market Value	\$27,942	\$8,864	\$28,278	\$7,193	\$28,278	\$7,605	\$7,345	\$7,193	\$28,278	\$7,605	\$7,345	\$7,193
Investment in an Associate, Equity	-	\$191,782	-	-	-	-	-	-	-	-	-	-
Restricted Cash	\$23,159	\$4,088	\$8,514	\$18,466	\$8,514	\$143,719	\$126,224	\$118,466	\$8,514	\$143,719	\$126,224	\$118,466
Deferred Tax Assets	\$26,715	\$8,316	\$950	-	\$26	\$375	\$55	-	\$26	\$375	\$55	-
Current												
Cash and Cash Equivalents	\$32,569	\$13,617	\$20,523	\$19,369	\$20,523	\$18,876	\$11,822	\$19,369	\$20,523	\$18,876	\$11,822	\$19,369
Investment, at Fair Market Value (Current)	-	-	\$120,222	-	\$120,222	-	-	-	\$120,222	-	-	-
Properties Under Development for Resale	\$73,957	\$36,032	\$26,487	\$15,961	\$26,487	\$22,805	\$16,915	\$15,961	\$26,487	\$22,805	\$16,915	\$15,961
Receivables and Other	\$19,639	\$36,035	\$31,472	\$14,127	\$31,472	\$30,668	\$32,638	\$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	\$123,742	\$115,319	\$116,247	\$135,854
Total Assets	\$3,292,249	\$2,062,881	\$1,728,247	\$1,480,241	\$1,728,247	\$1,714,678	\$1,543,035	\$1,480,241	\$1,728,247	\$1,714,678	\$1,543,035	\$1,480,241
Liabilities												
Non-Current												
Long Term Debt	\$2,017,440	\$1,433,240	\$595,324	\$392,069	\$595,324	\$694,490	\$485,317	\$392,069	\$595,324	\$694,490	\$485,317	\$392,069
Derivative Financial Instruments	\$24,043	\$21,847	-	-	-	-	-	-	-	-	-	-
Deferred Tax Liabilities	\$31,474	\$10,055	\$22,152	\$19,173	\$22,152	\$22,244	\$19,412	\$19,173	\$22,152	\$22,244	\$19,412	\$19,173
Other Liabilities	\$12,858	\$10,340	-	-	-	-	-	-	-	-	-	-
Provisions	\$17,121	\$10,287	\$809	\$3,166	\$809	\$708	\$708	\$3,166	\$17,121	\$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	\$618,345	\$617,442	\$505,467	\$414,408
Current												
Accounts Payable and Other Liabilities	\$195,891	\$102,783	\$82,210	\$35,475	\$82,210	\$56,975	\$13,128	\$35,475	\$195,891	\$56,975	\$13,128	\$35,475
Income Taxes Payable	\$15,760	\$8,212	\$5,491	\$3,195	\$5,491	\$5,915	\$5,581	\$3,195	\$15,760	\$5,915	\$5,581	\$3,195
Construction Financing	\$91,999	\$40,251	\$7,414	-	\$7,414	\$7,253	-	-	\$91,999	\$7,253	-	-
Current Portion of Long Term Debt	\$624,284	\$185,168	\$392,343	\$480,505	\$392,343	\$287,998	\$153,307	\$480,505	\$624,284	\$287,998	\$153,307	\$480,505
Provisions	\$16,965	\$16,922	\$3,624	\$3,372	\$3,624	\$3,372	\$2,607	\$3,372	\$16,965	\$3,372	\$2,607	\$3,372
Derivative Financial Instruments	-	-	\$26,850	\$32,284	\$26,850	\$27,962	\$30,771	\$32,284	-	\$26,850	\$27,962	\$30,771
Liabilities Subject to Compromise	-	-	\$794,383	\$807,474	\$794,383	\$807,980	\$808,504	\$807,474	-	\$794,383	\$807,980	\$808,504
Liabilities Associated with Assets Held for Sale	\$13,358	\$91,989	\$87,926	\$122,371	\$87,926	\$81,833	\$83,122	\$122,371	\$13,358	\$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	\$989,257	\$1,379,286	\$1,427,020	\$1,481,304
Total Liabilities	\$3,092,178	\$1,961,205	\$1,998,596	\$1,895,712	\$1,998,596	\$1,996,728	\$1,932,487	\$1,895,712	\$3,092,178	\$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	\$2,736,723	\$1,797,721	\$1,747,128	\$1,680,048
Shareholder's Equity	\$200,071	\$101,676	(\$270,349)	(\$415,471)	(\$270,349)	(\$281,050)	(\$289,452)	(\$415,471)	\$200,071	(\$281,050)	(\$289,452)	(\$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	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Sales Growth	NA	(48.2%)	(5.3%)	NA	NA	6.8%	2.3%	(17.0%)	NA	6.8%	2.3%	(17.0%)
Gross Margin	33.4%	68.3%	72.9%	69.0%	73.0%	69.4%	66.8%	69.5%	33.4%	68.3%	72.9%	69.0%
SG&A / Sales	-	-	9.4%	25.7%	32.0%	23.0%	19.0%	28.8%	-	-	9.4%	25.7%
EBITDA / Sales	28.4%	58.3%	45.8%	28.8%	11.2%	35.2%	38.3%	29.3%	28.4%	58.3%	45.8%	28.8%
EBITDA / Interest Expense	0.7x	0.8x	0.6x	(1.4x)	0.2x	(0.8x)	(1.0x)	(0.6x)	0.7x	0.8x	0.6x	(1.4x)
(Total Debt - Cash) / EBITDA	33.3x	19.1x	27.6x	16.6x	NA	NA	NA	NA	33.3x	19.1x	27.6x	16.6x
(Total Debt - Cash) / (EBITDA - Capex)	34.1x	19.5x	28.7x	15.8x	NA	NA	NA	NA	34.1x	19.5x	28.7x	15.8x
Net Investment in Working Capital	(\$146,252)	(\$66,738)	(\$30,739)	(\$293,616)	(\$30,739)	(\$26,307)	(\$10,490)	(\$21,348)	(\$146,252)	(\$66,738)	(\$30,739)	(\$293,616)

10. Review of Historical Asset Values

Capital Group Summary - Quarterly Asset Movements							
(C\$ millions, unless otherwise indicated)							
	Q3 2011	Q4 2011	2011	Q1 2012	Q2 2012	Q3 2012	Change since 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)	(14.45)	(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%	2.6%	-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	43.1%	-1.3%	39.9%	-1.6%	2.3%	-3.3%	-5.2%
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	30.90	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

- 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
 - 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 Investicijos 1

- Laisvės 75, Vilnius, Lithuania
 - 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
 - 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
 - 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
 - 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
 - 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
 - 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
 - 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 Investicijos 2

- Gedimino 12, Vilnius, Lithuania
 - 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
 - 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
- Laisvės 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

- Rütli 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, Kärkla, 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, Rīga, 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 Cēsis 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
- Dzirnau 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, Preiļi, 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

NSI NV

JULY 2013

1.	Executive Summary	2
2.	Situation Overview	6
3.	Comparables	11
4.	Business Overview	12
5.	Corporate Structure.....	29
6.	Operating Results and Capitalization Table	30
7.	Waterfall Analysis	31
8.	Capital Structure Summary.....	33
9.	Summary / Issues / Next Steps	34
10.	Appendix.....	36

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
 - 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
 - NSI is focused on office (56%), retail (28%) and industrial (16%) properties in the Netherlands (69%), Belgium (29%) and Switzerland (1%)
 - 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 Geneva Properties (“Geneva”)
 - NSI is less levered than Geneva, 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				
<i>(in EUR millions unless otherwise noted)</i>				
	Homburg / Geneva	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)						
	14-day Avg. Open	14-day Avg. Close	14-day VWAP	Current Price	14-day High	
NSI (Consolidated)						
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%
Investment Offices & Warehouses (Belgium Properties)						
Investment Market Capitalization	€ 269.7	€ 269.7	€ 269.7	€ 269.7	€ 269.7	€ 269.7
Book Value of Investment 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
Investment 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 Interest	54.8%	54.8%	54.8%	54.8%	54.8%	54.8%
Value of NSI Interest 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)						Cash-on-Cash Multiple (Increase in Occupancy to 85%)					
Exit Revenue Cap Rate	Entry Share Price					Entry Share Price					Exit Revenue Cap Rate
	14-day	14-day	14-day	Current	14-day	14-day	14-day	14-day	Current	14-day	
	Avg. Open	Avg. Close	VWAP	Price	High	Avg. Open	Avg. Close	VWAP	Price	High	
	€ 5.26	€ 5.28	€ 5.30	€ 5.54	€ 5.65	€ 5.26	€ 5.28	€ 5.30	€ 5.54	€ 5.65	
7.75%	1.73x	1.72x	1.71x	1.64x	1.61x	1.99x	1.98x	1.97x	1.88x	1.85x	7.75%
8.00%	1.56x	1.55x	1.54x	1.48x	1.45x	1.80x	1.79x	1.79x	1.71x	1.68x	8.00%
8.25%	1.39x	1.38x	1.38x	1.32x	1.29x	1.63x	1.62x	1.62x	1.55x	1.52x	8.25%
8.50%	1.23x	1.23x	1.22x	1.17x	1.15x	1.47x	1.46x	1.45x	1.39x	1.37x	8.50%
8.80%	1.06x	1.06x	1.05x	1.01x	0.99x	1.29x	1.28x	1.27x	1.22x	1.20x	8.80%
9.00%	0.95x	0.95x	0.94x	0.90x	0.88x	1.17x	1.17x	1.16x	1.11x	1.09x	9.00%
9.25%	0.82x	0.82x	0.81x	0.78x	0.76x	1.03x	1.03x	1.02x	0.98x	0.96x	9.25%
9.50%	0.70x	0.69x	0.69x	0.66x	0.65x	0.90x	0.90x	0.90x	0.86x	0.84x	9.50%

Cash-on-Cash Multiple (Increase in Occupancy Rate to 90%)						Cash-on-Cash Multiple (Increase in Occupancy Rate to 95%)					
Exit Revenue Cap Rate	Entry Share Price					Entry Share Price					Exit Revenue Cap Rate
	14-day	14-day	14-day	Current	14-day	14-day	14-day	14-day	Current	14-day	
	Avg. Open	Avg. Close	VWAP	Price	High	Avg. Open	Avg. Close	VWAP	Price	High	
	€ 5.26	€ 5.28	€ 5.30	€ 5.54	€ 5.65	€ 5.26	€ 5.28	€ 5.30	€ 5.54	€ 5.65	
7.75%	2.33x	2.32x	2.31x	2.21x	2.17x	2.68x	2.67x	2.65x	2.54x	2.49x	7.75%
8.00%	2.14x	2.13x	2.12x	2.03x	1.99x	2.47x	2.46x	2.45x	2.35x	2.30x	8.00%
8.25%	1.96x	1.95x	1.94x	1.85x	1.82x	2.28x	2.27x	2.26x	2.16x	2.12x	8.25%
8.50%	1.78x	1.78x	1.77x	1.69x	1.66x	2.10x	2.09x	2.08x	1.99x	1.95x	8.50%
8.80%	1.59x	1.58x	1.58x	1.51x	1.48x	1.89x	1.89x	1.88x	1.80x	1.76x	8.80%
9.00%	1.47x	1.46x	1.45x	1.39x	1.37x	1.77x	1.76x	1.75x	1.68x	1.64x	9.00%
9.25%	1.32x	1.32x	1.31x	1.26x	1.23x	1.61x	1.61x	1.60x	1.53x	1.50x	9.25%
9.50%	1.19x	1.18x	1.18x	1.13x	1.10x	1.47x	1.46x	1.45x	1.39x	1.37x	9.50%

Cash-on-Cash Multiple - Price/Book						Cash-on-Cash Multiple - Cash Flow Yield					
Exit Price-to-Book	Entry Share Price					Entry Share Price					Exit Cash Flow Yield
	14-day	14-day	14-day	Current	14-day	14-day	14-day	14-day	Current	14-day	
	Avg. Open	Avg. Close	VWAP	Price	High	Avg. Open	Avg. Close	VWAP	Price	High	
	€ 5.26	€ 5.28	€ 5.30	€ 5.54	€ 5.65	€ 5.26	€ 5.28	€ 5.30	€ 5.54	€ 5.65	
0.40x	0.72x	0.72x	0.71x	0.68x	0.67x	6.0%	2.14x	2.13x	2.12x	2.03x	2.00x
0.50x	0.90x	0.90x	0.89x	0.85x	0.84x	7.5%	1.71x	1.71x	1.70x	1.63x	1.60x
0.59x	1.07x	1.07x	1.06x	1.02x	1.00x	9.0%	1.43x	1.42x	1.42x	1.36x	1.33x
0.60x	1.08x	1.08x	1.07x	1.03x	1.01x	10.5%	1.22x	1.22x	1.21x	1.16x	1.14x
0.70x	1.26x	1.26x	1.25x	1.20x	1.17x	12.0%	1.07x	1.07x	1.06x	1.02x	1.00x
0.80x	1.44x	1.43x	1.43x	1.37x	1.34x	12.2%	1.05x	1.05x	1.04x	1.00x	0.98x
0.90x	1.62x	1.61x	1.61x	1.54x	1.51x	13.0%	0.99x	0.98x	0.98x	0.94x	0.92x
1.00x	1.80x	1.79x	1.78x	1.71x	1.68x	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

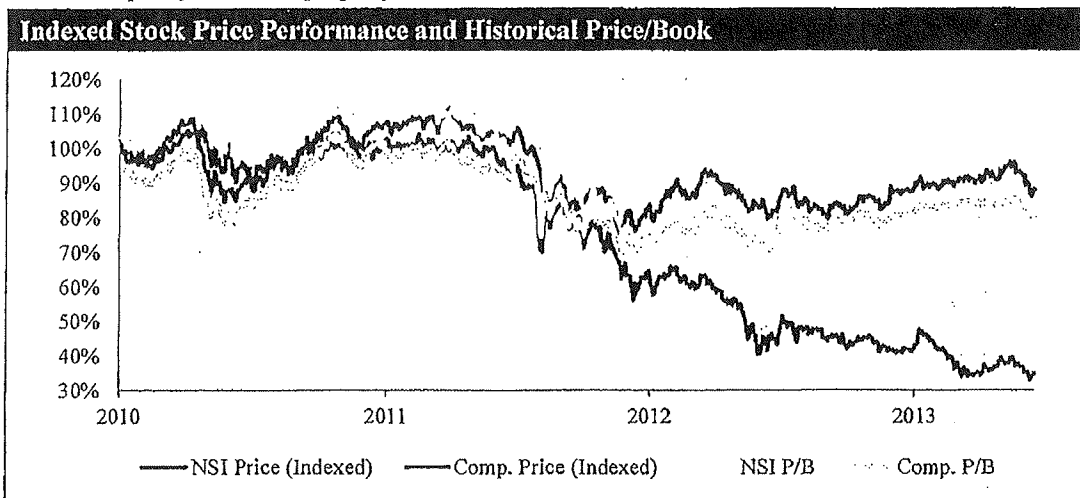
2. Situation Overview

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)
 - 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



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
 - 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)

- 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
- 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")
 - 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
 - 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
 - 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

<u>(in EUR millions)</u>	<u>NSI</u>	<u>VNOI</u>	<u>Combined</u>
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
<u>Type</u>			
Offices	53%	90%	69%
Retail	42%	10%	28%
Industrial	5%	0%	3%
<u>Geography</u>			
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.

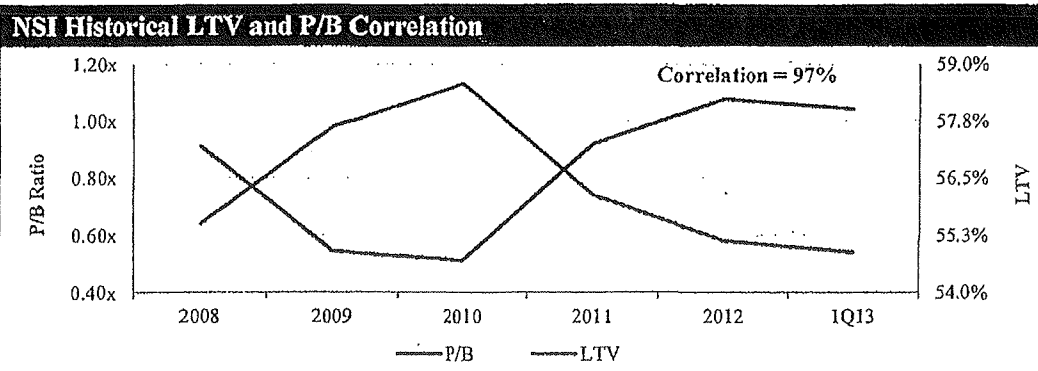
- All assets and liabilities of VNOI were transferred to NSI entities with VNOI shareholders receiving newly issued NSI shares
- The exchange ratio was set at 0.897 NSI shares for each VNOI share, implying a premium of 19% to VNOI's closing price on December 10, 2010, the date the transaction was announced
 - 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 Compendium (in EUR millions unless otherwise noted)																
Company	Share Price	Market Cap	Income Properties	Loan-to-Value	Geographical Focus	Property Mix			Occ. Rate	FY 2012					Price / Book	Dividend Yield
						Office	Industrial	Retail		PT Direct						
										Gross Rent	Net Rental Income ⁽¹⁾	Investment Result ⁽²⁾	Normalized Net Yield ⁽³⁾	Normalized Gross Yield ⁽⁴⁾		
Corio NV	€32.70	3,217	5,228	40.3%	NED(75%)FRA(24%)	0.0%	1.0%	99.0%	96.6%	478.6	377.5	229.1	6.6%	7.6%	0.78x	8.4%
Intervest OsW ⁽⁵⁾	€18.70	270	581	51.2%	BEL(100%)	81.0%	39.0%	0.0%	88.0%	45.4	37.6	24.9	7.5%	9.1%	0.97x	0.5%
Wendthave NV	€53.04	1,168	2,073	44.0%	NED(88%)BEL(12%)	18.0%	3.0%	79.0%	80.2%	147.8	100.8	83.9	7.1%	8.0%	0.84x	8.1%
Wendthave Belgium	€84.93	535	500	18.2%	BEL(100%)	24.5%	0.0%	75.5%	93.7%	33.2	30.8	28.3	8.8%	7.1%	1.10x	5.1%
Vanille Retail	€31.81	601	1,327	43.0%	NED(88%)FRA(12%)	0.0%	0.0%	100.0%	95.1%	130.5	115.7	71.0	8.3%	7.3%	0.68x	8.0%
High				51.2%		81.0%	39.0%	100.0%	88.6%	475.9	377.5	229.1	7.5%	9.1%	1.10x	8.5%
Low				18.2%		0.0%	0.0%	0.0%	80.0%	33.2	30.8	24.9	6.3%	7.1%	0.68x	5.1%
Average				39.5%		20.7%	8.6%	70.7%	92.1%	167.0	142.5	87.4	8.0%	7.8%	0.87x	7.4%
NSI NV	€4.44	371	2,108	88.0%	NED(97%)BEL(3%)	88.8%	16.7%	28.5%	81.3%	160.8	137.3	72.3	8.1%	9.4%	0.57x	7.4%

(1) Gross rental, property parking expenses.
 (2) Net Rental Income less O&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.



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
 - NSI is in the process of exiting the Swiss market, and only one building remains unsold
 - The residential assets comprise rental units which are gradually being sold off

Type	Value (EUR 000s)	% of Total	Type	Occupancy Rate	Ann. Gross Rent (100% occupancy)	% of Total
Offices	1,142,693	56.0%	Offices	75.1%	118,391	61.3%
Retail	572,697	28.1%	Retail	92.0%	45,347	23.5%
Industrial	320,116	15.7%	Industrial	89.7%	29,107	15.1%
Residential	4,240	0.2%	Residential	n/a	330	0.2%
Total Real Estate Investments	2,039,746	100.0%	Total	81.3%	193,175	100.0%

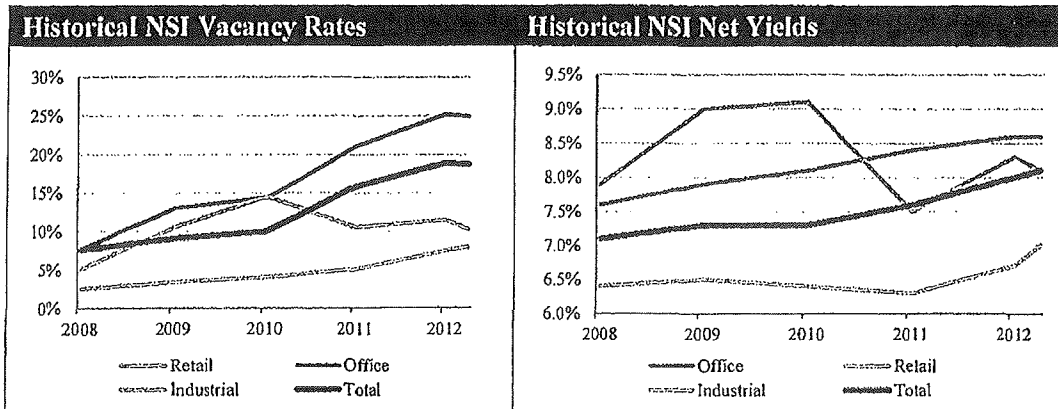
Geography	Value (EUR 000s)	% of Total	Geography	Occupancy Rate	Ann. Gross Rent (100% occupancy)	% of Total
Netherlands	1,418,233	69.4%	Netherlands	79.5%	138,188	71.5%
Switzerland	34,218	1.7%	Switzerland	96.5%	2,525	1.3%
Belgium	589,294	28.9%	Belgium	85.2%	52,464	27.2%
Total Real Estate Investments	2,039,746	100.0%	Total	81.3%	193,175	100.0%

NSI NV Financial Performance (in EUR 000s)							Change	
	2008	2009	2010	2011	2012	LTM 1Q13	'08-LTM	'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	88.3	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.

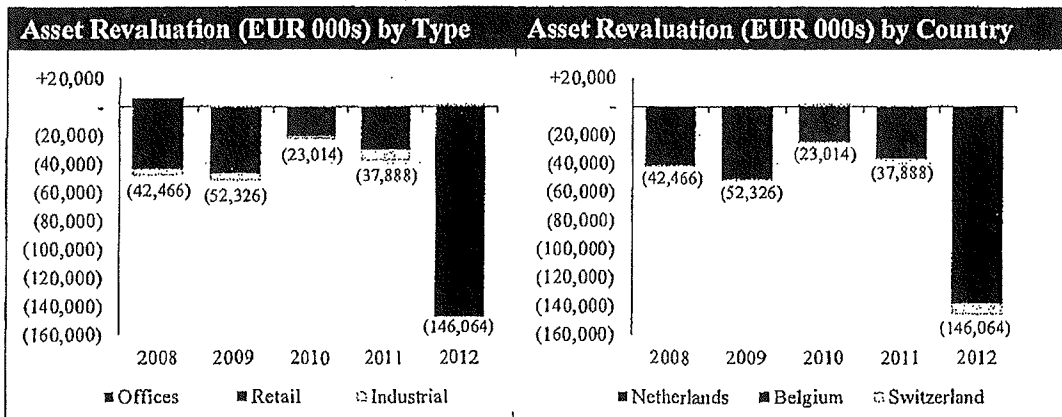
Source: Company filings. As of March 31, 2013.

- 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
 - The Belgian market, which is 30% of NSI's assets, has followed a similar trajectory
 - 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%
 - 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
 - Retail vacancy rates, while much lower than in the office space, have more than tripled since 2008, going from 2.5% to 8.0%
 - 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



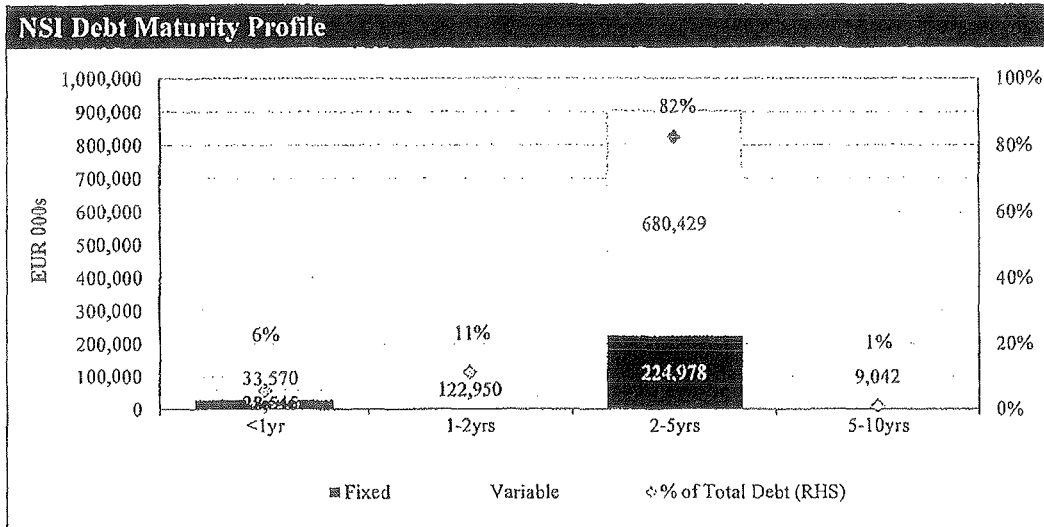
Source: Company filings.

- 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



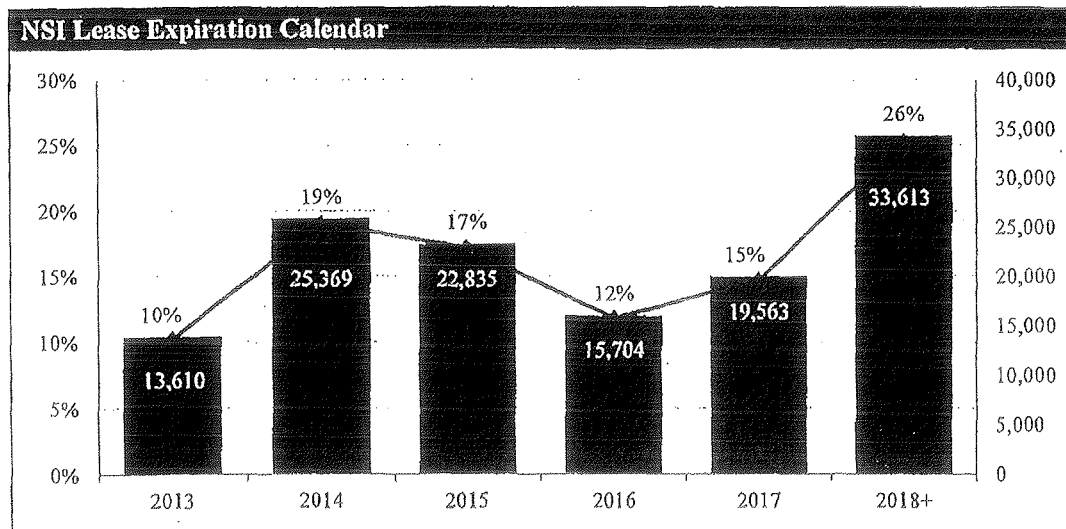
Source: Company filings.

- 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



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



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 Lago 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	Spijkensse	99%	5,244	€ 131.2	1,500	450	2013/2014
Storpassage	Rijswijk	89%	10,516	€ 267.0	9,730	5,100	2013/2014
Keizerslanden	Doventer	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
Delflandlaan	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
Gelienstraat	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	97,332
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	26,652	27,164	27,705
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	6,252	6,357	6,464	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	5,092	5,098	5,103	5,107	20,401	64,025	67,111	69,281	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	29,090	39,151	42,273
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 (Interest)	551	551	552	552	2,206	7,189	7,813	9,566	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									
<i>(all figures in EUR 000s)</i>									
	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	79,938	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	35,170	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	5,451	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	50,161	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	-	-	450
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	15,653
Dividend to Minority Interests (Interest)	551	551	552	552	2,206	5,158	3,524	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									
<i>(all figures in EUR 000s)</i>									
	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	44,987	45,887
y/y growth	n/a	n/a	n/a	n/a	n/a	+5.5%	+4.4%	+3.4%	+2.0%
Industrial	2,133	2,133	2,133	2,133	8,593	27,273	28,957	29,886	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	23,269	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	7,339	7,394
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	60,166
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 (Interest)	551	551	552	552	2,206	8,148	9,794	13,104	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						Sensitivity Analysis - Change in Asset Value							
		Change in Rent							Change in Rent				
		(10.0%)	(5.0%)	-	+5.0%	+10.0%			(10.0%)	(5.0%)	-	+5.0%	+10.0%
Change in Cap Rate	(1.5%)	54.2%	51.3%	48.8%	46.4%	44.3%	Change in Cap Rate	(1.5%)	7.1%	13.0%	19.0%	24.9%	30.9%
	(1.0%)	57.6%	54.6%	51.8%	49.4%	47.1%		(1.0%)	0.7%	6.3%	11.9%	17.5%	23.1%
	(0.5%)	61.0%	57.8%	54.9%	52.3%	49.9%		(0.5%)	-5.0%	0.3%	5.6%	10.9%	16.2%
	-	64.4%	61.1%	58.0%	55.2%	52.7%		-	-10.0%	-5.0%	0.0%	5.0%	10.0%
	+0.5%	67.9%	64.3%	61.1%	58.2%	55.5%		+0.5%	-14.5%	-9.8%	-5.0%	-0.3%	4.5%
	+1.0%	71.3%	67.5%	64.2%	61.1%	58.3%		+1.0%	-18.6%	-14.1%	-9.6%	-5.1%	-0.6%
	+1.5%	74.7%	70.8%	67.2%	64.0%	61.1%		+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)
 - 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 2/3rds are outside the major cities of Amsterdam, Rotterdam, Utrecht and the The Hague ("G4 cities")
- The retail portfolio comprises three types of properties
 - Medium scale urban shopping centres (5,000 – 7,500 sqm)
 - ~35-45% of portfolio value (estimated)
 - Small-city district shopping centres (7,500 – 12,500 sqm)
 - ~40-50% of portfolio value (estimated)
 - 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%

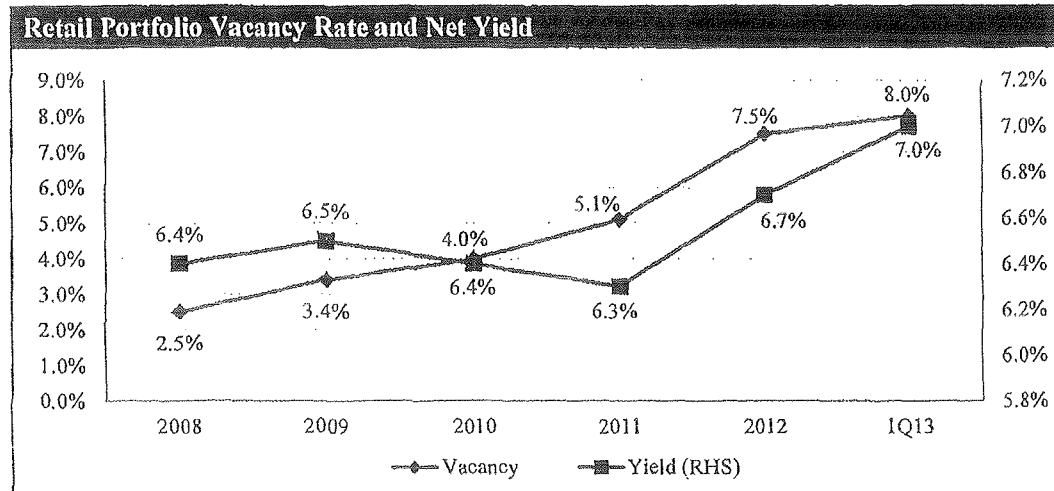
Top 10 Retail Tenants

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%
Deaileconsut 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, Company. As at Dec. 31, 2012.

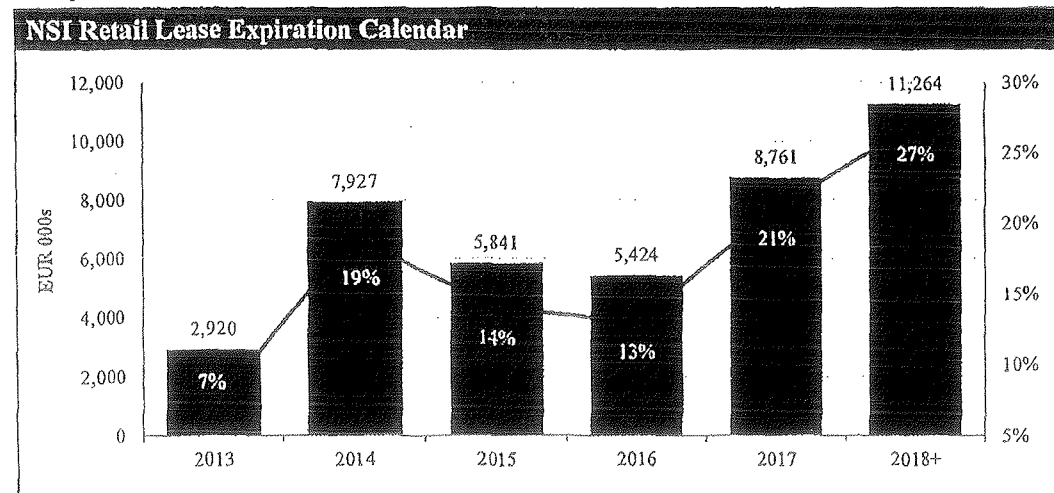
- Since 2011, the Dutch retail portfolio has experienced a 60% increase in vacancy rates from 5.1% to 8.0% as the prolonged European recession and curtailed bank lending have weighed on consumer sentiment

- 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



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



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
 - 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
 - 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**
 - 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
 - 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						Sensitivity Analysis - Change in Property Value							
		Change in Occupancy Rates							Change in Rental Income				
		(10%)	(5%)	-	+5%	+10%			(10%)	(5%)	-	+5%	+10%
New Avg. Rent / sqm	130	-23.0%	-18.8%	-14.5%	-10.2%	-5.9%	Change in Revenue Cap Rate	+2.0%	-28.1%	-24.1%	-20.1%	-16.1%	-12.1%
	135	-20.1%	-15.6%	-11.2%	-6.7%	-2.3%		+1.5%	-24.3%	-20.1%	-15.8%	-11.6%	-7.4%
	140	-17.1%	-12.5%	-7.9%	-3.3%	1.3%		+1.0%	-20.0%	-15.6%	-11.2%	-6.7%	-2.3%
	145	-14.1%	-9.4%	-4.6%	0.2%	4.9%		+0.5%	-15.3%	-10.6%	-5.9%	-1.2%	3.5%
	150	-11.2%	-6.3%	-1.3%	3.6%	8.6%		-	-10.0%	-5.0%	0.0%	5.0%	10.0%
	155	-8.2%	-3.1%	2.0%	7.1%	12.2%		(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
 - Overall retail sales declined nearly 4% in the Netherlands last year, with the non-food sector falling 7%
 - 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

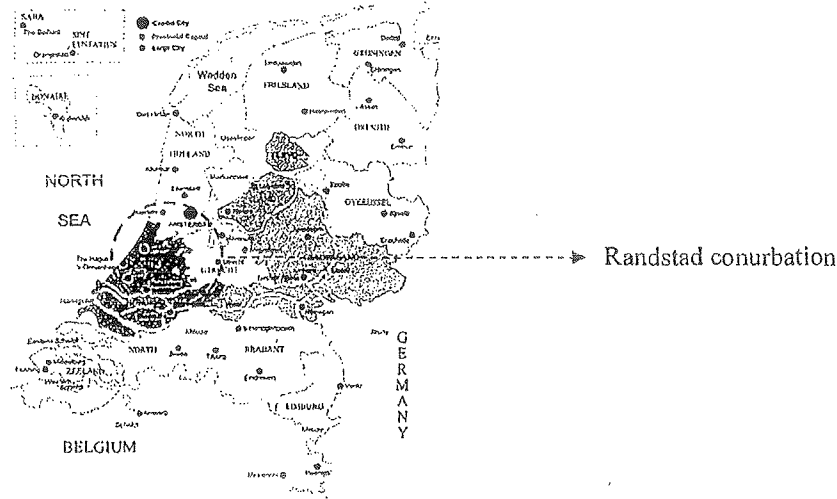
Dutch Office Statistics

(in EUR 000s unless otherwise noted)

Lettable Area (sgm)	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 / Sgm (EUR)	148

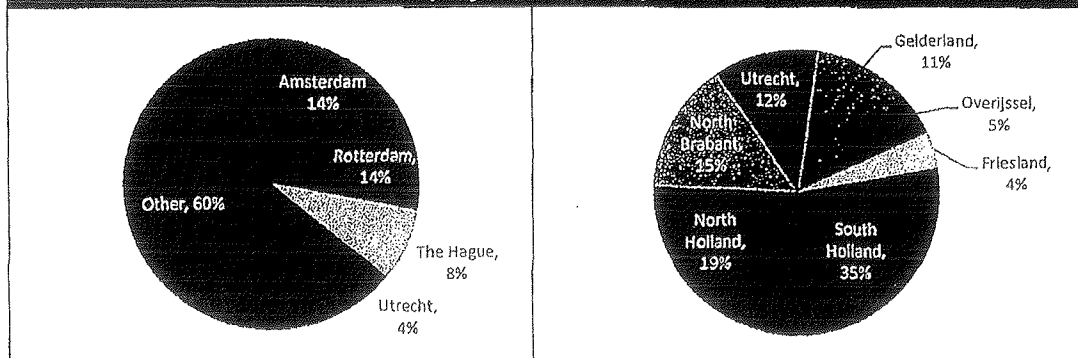
Source: Company filings. As at Dec. 31, 2012.

- 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)



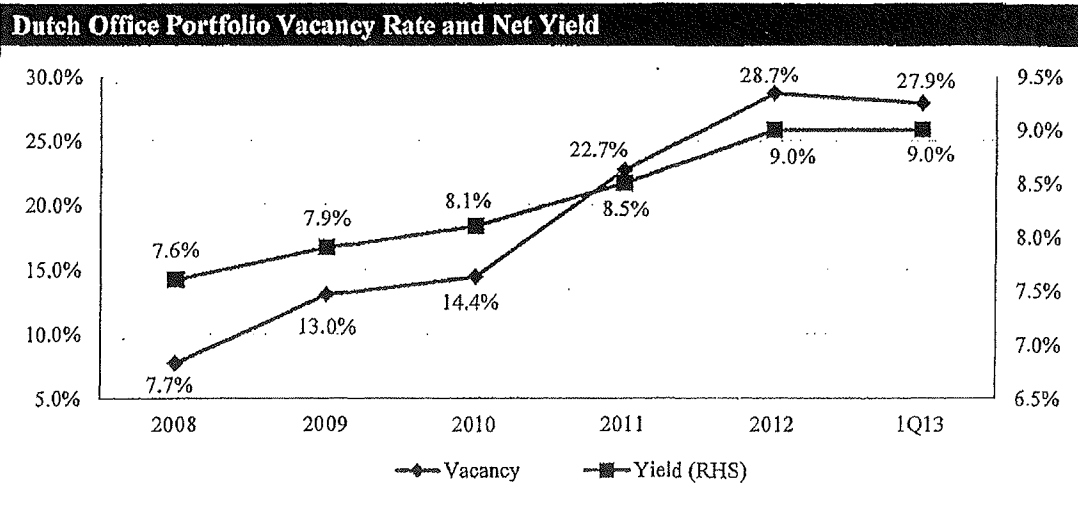
Source: Company filings.

- 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%

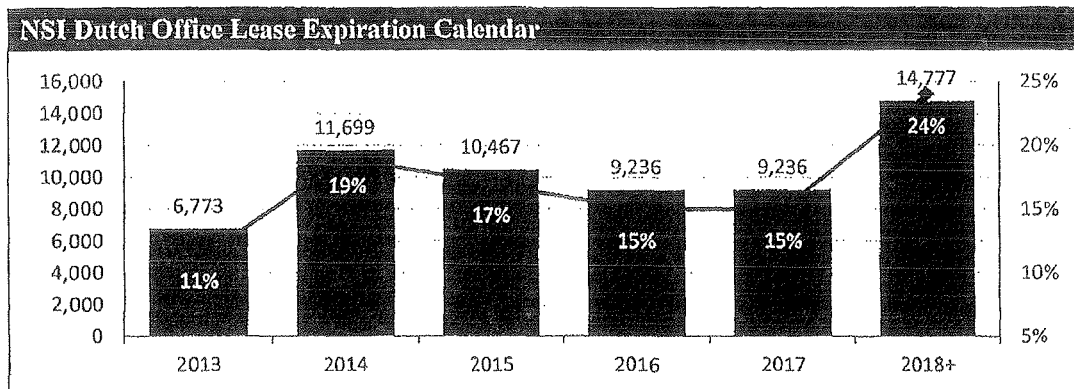
Source: Company filings, Catalyst. As at Dec. 31, 2012.

- 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



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



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						Sensitivity Analysis - Change in Property Value							
Change in Occupancy Rates						Change in Rental Income							
(10%) (5%) - +5% +10%						(10%) (5%) - +5% +10%							
New Avg. Rent / sqm	100	-38%	-35%	-32%	-28%	-25%	Change in Revenue Cap Rate	+2.0%	-23.9%	-19.7%	-15.5%	-11.3%	-7.0%
	110	-32%	-28%	-25%	-21%	-17%		+1.5%	-20.9%	-16.5%	-12.1%	-7.7%	-3.3%
	120	-26%	-22%	-18%	-14%	-10%		+1.0%	-17.5%	-13.0%	-8.4%	-3.8%	0.8%
	130	-20%	-15%	-11%	-7%	-2%		+0.5%	-13.9%	-9.2%	-4.4%	0.4%	5.2%
	140	-14%	-9%	-4%	1%	5%		-	-10.0%	-5.0%	0.0%	5.0%	10.0%
	150	-8%	-2%	3%	8%	13%		(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

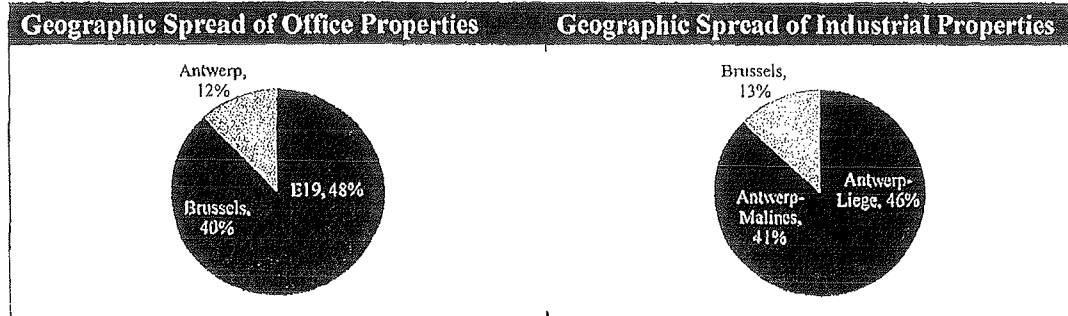
Intervest Portfolio Breakdown

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	140,937	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	6,640	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%

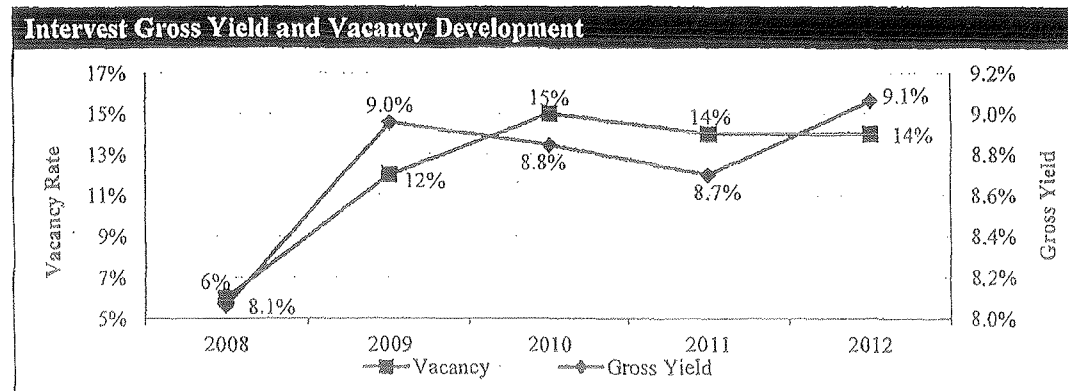
Source: Company filings. As of December 31, 2013.

- 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



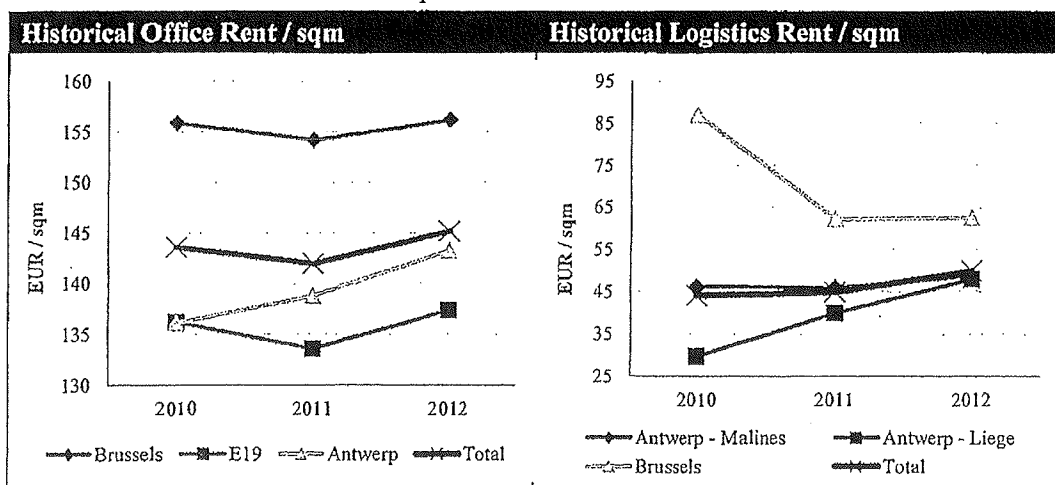
Source: Company filings.

- 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



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



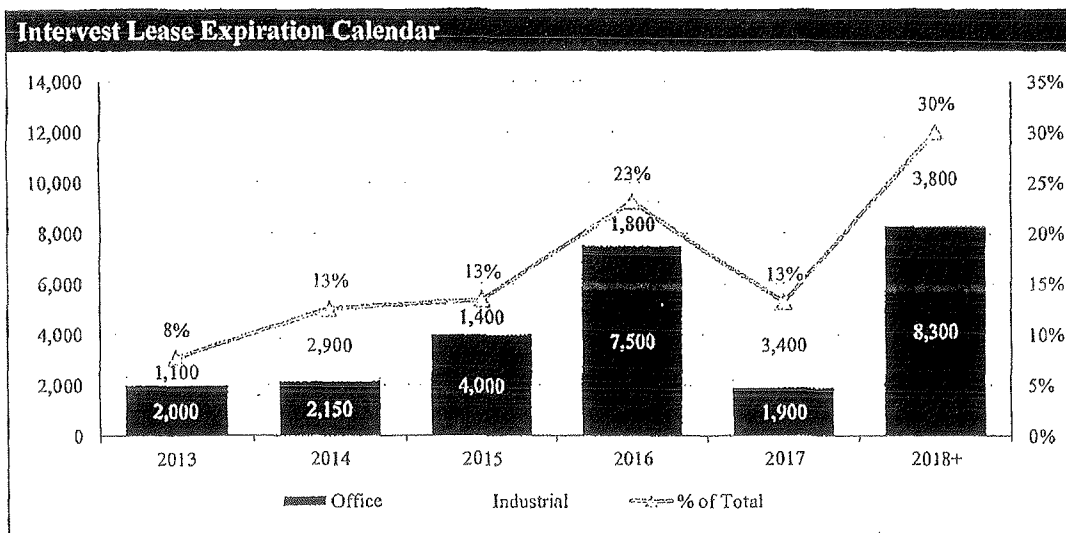
Source: Company filings, Catalyst.

- 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%
Feige	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 of Dec. 31, 2012.

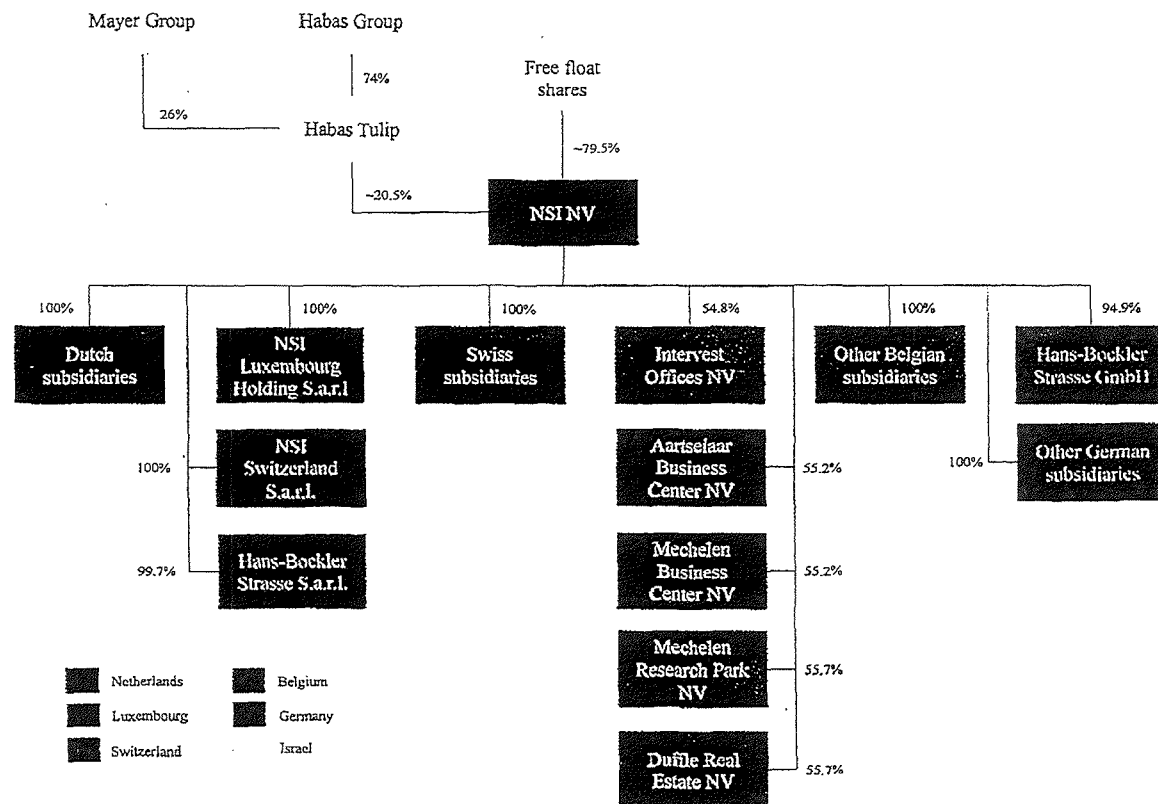
- Catalyst estimates that as of March 31, 2013, the weighted average maturity of the Intervest leases was approximately 4.2 years
 - ~21% of leases come due in the next 18 months
 - ~49% of leases come due between 2015 and 2017
 - ~30% of leases come due in 2018 or later



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



6. Operating Results and Capitalization Table

- Recent operating results, capitalization and credit statistics are tabled below in Tables 1-3.

Operating Summary (\$1,000s)		LTM							
	Notes	31-Dec-10	31-Dec-11	31-Dec-12	31-Mar-13	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	\$5,058	\$5,733
Service Costs Not Recharged to Tenants		(\$14,464)	(\$16,345)	(\$27,763)	(\$27,466)	(\$6,009)	(\$7,399)	(\$7,099)	(\$6,809)
Operating Costs		(\$12,717)	(\$15,716)	(\$18,457)	(\$17,766)	(\$4,223)	(\$4,312)	(\$4,884)	(\$1,287)
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)	(\$142,806)	(\$158,358)	(\$32,584)	(\$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	(\$2,800)	(\$7,509)	(\$7,801)	\$17	(\$116)	\$361
Total Net Proceeds from Investments		\$63,677	\$64,579	(\$16,615)	(\$35,131)	(\$6,963)	(\$4,230)	(\$13,627)	(\$10,311)
Selling, General & Administrative		(\$8,932)	(\$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)	(\$13,661)	(\$14,452)	(\$13,851)
Capital Expenditures (Investments in Existing Property)		(\$4,946)	(\$14,994)	(\$22,234)	(\$22,815)	(\$11,216)	(\$172)	(\$8,947)	(\$2,480)
Net Income (Loss)		\$25,684	\$56,279	(\$99,726)	(\$103,950)	(\$27,221)	(\$28,194)	(\$30,545)	(\$17,996)
Cash from Operations		\$49,244	\$45,455	\$62,392	\$68,925	\$18,592	\$6,051	\$24,849	\$19,103
Cash from Investing		(\$72,540)	(\$31,179)	\$62,080	\$83,854	\$65,594	(\$1,053)	\$525	\$25,768
Maintenance CapEx		(\$4,846)	(\$14,994)	(\$22,131)	(\$22,837)	(\$7,418)	(\$3,970)	(\$8,947)	(\$2,502)
Growth CapEx		(\$67,166)	(\$89,333)	(\$79,966)	(\$79,966)	-	-	-	-
Proceeds of Sale of Real Estate Investments		\$11,032	\$5,363	\$93,041	\$115,483	\$79,233	\$49	\$9,754	\$76,449
Net Investment in Tangible Fixed Assets		(\$808)	(\$5258)	(\$454)	(\$521)	(\$144)	(\$57)	(\$141)	(\$179)
Cash from Financing		\$4,811	(\$11,350)	(\$135,423)	(\$147,685)	(\$50,862)	(\$32,193)	(\$17,150)	(\$47,480)
Dividends		(\$52,659)	(\$57,073)	(\$33,843)	(\$43,869)	(\$25,340)	(\$10,372)	(\$5,149)	(\$8)
Debt Drawdown / (Repayment)		\$3,651	\$16,408	(\$114,479)	(\$127,175)	(\$49,820)	(\$21,603)	(\$8,080)	(\$27,472)
Share Finance		\$53,819	-	\$24,348	\$24,850	\$24,850	-	-	-

Balance Sheet (\$1,000s)		LTM							
	Notes	31-Dec-10	31-Dec-11	31-Dec-12	31-Mar-13	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
Assets									
Non-Current									
Real Estate Investments		\$1,500,689	\$2,321,813	\$2,036,114	\$1,981,787	\$2,152,389	\$2,117,210	\$2,036,114	\$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	\$2,890	\$5,730	\$3,788	\$7,028	\$3,856	\$3,730	\$3,788
Financial Derivatives		\$471	-	\$66	\$398	-	-	\$66	\$388
Current									
Assets Held for Sale		-	-	\$69,977	\$57,959	\$36,527	\$57,514	\$69,977	\$57,959
Other Investments		\$11,835	-	-	-	-	-	-	-
Accounts Receivable		\$2,705	\$13,957	\$21,915	\$22,933	\$22,485	\$21,354	\$21,915	\$22,933
Cash		\$2,885	\$4,399	\$7,007	\$5,279	\$27,131	\$7,601	\$7,007	\$5,279
Total Assets		\$1,390,999	\$2,357,568	\$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		\$69,408	\$1,122,648	\$961,046	\$979,399	\$730,852	\$847,951	\$961,046	\$979,399
Financial Derivatives		\$28,455	\$62,297	\$80,787	\$72,127	\$72,854	\$81,153	\$80,787	\$72,127
Deferred Tax Liabilities		\$229	\$1,678	\$161	\$162	\$655	\$679	\$161	\$162
Total Non-Current Liabilities		\$698,862	\$1,186,623	\$1,041,997	\$809,688	\$804,321	\$929,734	\$1,041,997	\$809,688
Current Liabilities									
Current Portion of Long Term Debt		\$44,109	\$157,189	\$186,273	\$302,115	\$445,743	\$306,641	\$186,273	\$302,115
Financial Derivatives		\$268	\$96	-	-	\$432	\$456	-	-
Debt to Credit Institutions (Revolvers)		\$45,300	\$73,727	\$86,119	\$88,084	\$64,292	\$94,992	\$86,119	\$88,084
Accounts Payable and Deferred Income		\$19,914	\$45,215	\$43,708	\$48,043	\$49,347	\$55,890	\$43,738	\$48,043
Total Current Liabilities		\$109,591	\$256,325	\$316,130	\$439,144	\$579,814	\$457,922	\$316,130	\$439,144
Total Liabilities		\$808,453	\$1,442,948	\$1,358,127	\$1,248,832	\$1,384,135	\$1,367,656	\$1,358,127	\$1,248,832
Total Debt		\$758,907	\$1,333,564	\$1,333,438	\$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 (\$1,000s)		LTM							
		31-Dec-10	31-Dec-11	31-Dec-12	31-Mar-13	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%	84.0%	85.3%	85.8%	86.4%	86.3%	85.1%	85.3%
SCRA / Gross Rental Income		5.7%	11.6%	5.6%	5.0%	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		8.4%	9.0%	9.4%	9.4%	NA	NA	NA	NA
Net Rental Yield (Cap Rate)		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		55.6%	59.4%	61.0%	60.6%	59.3%	60.1%	61.0%	60.8%
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%	57.0%	58.2%	58.0%
Direct Investment Result (Pre-Tax)	3	\$49,011	\$47,800	\$72,358	\$69,838	\$19,150	\$17,911	\$17,097	\$15,680
Unlevered Free Cash Flow		\$78,140	\$70,231	\$93,131	\$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 SCRA 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*)
 - 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
Residential Units Value	-10%	Book Value	+10%
Residual for Working Capital Facility	3,816	4,240	4,664
	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 ⁽³⁾	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
Interest 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 Interest 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
Interest 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 €66MM 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 Interest Offices & Warehouses.

- As seen below, stakeholders would receive the following recoveries:
 - Creditors would recover 100%
 - Shareholder returns would range from -22.1% to +115.1%

Intervest Pool Recovery			
	Low	Mid	High
<i>Netherlands Residual Value</i>	295,688	539,977	706,277
<i>Switzerland Residual Value</i>	7,976	8,764	9,552
<i>Belgium Residual Value</i>	166,655	273,331	342,532
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)	(19,633)
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

NSINV 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 ⁽³⁾	1st Lien	Belgium	19	n/a	n/a	
Total Secured Debt			1,000			
Other Loan Facilities ⁽¹⁾	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

- 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 Geneva portfolio, as it is a less-levered entity (58% LTV vs. 68% LTV) with similar gross and net yields
 - The table below provides an illustrative example of an NSI/Geneva 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 €IB merger with VNOI)

NSI-Geneva Properties Merger Analysis
(in EUR 000s unless otherwise noted)

	Pro-Forma		
	NSI	Geneva ⁽¹⁾	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 Top 20 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
Boogschuiterstraat	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%

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

RONA INC. (TICKER: RON)

NOV. 2012

1.	Business Description.....	2
2.	Situation Overview	4
3.	Pricing Matrix.....	9
4.	Company Analysis	10
5.	Corporate Structure	17
6.	Operating Results and Capitalization Table.....	18
7.	Liquidation Analysis.....	19
8.	Waterfall Analysis	20
9.	Capital Structure Summary	21
10.	Summary / Issues / Next Steps.....	23

Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

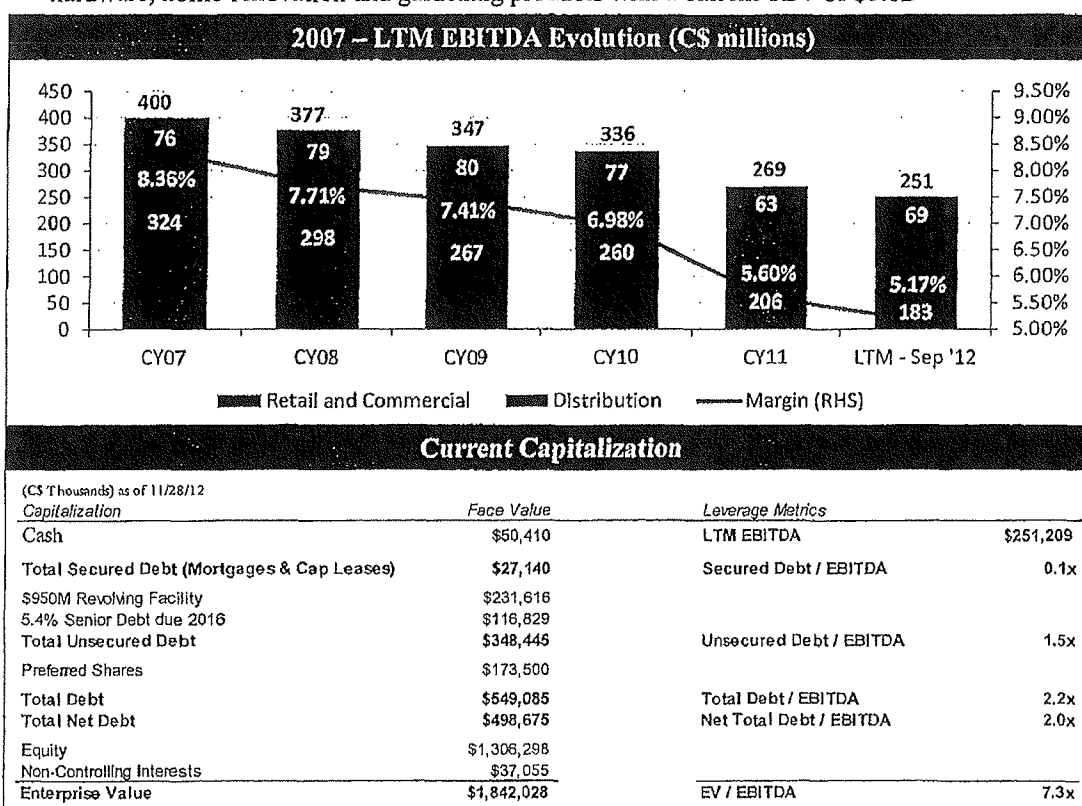
RONA INC. (TICKER: RON)

NOV. 2012

All figures in C\$ unless otherwise noted. RONA Inc. referred to as “RONA” or the “Company”.

1. Business Description

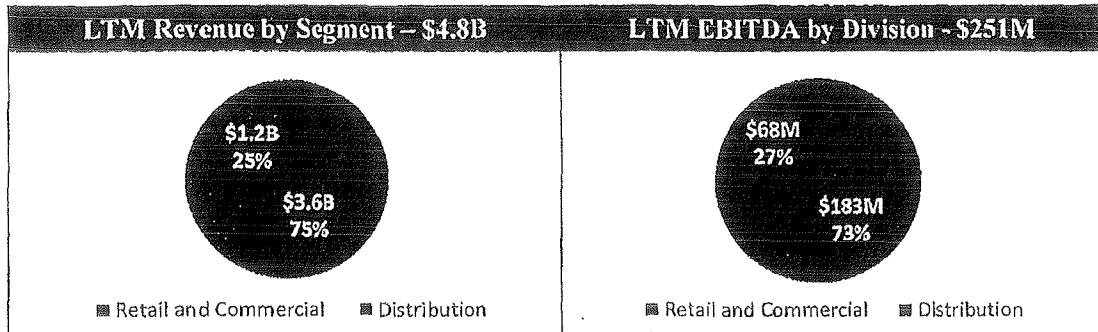
- Headquartered in Boucherville, Quebec, RONA is the largest Canadian retailer and distributor of hardware, home renovation and gardening products with a current TEV of \$1.8B



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

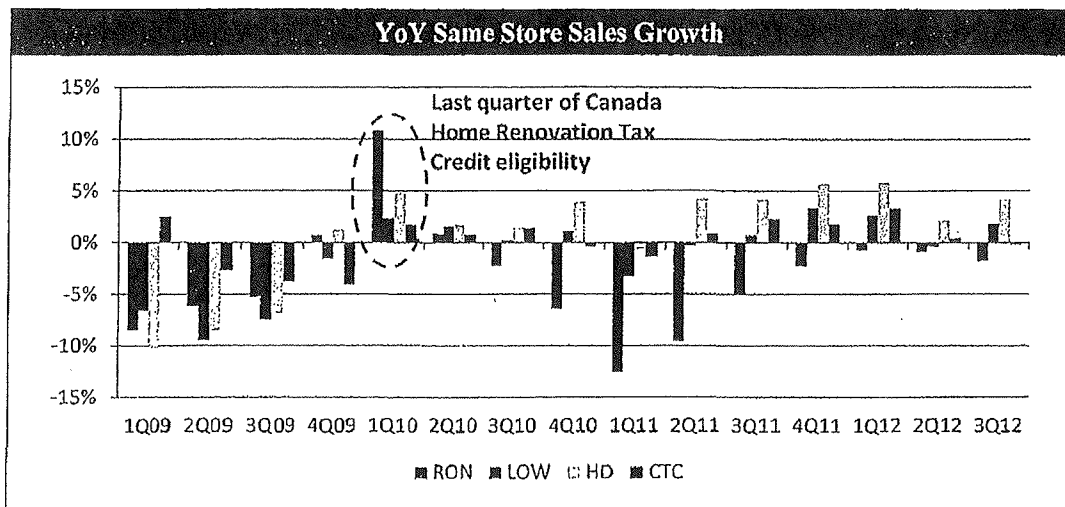


Source: Company filings.

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



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												
	LTM											
	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
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
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
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
Rona Inc.	3,024	4,858	30.0%	24.8%	625	429	1,000	64.7	32.2	75.1	33.1%	42.7
	CY2011											
	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
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
The Home Depot, Inc.	40,222	69,881	34.5%	22.8%	4,821	1,236	10,259	38.4	6.5	53.5	25.5%	21.6
Canadian Tire Corp. Ltd. ⁽¹⁾	8,342	9,369	26.1%	21.2%	1,638	814	1,449	86.5	31.7	56.3	17.4%	1.7
Rona Inc.	2,789	4,805	30.6%	25.0%	488	370	840	51.5	28.1	63.8	30.2%	40.4
	CY2010											
	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
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
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
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
Rona Inc.	2,922	4,820	30.7%	23.7%	454	300	905	49.7	22.7	68.6	31.0%	41.6

Source: Company filings, Capital IQ

(1) Canadian Tire retail segment.

Financial Benchmarking										
C\$000s equivalents										
	LTM									
	Assets	Equity	Sales	EBITDA	Net Income	EBITDA %	ROA	ROE	EV / EBITDA	EV / Sales
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									
	Assets	Equity	Sales	EBITDA	Net Income	EBITDA %	ROA	ROE	EV / EBITDA	EV / Sales
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									
	Assets	Equity	Sales	EBITDA	Net Income	EBITDA %	ROA	ROE	EV / EBITDA	EV / Sales
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

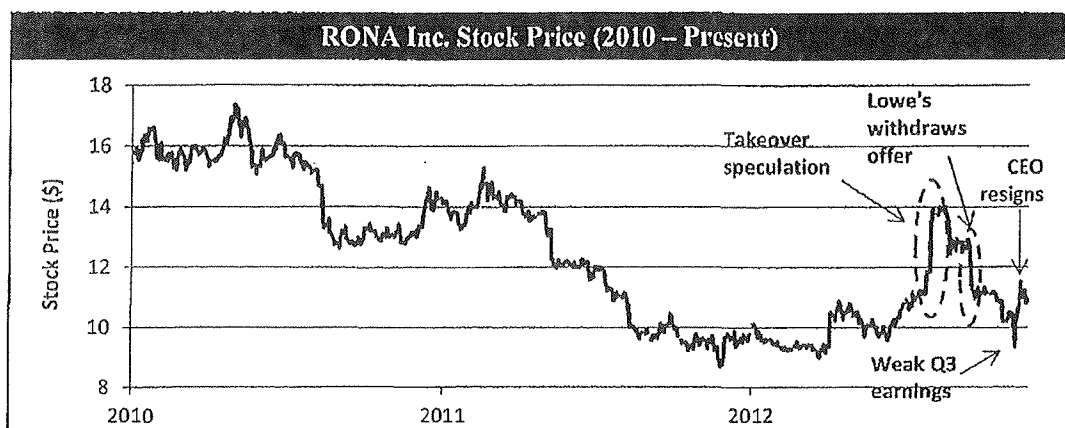
Lowe's Offer

- 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 >\$30M 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	100	\$23,839	0.5x	Fixed	5.250%	11/20/2016	3.500%	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	100.8	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		\$316,584	2.2x					
Net Total Debt		\$1,217,059	\$498,675	2.0x		\$276,174	2.0x					
Cash		\$50,410.0										
Revolver		\$950,000.0										
Debt		(\$231,616.0)										
Liquidity		\$768,794.0										

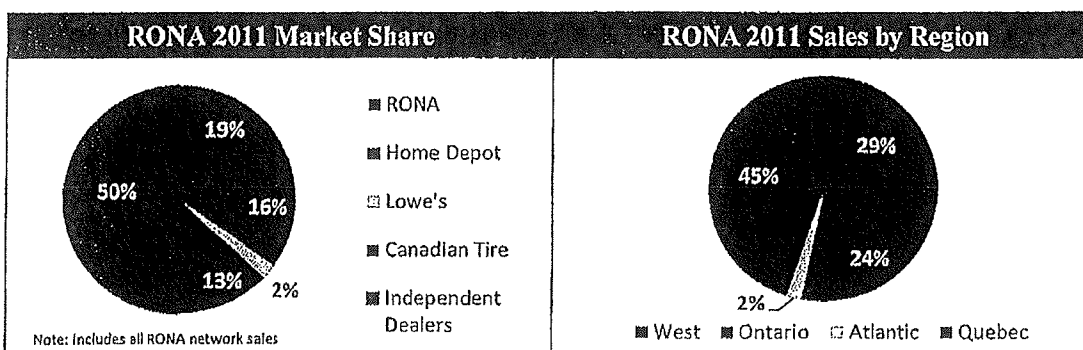
- The Company is trading at 7.3x EV/LTM EBITDA, below its peer average of 10.3x. RONA is also projected to continue to trade at a discount to comparables, at 8.1x vs. 10.1x for 2012E and 7.1x vs. 9.1x for 2013E

All figures in C\$000s equivalent; share price in C\$ equivalent

Company	Share Price	Market Cap	TEV	LTM			EV/EBITDA			
				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	\$1,206.3	\$1,842.0	\$4,857.8	\$251.2	5.2%	6.8x	7.3x	8.1x	7.1x

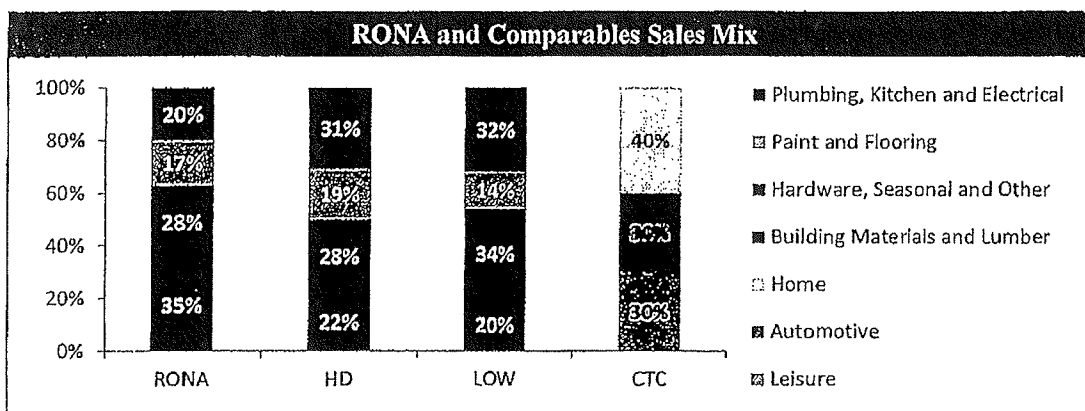
4. Company Analysis

- 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.

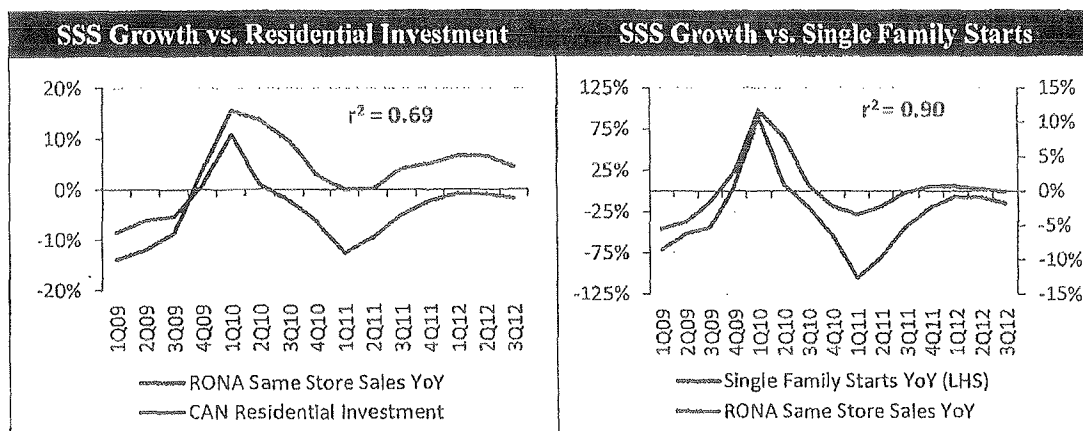
- RONA's is more dependent on lower margin and cyclical Building Materials and Lumber than its peers



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
 - Same-store sales growth has a 0.69 correlation with Residential Investment and a 0.90 correlation with single-family starts

- 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)



Source: Company Filings, Bloomberg, Statistics Canada.

Segment Detail

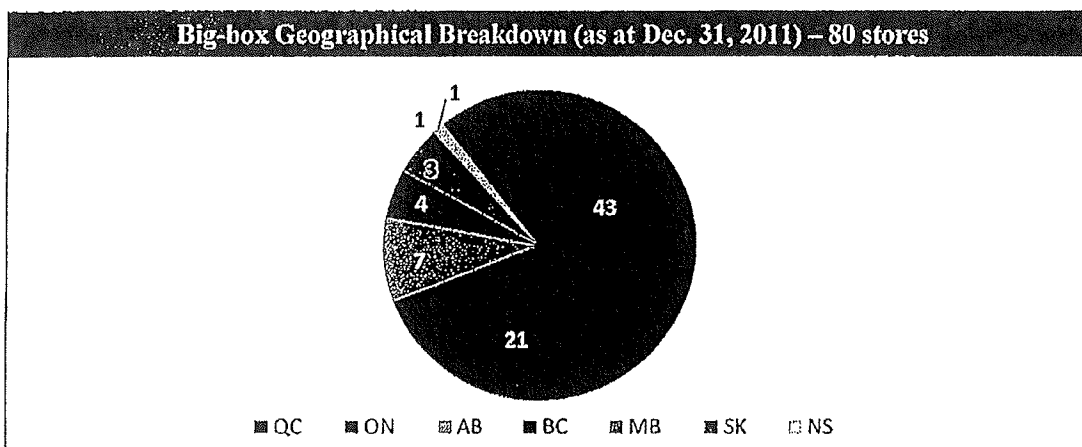
Retail and Commercial

- 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
 - 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
 - An additional ~600 non-bannered stores are classified as distribution customers

Store Type (as at Dec. 31, 2011)				Ownership Format (as at Dec. 31, 2011)					
	FY2011	FY2010	FY2009	Ownership Type	RONA's Typical Equity Participation	RONA's Economic Interest	# of Bannered Stores		
Number of Bannered Stores							FY2011	FY2010	FY2009
Big-Box	80	78	77	Corporate	> 50%	Distribution, retail and commercial sales	295	271	233
Proximity and Specialized	179	151	138	Franchised	0 - 50%	Royalties on sales; distribution and retail sales	19	20	22
Commercial and Professional	55	62	40	Affiliates / Independent Dealers	0%	Distribution sales	524	522	431
Total Bannered Store Count	838	813	686	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



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

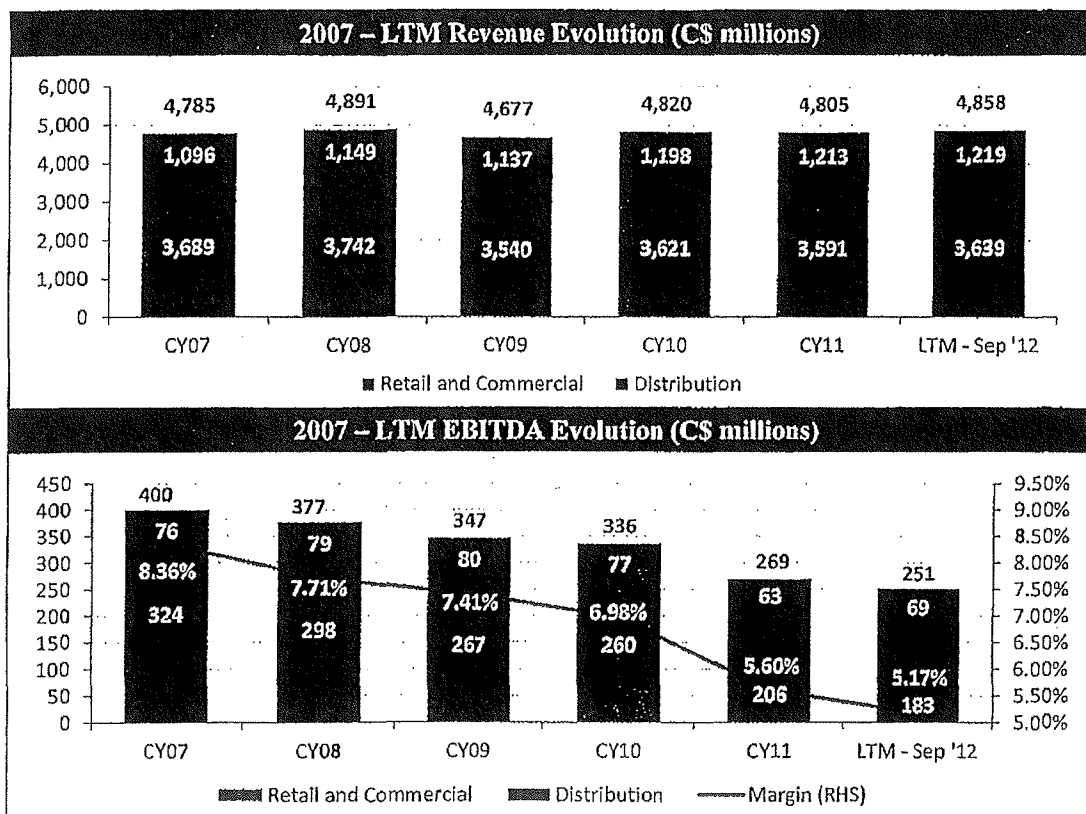
RONA Distribution Centres			
(in thousands of square feet)	Hardware	Lumber	Commercial and Professional
Boucherville, QC	926	-	-
Le Gardeur, QC	-	-	20
Montreal, QC	-	-	44
Terrebonne, QC	380	-	-
Concord, ON	-	-	328
Halton Hills, ON	-	590	-
Kitchener, ON	250	-	-
Winnipeg, MB	400	-	-
Edmonton, AB	-	185	-
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

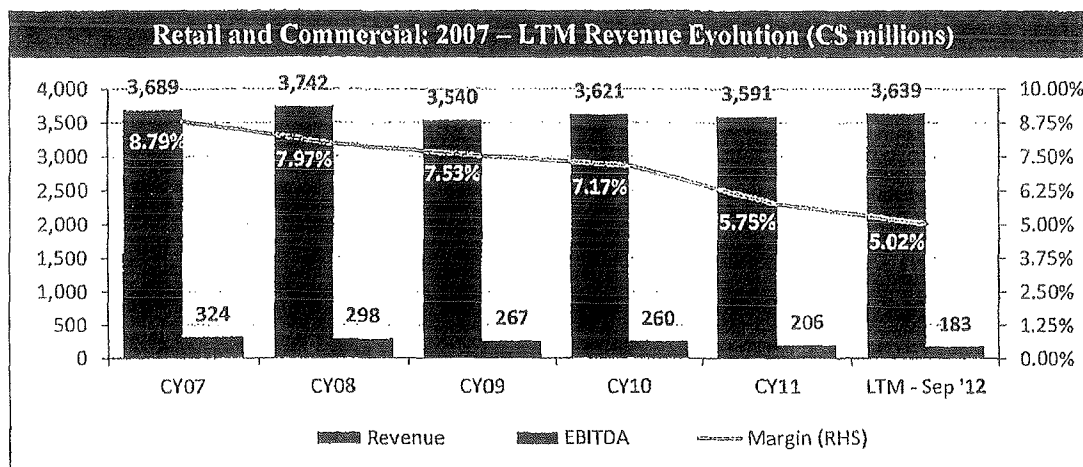
Historical Financial Results

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

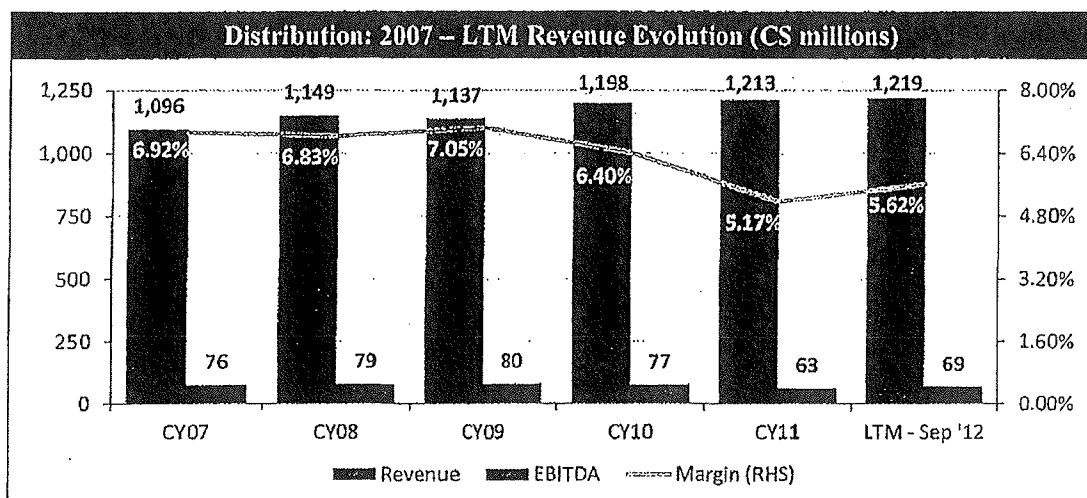


Retail and Commercial



- 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

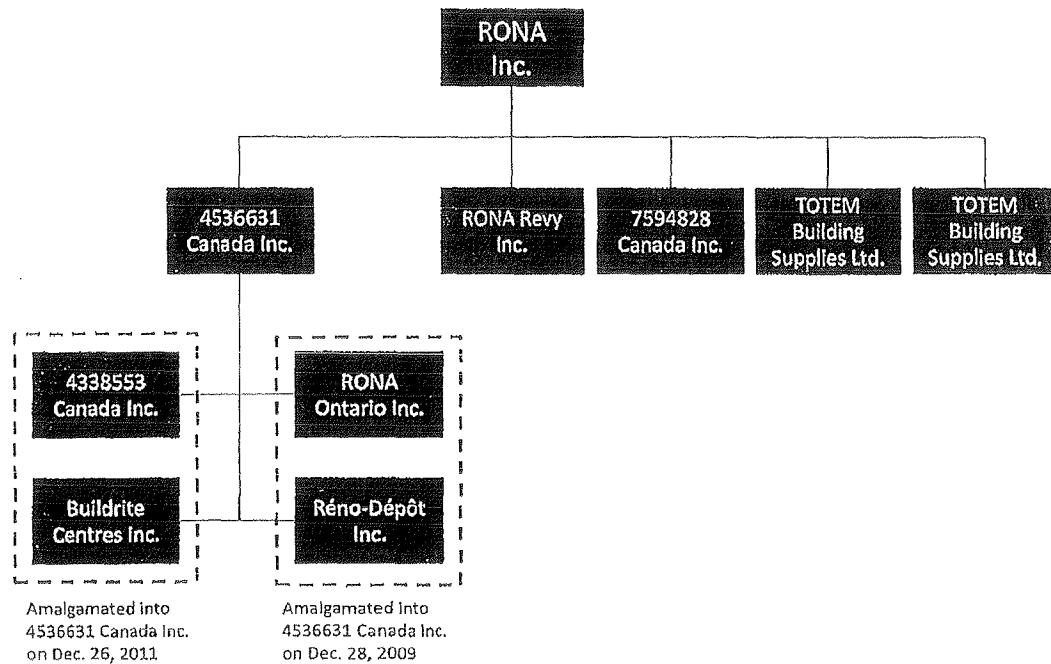
Distribution



- 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 (CS 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	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	\$1,109,192	\$934,934	\$1,417,137	\$1,336,560				
Cost of Sales	-	\$3,447,764	\$3,453,301	\$3,528,837	\$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	-	-	\$18,665	\$26,913	\$18,665	-	\$1,568	\$2,680				
Gross Margin	\$4,677,359	\$1,480,871	\$1,470,616	\$1,455,546	\$361,720	\$286,579	\$415,218	\$392,929				
SG&A	-	\$1,141,553	\$1,201,399	\$1,204,337	\$295,869	\$275,466	\$320,638	\$312,264				
EBITDA	\$346,803	\$336,318	\$269,217	\$251,209	\$65,851	\$11,113	\$94,580	\$79,665				
D&A	\$107,160	\$108,718	\$107,055	\$100,472	\$27,749	\$21,406	\$24,136	\$25,181				
EBIT	\$243,643	\$227,600	\$162,162	\$150,737	\$38,102	\$(13,293)	\$70,444	\$54,484				
Interest Expense	\$23,337	\$24,061	\$24,989	\$20,030	\$5,332	\$4,453	\$5,164	\$5,101				
Net Income (Loss)	\$143,583	\$142,521	\$(74,727)	\$(113,777)	\$(150,016)	\$(12,267)	\$18,306	\$3,200				
Capital Expenditures	\$111,878	\$104,924	\$10,198	\$48,525	\$19,093	\$7,483	\$10,095	\$7,014				
Cash from Operations	\$282,774	\$128,072	\$230,245	\$152,208	\$103,280	\$(130,716)	\$39,234	\$149,410				
Cash from Investing	\$(163,747)	\$(212,529)	\$(146,833)	\$(94,159)	\$(37,917)	\$(19,834)	\$(17,882)	\$(18,317)				
Cash from Financing	\$109,885	\$(89,223)	\$(141,849)	\$(203,950)	\$(244,522)	\$129,048	\$(14,305)	\$(74,177)				

Notes:

[1] As reported.

Balance Sheet (CS 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	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12
Assets												
Cash	\$239,257	\$75,577	\$17,149	\$30,410	\$17,149	-	-	\$50,410				
Trade and Other Receivables	\$246,201	\$294,889	\$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	\$1,598	\$3,344				
Current Tax Assets	\$2,436	-	\$7,616	\$15,286	\$7,616	\$72,779	\$19,702	\$15,286				
Inventory	\$725,810	\$903,467	\$940,287	\$1,000,102	\$840,287	\$1,027,825	\$1,017,468	\$1,000,102				
Prepaid Expenses	\$18,114	\$17,955	\$20,836	\$10,169	\$20,836	\$15,973	\$33,882	\$20,169				
Derivative Financial Instruments	-	-	-	-	-	-	\$538	-				
Other Financial Assets (Non-Current)	\$11,118	\$9,614	\$13,617	\$14,287	\$13,617	\$14,681	\$14,747	\$14,287				
PP&E	\$827,833	\$885,044	\$874,246	\$824,025	\$874,246	\$867,569	\$849,248	\$824,025				
Non-Current Assets Held for Sale	\$11,080	\$16,474	\$10,455	\$25,734	\$10,455	\$9,475	\$10,821	\$25,734				
Goodwill	\$455,572	\$529,094	\$426,968	\$428,317	\$426,968	\$428,168	\$428,168	\$428,317				
Intangible Assets	\$166,157	\$128,323	\$126,998	\$143,529	\$126,998	\$129,796	\$139,251	\$143,529				
Other Non-Current Assets	\$4,496	\$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	\$2,994,052	\$3,074,095	\$3,023,743				
Liabilities												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	\$13,533	\$6,306	-				
Current Portion of Bank Loans	\$5,211	\$19,913	\$4,377	\$12,298	\$4,377	\$9,364	\$10,916	\$12,298				
Trade and Other Payables	\$409,764	\$454,164	\$487,864	\$625,479	\$487,864	\$597,982	\$681,221	\$625,479				
Dividends Payable	-	\$9,419	\$3,527	\$10,589	\$3,527	\$11,014	\$2,277	\$10,589				
Current Tax Liabilities	-	\$3,279	-	-	-	-	-	-				
Derivative Financial Instruments	\$776	\$1,653	\$981	\$2,312	\$981	\$1,016	-	\$2,312				
Provisions	\$7,002	\$4,625	\$4,947	\$16,412	\$4,947	\$6,929	\$8,924	\$16,412				
Installments on Long-Term Debt	\$9,296	\$21,151	\$20,257	\$13,381	\$20,257	\$17,203	\$13,351	\$13,382				
Total Current Liabilities	\$432,749	\$496,036	\$522,663	\$680,472	\$512,663	\$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	\$27,899	\$30,601	\$33,683	\$35,612	\$33,683	\$35,153	\$35,701	\$35,612				
Provisions	\$10,762	\$1,539	\$3,606	\$17,672	\$3,606	\$1,606	\$3,466	\$17,672				
Deferred Tax Liabilities	\$27,724	\$34,314	\$32,729	\$20,378	\$32,729	\$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	\$72,761	\$35,809	\$35,536	\$37,055	\$35,536	\$34,232	\$36,120	\$37,055				
Shareholder's Equity	\$1,742,129	\$1,875,988	\$1,920,098	\$1,862,785	\$1,920,898	\$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	\$1,855,516	\$1,905,019	\$1,899,840				

Notes:

Credit Statistics (CS 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	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%	20.5%	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	\$722,517	\$803,384	\$722,517	\$163,758	\$586,137	\$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

			Worst Case %	Mid Case %	Best Case %	Liq - W	Liq - M	Liq - B
Total Assets								
Cash	50,410		75%	85%	95%	37,808	42,849	47,880
Trade and Other Receivables	428,761		50%	70%	80%	257,257	300,133	343,009
Other Financial Assets (Current)	3,344		70%	75%	80%	2,341	2,508	2,675
Current Tax Assets	15,285		0%	0%	0%	-	-	-
Inventory	1,000,102		45%	50%	55%	450,048	500,051	550,056
Prepaid Expenses	30,109		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	55,878		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%	122,155	149,301	176,447
Leasehold Improvements	96,013		5%	10%	15%	4,801	9,801	14,802
Furniture and Equipment	154,838	4	15%	20%	25%	23,226	30,868	38,710
Computer Hardware	22,920	4	0%	5%	10%	-	1,140	2,282
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	10,658		0%	0%	0%	-	-	-
Customer Relationships	248		0%	0%	0%	-	-	-
Preferential Price Losses	69		0%	0%	0%	-	-	-
Total Assets	3,056,378					1,072,857	1,247,009	1,421,161
Loss: Administrative Claims From Liquidation (0.0%)						(85,029)	(99,761)	(113,693)
Net Distributable Assets						987,828	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						27,140	27,140	27,140
Recovery % to 1st Lien						100%	100%	100%
Remaining Value Available for Unsecured Claims						959,688	1,120,108	1,280,328
2. Unsecured Claims								
Receivables						231,610	231,616	231,616
5.25% Unsecured Notes due 2016						116,829	116,829	116,829
Trade Creditors						615,478	625,479	635,479
Total Unsecured Claims						963,917	973,924	973,924
Recovery to Unsecured						959,688	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 A 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						-	86%	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) Comprise \$16.5M of land and parking lots and \$9.2M of buildings
 (3) Includes deferred benefit assets and capitalized financing costs
 (4) Of which \$1M of furniture and equipment, and 37% of computer hardware is under finance leases
 (5) Includes costs related to construction of buildings which will be used for drive 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
CS Thousands

Priority Scheme		9/30/12			
Class	Claim Description				
1	Mortgage Loans	28,107			
	Capital Leases	1,033			
2	Revolver	231,616			
	5.25% Unsecured Notes due 2016	116,829			
3	5.25% Series B Class A Preferred	172,500			
4	4% Class D Preferred	1,000			
5	Equity Holders	1,329,365			
			LTM 09/30/2012 EBITDA		
			261,209		
			Mult W	Mult M	Mult B
			7.0x	8.0x	9.0x
			1,758,463	2,009,672	2,260,881
Distributions by Class					
1	Mortgage Loans	28,107	28,107	28,107	28,107
	Capital Leases	1,033	1,033	1,033	1,033
	Revolver	231,616	231,616	231,616	231,616
2	5.25% Unsecured Notes due 2016	116,829	116,829	116,829	116,829
3	5.25% Series B Class A Preferred	172,500	172,500	172,500	172,500
4	4% Class D Preferred	1,000	1,000	1,000	1,000
5	Equity Holders	1,209,378	1,460,597	1,711,706	
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 B 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.

Series 6 Class A Preferred (issued in February 2011)

- 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

Class D Preferred (issued in February 2011)

- 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

ARCAN RESOURCES LTD.

JAN. 2014

1. Executive Summary	2
2. Business Description.....	4
3. Situation Overview	8
4. Pricing Matrix and Comparables	10
5. Corporate Structure.....	12
6. Operating Results and Capitalization Table	13
7. Waterfall Analysis	14
8. Discounted Cash Flow.....	15
9. Capital Structure Summary.....	17
10. Summary Industry Drivers Analysis.....	20

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 11.4Mmbbls (29.5%) are proved developed producing ("PDP"), 0.7Mmbbls (0.8%) are proved developed non-producing, 11.7Mmbbls (30.2%) are proved undeveloped and 15.3Mmbbls (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.

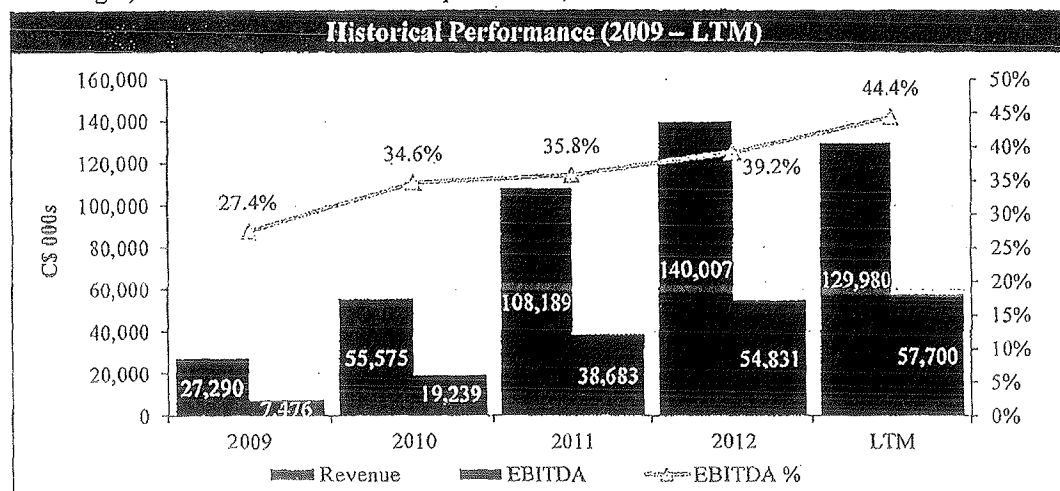
Security	Note	Face Value	Drawn as of 9/30/13	Book vLTM EBITDA	Trading Price	Market Adj. Value	Market vLTM EBITDA	Interest Margin	Implied Interest Rate	Maturity	Yield to Maturity	Current Yield
LTM EBITDA				\$57,700			\$57,700					
Cash		(\$4,058.0)	(\$4,058.0)	-0.1x		(\$4,058.0)	-0.1x					
Revolving Credit Facility	1	\$700,000	\$157,000	2.7x	100.0	\$157,000	2.7x	1.43.9%	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		\$6,250	\$6,250	1.5x	\$1.0	\$3,988	0.8x	6.25%	6.25%	02/28/2016	41.99%	12.25%
6.50% Convertible due 2018		\$85,000	\$85,000	1.5x	\$1.0	\$3,350	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 11.4Mmbbls (29.5%) are proved developed producing ("PDP"), 0.7Mmbbls (0.8%) are proved developed non-producing, 11.7Mmbbls (30.2%) are proved undeveloped and 15.3Mmbbls (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

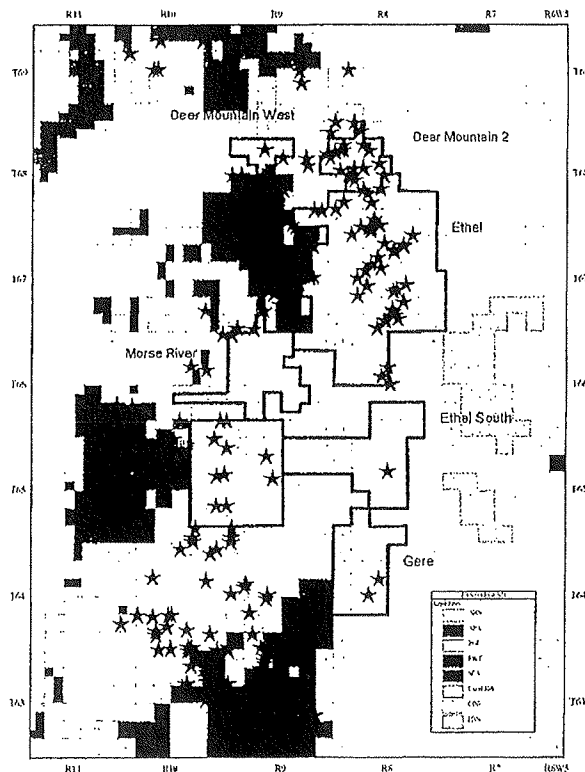


Source: Company filings.

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 OOIIP 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
 - 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
 - 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
 - Sensitivity tables based on oil prices, initial production and drilling and completion ("D&C") costs are shown on the following page
 - 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)
 - 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
 - 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
 - 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	Oil Production			Financial			1P			2P			NPV@10%	
	Oil / NGL	Gas	Total	NOI	Opex	Net Back	Oil / NGL	Gas	Total	Oil / NGL	Gas	Total	1P	2P
	boe/d	mcf/d	boe/d	MM\$	\$/boe	\$/boe	mmbbl	mmbbl	mmbbl	mmbbl	mmbbl	mmbbl	MM\$	MM\$
Deer Mountain Unit No. 2	893	198	926	13.0	20.67	37.34	6,263	1,744	6,553	8,437	2,353	8,820	116.3	139.8
Deer Mountain Non-Unit	181	72	193	2.4	4.02	60.14	121	90	136	187	142	211	4.5	6.1
Deer Mountain West	195	37	201	4.4	7.19	73.23	640	161	667	976	240	1,017	14.9	23.0
Virginia Hills	102	0	102	4.2	10.57	46.08	234	71	246	511	155	537	6.3	9.8
Total	1,431	307	1,482	23.9	16.32	44.47	7,258	2,066	7,602	10,112	2,898	10,595	142.0	176.8

Note: Production as of June 2013. Financials represent annualized values as of YTD June 2013 from Company latest operating statements. Reserves information represent a mid-year update effective July 1, 2013 as per G.J. Petroleum Consultants ("GJPC")

- 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

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.

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	1-3.5%	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	\$1.0	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	\$1.0	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.												

- 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 (MMbbls)	Proven + Probable (MMbbls)	% Oil & NGLs	Daily Production boerd	EV / Proven Reserves	EV / 2P Reserves	EV / Production EV / (buc/d)	EV / EBITDA LTM
Junior E&P Peers														
Argent Energy Trust	\$8.01	\$480.0	\$582.1	\$99.7	\$47.3	47.7%	17,731	32,333	70.0%	3,407	32.8x	18.0x	\$107,658	12.2x
Dorsey Creek 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.	\$4.75	\$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
Nantok Energy Inc.	\$2.17	\$164.3	\$168.2	\$36.3	\$28.9	51.3%	8,029	14,862	50.0%	3,819	20.9x	11.3x	\$44,037	5.8x
Painted Pony Petroleum Ltd	\$6.35	\$695.9	\$595.2	\$91.3	\$47.6	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	\$1,095.3	\$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	\$1,027.2	\$95.2	\$63.2	66.4%	10,526	18,920	81.0%	3,706	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	\$0.38	\$37.2	\$271.5	\$130.0	\$57.7	44.4%	23,410	38,730	93.6%	3,726	11.9x	7.2x	\$57,469	4.1x

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 (CS 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	
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)	(\$5,025)	(\$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	\$33,699	\$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	\$1,937	\$2,099	\$1,122	
General and Administrative Expenses	\$10,522	\$20,085	\$21,976	\$14,587	\$6,786	\$2,097	\$2,809	\$2,893	
EBITDA	\$19,239	\$38,683	\$54,831	\$57,700	\$8,400	\$16,657	\$15,770	\$16,873	
Net Income (Loss)	(\$7,118)	(\$779)	(\$18,984)	(\$6,530)	-	(\$2,964)	\$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)	(\$21,333)	(\$8,948)	(\$7,251)	
Cash from Operations	\$19,630	\$44,889	\$44,886	\$38,723	\$5,552	\$11,098	\$13,108	\$8,655	
Cash from Investing	(\$125,292)	(\$235,553)	(\$200,034)	(\$41,132)	\$866	(\$9,785)	(\$26,123)	(\$6,092)	
Cash from Financing	\$105,602	\$192,521	\$159,590	(\$93)	(\$5,082)	(\$9,521)	\$14,573	(\$6)	

Balance Sheet (CS 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	\$1,055	
Trade and Other Receivables	\$15,610	\$21,011	\$13,199	\$13,187	\$13,149	\$15,873	\$14,541	\$13,187	
Prepays and Deposits	\$1,328	\$1,827	\$1,311	\$1,365	\$1,311	\$1,043	\$1,851	\$1,765	
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	\$2,747	\$2,235	
Exploration and Evaluation Assets	\$250,153	\$35,379	\$26,610	\$24,917	\$26,610	\$25,905	\$24,981	\$24,917	
Property, Plant and Equipment	\$23,955	\$44,225	\$53,630	\$54,538	\$53,630	\$56,732	\$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	\$34,155	\$19,718	
Fair Value of Commodity Contracts	\$2,233	\$525	-	\$4,733	-	\$574	\$1,693	\$4,733	
Restricted Share Unit Obligation	-	-	-	\$1,227	-	\$1,435	\$873	\$1,227	
Total Current Liabilities	\$45,500	\$66,839	\$32,310	\$25,678	\$32,310	\$43,104	\$36,721	\$25,678	
Non-Current Liabilities									
Bank Loans	\$20,823	-	\$159,422	\$164,408	\$159,422	\$149,898	\$164,471	\$164,408	
Convertible Debentures	-	\$128,710	\$144,117	\$148,308	\$144,117	\$145,501	\$146,897	\$148,308	
Decommissioning Obligations	\$15,746	\$19,291	\$25,785	\$25,263	\$25,785	\$20,004	\$25,358	\$25,263	
Fair Value of Commodity Contracts	-	\$251	\$43	\$2,321	\$43	\$2,061	\$1,280	\$2,321	
Restricted Share Unit Obligation	-	-	-	\$414	-	\$1,219	\$514	\$414	
Deferred Tax Liabilities	\$2,304	\$13,742	\$3,723	\$2,207	\$3,723	\$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 (CS Thousands)									
	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	
Sales Growth	NA	88.9%	27.3%	NA	(0.8%)	8.1%	4.2%	2.5%	
Royalties / Sales	26.5%	18.0%	15.6%	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
C3 Thousands

Priority	Class	Class Description	9/30/13
1		Revolving Credit Facility	157,000
2		Trade Creditors	19,718
3		6.25% Sub. Convertible due 2016	86,250
		6.50% Sub. Convertible due 2018	85,000

LTM 09/30/2013 EBITDA			67,700
	Multi W	Multi M	Multi B
	4.0x	8.0x	12.0x
	230,800	461,600	692,400

Distributions by Class			
1	Revolving Credit Facility	157,000	157,000
2	Trade Creditors	19,718	19,718
3	6.25% Sub. Convertible due 2016	27,238	86,250
	6.50% Sub. Convertible due 2018	28,844	85,000

Implied Absolute Return by Class			
1	Revolving Credit Facility	100%	100%
2	Trade Creditors	100%	100%
3	6.25% Sub. Convertible due 2016	32%	100%
	6.50% Sub. Convertible due 2018	32%	100%

Daily Production (boe/d)			3,720
	Multi W	Multi M	Multi B
	160,000	375,000	530,000
	223,560	278,450	335,348

Distributions by Class			
1	Revolving Credit Facility	157,000	157,000
2	Trade Creditors	19,718	19,718
3	6.25% Sub. Convertible due 2016	23,682	51,741
	6.50% Sub. Convertible due 2018	23,250	50,891

Implied Absolute Return by Class			
1	Revolving Credit Facility	100%	100%
2	Trade Creditors	100%	100%
3	6.25% Sub. Convertible due 2016	27%	60%
	6.50% Sub. Convertible due 2018	27%	60%

1P Reserves (Mbbbls)			23,410
	Multi W	Multi M	Multi B
	15.0x	20.0x	25.0x
	351,150	468,200	585,250

Distributions by Class			
1	Revolving Credit Facility	157,000	157,000
2	Trade Creditors	19,718	19,718
3	6.25% Sub. Convertible due 2016	86,250	86,250
	6.50% Sub. Convertible due 2018	85,000	85,000

Implied Absolute Return by Class			
1	Revolving Credit Facility	100%	100%
2	Trade Creditors	100%	100%
3	6.25% Sub. Convertible due 2016	100%	100%
	6.50% Sub. Convertible due 2018	100%	100%

2P Reserves (Mbbbls)			38,730
	Multi W	Multi M	Multi B
	5.0x	8.5x	12.0x
	193,650	329,205	464,760

Distributions by Class			
1	Revolving Credit Facility	157,000	157,000
2	Trade Creditors	19,718	19,718
3	6.25% Sub. Convertible due 2016	8,528	76,600
	6.50% Sub. Convertible due 2018	8,404	75,687

Implied Absolute Return by Class			
1	Revolving Credit Facility	100%	100%
2	Trade Creditors	100%	100%
3	6.25% Sub. Convertible due 2016	10%	89%
	6.50% Sub. Convertible due 2018	10%	89%

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%)	(4.0%)	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 (Mbbbl)	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	94.25	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 (CS/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	2.43	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)	1.92	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)	(955)	(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)	(6,577)	(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)	(18.99)	(18.60)	(18.60)	(18.60)	(18.60)	(18.60)		
Production Costs (incl. Transportation)	(6,463)	(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	(1,937)	(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)	(4,163)	(3,819)	(3,628)		
Total Costs	(15,530)	(17,516)	(16,864)	(13,622)	(11,969)	(10,865)	(9,836)	(9,358)	(53,532)	(42,029)	(34,503)	(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	36.58	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	(21,355)	(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

Discounted Cash Flows									
(Values in \$3000s, except for production)									
Discount Rate	15%								
Quarter/Year	2014	2014	2014	4Q14	2015	2016	2017	2018	
Production (bbl/d)	3,004	2,698	2,422	2,312	3,808	2,607	2,162	1,925	
Revenue	22,963	20,830	18,370	17,343	123,111	79,708	61,456	52,034	
EBITDA	10,093	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	20,830	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	8,586	7,668	6,589	6,095	19,539	14,593	9,308	7,552	

PV of Cash Flows		Valuation Metrics				Terminal Valuation (PV in \$000s)		
		Low	Mid	High		Low	Mid	High
Terminal Value Calculation								
2018 1P Reserves	18,314	15.0x	20.0x	25.0x		151,335	201,781	252,226
2018 2P Reserves	33,624	5.0x	8.5x	12.0x		92,645	157,496	222,347
Average Value						121,990	179,638	237,286

Stakeholder Recoveries				Note: 68,000 undeveloped acres at \$100/\$150/\$200 per acre
	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	10,700	13,600	
Total Distributable Value	213,179	274,727	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%	37%	93%	

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

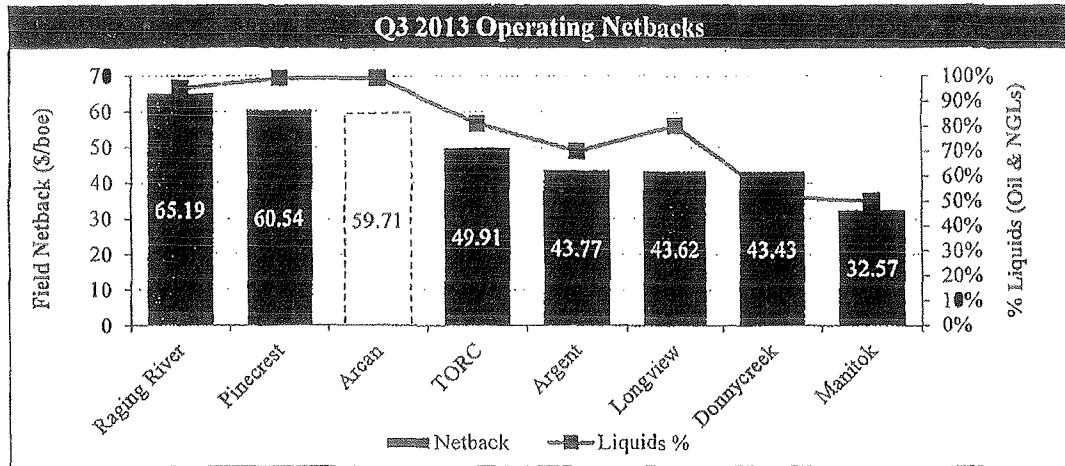
- Arcan holds a large, contiguous and defensible position in the Swan Hills complex. There is little threat of a potential entrant geographically — more realistically, Arcan would be threatened by oil substitutes and producers in more economical plays should benchmark oil prices move significantly

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.

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+)

TAB H

This is Exhibit "H" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of connected loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON



GROSMAN, GROSMAN & GALE LLP
BARRISTERS & SOLICITORS

JUSTIN TETREAU
Email: jtetreault@grosman.com

July 15, 2014

DELIVERED BY EMAIL rdipucchio@counsel-toronto.com

Mr. Rocco Di Pucchio
Lax O'Sullivan Scott Lisus LLP
2750 - 145 King Street West
Toronto, ON M4H 1J8

Dear Mr. Di Pucchio:

Re: Brandon Moyse

Further to Mr. Moyse's Notice of Intent to Defend, we would like to draw your attention to the arbitration clause contained at section 15 of Mr. Moyse's employment agreement.

While we recognize that Catalyst is entitled to seek injunctive relief through the Ontario Superior Court of Justice, it is Mr. Moyse's position that the court has no jurisdiction to award damages (including punitive damages) in this matter and any such claims for relief in Catalyst's Statement of Claim are improper and ought to be struck.

Accordingly, we will not be filing a Statement of Defence with the court in this matter.

Yours very truly,

GROSMAN, GROSMAN & GALE LLP

For Per: Justin Tetreault

c. J. Mitchell (via email: jeff.mitchell@dentons.com)
[Dentons]

TAB I

This is Exhibit "I" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of connected loops and a long horizontal stroke.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

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

--- This is the Cross-Examination of MARTIN MUSTERS
on his affidavit sworn June 26, 2014, taken at the
offices of Neeson & Associates Court Reporting and
Captioning Inc., Suite 1108, 141 Adelaide Street
West, Toronto, Ontario, on August 1, 2014.

A P P E A R A N C E S:

Andrew Winton

& Rocco Di Pucchio, for the Plaintiff

Justin Tetreault, for Brandon Moyse

Andy Pushalik, for West Face Capital Inc.

REPORTED BY: Cindy Littlemore, CSR

1 written a few articles on what I call profiling,
2 which seems to -- which talks to understanding the
3 behaviour of the user on the computer to determine
4 their pattern of use.

5 So I can't remember whether it was one
6 or two articles, but I've certainly written an
7 article on that very subject.

8 183 Q. So can you explain the types of
9 usual patterns where an employee or a person
10 is -- has been taking confidential information?

11 A. Well, it's a broad question, and
12 I'm happy to go into the various scenarios.
13 Depending on the level of sophistication of the
14 user, one type of user will just e-mail themselves
15 everything to their personal account.

16 Another type of user will use an
17 external storage device. Some users will literally
18 open up a document and print it and then take those
19 printed documents with them because it's harder to
20 detect, and some clients use Dropbox and other
21 Cloud-based services, and the most sophisticated
22 ones will use some form of encryption.

23 184 Q. So the files that -- or the paths
24 that you point to in your affidavit, those files
25 were accessed on March 28th, April 25th, May 13th

1 and May 26th; correct?

2 A. I'll take your word for it.

3 MR. WINTON: Isn't that what it states
4 in his affidavit?

5 BY MR. TETREAULT:

6 185 Q. Yeah.

7 A. Yes.

8 186 Q. Mr. Moyse denies improperly
9 transferring of the files, but assuming for a
10 moment that the chain of events in your affidavit
11 is true, he would have -- Mr. Moyse began speaking
12 to West Face on March 26th, that's not in dispute.

13 So two days after Brandon began
14 speaking to West Face, he accessed three- to
15 six-year-old newsletters and transferred them but
16 nothing else to his Cloud account. Then a month
17 later, he looked at Stelco files, which were then
18 six years old, transferred them to his Cloud
19 account and nothing else. Then he waited another
20 three weeks and looked at files related to WIND and
21 transferred those but nothing else, and then on his
22 last day of work, he accessed some meeting notes.

23 Doesn't that seem like an unusual
24 pattern for someone who is taking confidential
25 information?

1 R/F MR. WINTON: I object to the question.
2 I think you haven't established that's the only --
3 those are the only documents that are -- that were
4 possibly transferred. These are specific instances
5 that have been recorded upon but in no way are they
6 represented by Catalyst as the only instances.

7 MR. TETREAULT: Well, what other
8 documents are you relying upon?

9 MR. WINTON: We're not relying upon
10 any. That's why we're seeking to look at his
11 devices.

12 BY MR. TETREAULT:

13 187 Q. Okay. So you have no evidence --
14 if he has no evidence that he took any other -- I
15 mean, in your experience, is that unusual -- is
16 that an unusual pattern for someone who is taking
17 confidential information?

18 R/F MR. WINTON: I don't think you should
19 answer that question. First of all, it's built on
20 a faulty premise, and it's not one that we accept.
21 So I'm going to instruct the witness not to answer.

22 BY MR. TETREAULT:

23 188 Q. In your experience, if a person is
24 taking confidential information, would they
25 normally transfer a large amount over a short

1 period of time?

2 A. Do you want me to answer?

3 MR. WINTON: Yeah. No, I haven't
4 objecting to it. Yes. I don't want -- it's not
5 what I want or don't want. I haven't objected to
6 it, so you should answer.

7 THE DEPONENT: All right. Thank you.
8 Different people fit different profiles. There's
9 not one shoe fits all, and when I analyzed
10 Mr. Moyse's computer -- and I think ultimately, if
11 I can draw any statement to present to this forum,
12 it would be that in the exact profiling that you
13 talked about, does this profile fit for someone who
14 is taking information from the company, and based
15 on what I saw, the answer is yes, and that's
16 exactly why I said what I said in 17, but let me
17 even go further and say -- this is No. 18. I'm
18 just reading.

19 "I cannot conclusively
20 determine whether Catalyst's files
21 were transferred by Moyse to the
22 Cloud Services and then from the
23 Cloud Services onto any other
24 computer or electronic device, such
25 as an iPad, without access to those

1 those computers and/or devices."

2 Does Mr. Moyse fit the pattern of
3 taking information, and I asked myself that
4 question during this -- when I was doing this
5 analysis, and the answer is yes, he very much fits
6 that profile, and that's why I made those two
7 statements in 17 and 18.

8 So does he do it a little bit here and
9 a little bit there or a lot here and a lot there,
10 he fits the pattern. He jumped at me and fit the
11 pattern. That's ultimately what I wanted to say.

12 189 Q. Can I turn you to Exhibit A of
13 Mr. Riley's supplementary affidavit?

14 MR. WINTON: This is the affidavit
15 dated July 14th, sworn July 14th?

16 MR. TETREAULT: Yes.

17 MR. WINTON: Yes. Exhibit A.
18 Mr. Musters's report?

19 MR. TETREAULT: Yes.

20 MR. WINTON: Okay.

21 BY MR. TETREAULT:

22 190 Q. Did you create the report?

23 A. I did.

24 191 Q. And what information, direction or
25 instructions were you given?

TAB J

This is Exhibit "J" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized capital 'A' followed by a series of connected loops and a horizontal line extending to the right.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

In the Matter Of:
The Catalyst Capital Group Inc. v.
Brandon Moyse et al

BRANDON MOYSE
July 31, 2014

neesons

141 Adelaide Street West | 11th Floor
Toronto, Ontario M5H 3L5
1.888.525.6666 | 416.413.7755

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

--- This is the Cross-Examination of BRANDON MOYSE
on his affidavits sworn July 7, 2014 and July 16,
2014, taken at the offices of Neeson & Associates
Court Reporting and Captioning Inc., 141 Adelaide
Street West, Suite 1108, Toronto, Ontario, on the
31st day of July, 2014.

CONFIDENTIAL TRANSCRIPT

1 were at the direction of senior coverage officers.

2 57 Q. And then, again, you make a jump
3 from that position directly into another position
4 at Catalyst Capital, right?

5 A. Mm-hmm. Yes.

6 58 Q. And this time you describe
7 yourself as a distress debt associate and distress
8 debt analyst, right?

9 A. That is correct.

10 59 Q. Okay. And did you in fact hold
11 two positions at Catalyst Capital?

12 A. At the time I wrote this CV I
13 believed I was in imminent, or would imminently
14 become an associate. That promotion was in fact,
15 or later it became apparent that was just a carrot
16 that was dangled out for about four months.

17 60 Q. So at the time you wrote this CV,
18 which was when?

19 A. I don't know the exact date, but
20 February probably of 2014.

21 61 Q. And so --

22 A. Yeah, February 2014.

23 62 Q. So was this one of the
24 embellishments?

25 A. Yes.

1 68 Q. And apart from that then I take it
2 the rest of your description of your duties at
3 Catalyst and your accomplishments at Catalyst are
4 accurate?

5 A. I think so, yes.

6 69 Q. Now, if you flip the page you've
7 also included what I think has been referred to as
8 a deal sheet which lists two completed
9 transactions, one of which is Homburg Invest Inc.
10 and the other is Advantage Rent-a-car. And are you
11 able to say whether your description of your
12 experience in relation to those two transactions is
13 accurate, or has that been embellished as well by
14 you?

15 A. It has been embellished.

16 70 Q. Tell me how it's been embellished.

17 A. For Homburg I did not build the
18 waterfall model initially, I expanded greatly upon
19 it, but I was not the initial person to create it.

20 71 Q. And we'll come to that in a
21 second. So what you're telling me is that the memo
22 that we've seen in the course of these proceedings
23 in relation to Homburg wasn't exclusively your
24 work?

25 A. No, not exclusively.

1 72 Q. So that memo was contributed to by
2 other people at Catalyst?

3 A. Yes.

4 73 Q. Who were those people?

5 A. I believe Zach Michaud.

6 74 Q. And who's he?

7 A. He's a vice-president.

8 75 Q. So the waterfall model that you've
9 described in this particular document was initially
10 built by Mr. Michaud and then you expanded upon it
11 and contributed to it as well?

12 A. I believe the waterfall model was
13 initially built from what I've heard by Mr.
14 Michaud, Mr. Horrox and a former associate named
15 Phil Bacal.

16 76 Q. And these were all people who were
17 at Catalyst at the time?

18 A. Not at the time I did this.

19 77 Q. No, no, but at the time the
20 waterfall analysis was being prepared?

21 A. Yes.

22 78 Q. And then you subsequently added on
23 to that waterfall analysis and contributed your
24 experience and expertise to it?

25 A. Under Zach Michaud's direction,

1 yes.

2 79 Q. And anything else that you
3 embellished?

4 A. I didn't necessarily lead the due
5 diligence process.

6 80 Q. Well, what word would you choose
7 other than led?

8 A. I think participated would be a
9 fair description.

10 81 Q. And who did you participate in it
11 with?

12 A. Mr. Michaud, Mr. De Alba, and a
13 third party advisor named Marvin Budding.

14 82 Q. Why in your CV did you indicate to
15 your prospective employers that you led the due
16 diligence process?

17 A. I certainly led certain parts of
18 it, but I didn't direct the due diligence process.

19 83 Q. I don't think it says you directed
20 it, does it?

21 A. No.

22 84 Q. So is the fact that you led the
23 due diligence process an accurate comment?

24 A. No.

25 85 Q. So tell me what is the accurate

1 description?

2 A. I participated in it.

3 86 Q. Okay. And so I go back to my
4 question, why did you tell your prospective
5 employers that you led the due diligence process?

6 A. I was embellishing.

7 87 Q. For what purpose?

8 A. I wanted a job.

9 88 Q. So were you intending to mislead
10 them in that respect?

11 A. I don't think it was misleading,
12 and they could have asked me about this if they
13 wanted to.

14 89 Q. And so they would have to ask you
15 in order to get the truth out of you?

16 A. I think they would know that
17 anybody with only three years of experience was not
18 leading anything.

19 90 Q. Why, if you told them that? Are
20 we to not believe what you tell us?

21 A. Sorry. I don't understand what
22 you're asking me.

23 91 Q. Are we not to believe what you
24 tell us?

25 A. It wasn't a sworn document.

1 affidavit. So in paragraph 4 of that affidavit you
2 have given evidence that you commenced employment
3 at Catalyst as an analyst on or around November
4 1st, 2012. And you've indicated that you did so
5 pursuant to an employment agreement dated October
6 1st, 2012 which you've appended as Exhibit A.

7 So if we could just go to -- I think
8 the better one to go to is actually the one that is
9 included in the Catalyst motion record, I
10 apologize, because I think that one is signed. And
11 it's similarly Exhibit A to Mr. Riley's affidavit
12 in the Catalyst record.

13 And if you flip through it very
14 quickly, I gather there's no issue that this is the
15 employment agreement that you're referring to?

16 A. Looks like it.

17 125 Q. And that is in fact your signature
18 that appears at page 41 of the record?

19 A. It is.

20 126 Q. And you signed that agreement on
21 October 3, 2012, sir?

22 A. Yes.

23 127 Q. And in signing that agreement you
24 indicated that you had reviewed, understood and
25 accepted the terms of the offer, right?

1 A. Yes.

2 128 Q. And were those all true

3 statements?

4 A. Yes.

5 129 Q. And you also acknowledge that you

6 had had an opportunity to seek and receive --

7 A. Sorry. I correct my earlier

8 statement. I didn't necessarily understand that's

9 what I said I did.

10 130 Q. Okay. So is this another occasion

11 when you signed something or said something that

12 wasn't necessarily true?

13 A. Sure.

14 131 Q. So you didn't understand the

15 employment agreement is what your evidence is now?

16 A. I understood most of it.

17 132 Q. Okay. But parts of it you didn't

18 understand?

19 A. Certain specifics, no.

20 133 Q. And did you ask any questions in

21 relation to those parts?

22 A. Yes.

23 134 Q. In terms of what?

24 A. In particular I asked about the

25 60/40 plan.

1 A. Not particularly.

2 145 Q. What was it that was confusing to
3 you?

4 A. I didn't understand how the points
5 were allocated. I didn't understand the payment in
6 waterfall that would ultimately result in how many
7 dollars came to me and understand when these
8 dollars would be paid.

9 146 Q. And were any of those questions
10 answered?

11 A. No.

12 147 Q. Okay. Did you set any of this out
13 in the writing to anybody?

14 A. No.

15 148 Q. So all of this is oral
16 conversations that you've had with people?

17 A. Yes.

18 149 Q. All right. And what about this
19 other conversation you say you had with the CFO?

20 A. I asked -- following a meeting, a
21 Monday meeting, Mr. Glassman talked about the 60/40
22 scheme. He advised us that -- or he seemed to be
23 under the impression that we were all receiving
24 regular updates on our accruals in the 60/40
25 scheme. I didn't speak up at the meeting and say

1 no, but I know that nobody was receiving these
2 updates. So after the meeting I asked Chester
3 Dawes about my entitlement in the 60/40 scheme.

4 150 Q. How did you know that nobody was
5 receiving updates?

6 A. I asked.

7 151 Q. Did you speak to every single
8 person at Catalyst?

9 A. I asked the analysts, associates
10 and vice-president. I didn't ask the partners, but
11 I assume they would know their entitlements.

12 152 Q. So when you say "everybody" you're
13 not actually meaning everybody?

14 A. No. I suppose that's an
15 embellishment.

16 153 Q. So who did you speak to?

17 A. I spoke to Mr. Michaud and Mr.
18 Creighton.

19 154 Q. All right. And what did they say?

20 A. They said they didn't have it, and
21 Zach advised I should go talk to Chester.

22 155 Q. Why would Zach not have gone
23 himself?

24 A. On my behalf?

25 156 Q. No. Why did he need you to go --

1 A. No, no. Just for myself. He
2 didn't -- I assume maybe he had asked Chester
3 himself at some point.

4 157 Q. And are you able to say whether
5 Zach ever received anything?

6 A. I don't know, but he said he never
7 had anything on paper.

8 158 Q. But do you know whether he did or
9 didn't receive anything?

10 A. No, I don't. I don't.

11 159 Q. And did you in fact follow-up with
12 Chester?

13 A. I did.

14 160 Q. And what happened then?

15 A. Chester opened a spreadsheet on
16 his computer. I did not view the spreadsheet
17 myself. It was not printed for me. I wasn't given
18 the opportunity to look at it. And he advised me
19 my entitlement was \$500,000.

20 161 Q. So you were advised by the CFO
21 that your entitlement was \$500,000?

22 A. He told me a number, yes.

23 162 Q. Did you set that out in your
24 affidavit anywhere?

25 A. No.

1 163 Q. Any particular reason why you
2 didn't?

3 A. I don't think it increased my
4 understanding of the 60/40 plan. I wasn't provided
5 with, again, any details on mechanics. Chester
6 didn't know how the points were allocated. I
7 wasn't paid any amounts under the plan. I didn't
8 know when I would be paid any amounts under the
9 plan. Simply being told a number doesn't increase
10 my understanding.

11 164 Q. Was there some reason that you
12 didn't accept what Chester was saying to you? That
13 your entitlement had accrued to \$500,000 by that
14 time?

15 A. I asked him how it was calculated,
16 he didn't know. I mean he knew the math, but he
17 didn't understand how I got those points. And he
18 wouldn't know when they would be paid.

19 165 Q. So the CFO of the company said to
20 you, it's your evidence, that he didn't know,
21 despite looking at this spreadsheet, how your
22 points were calculated or how any of this
23 calculation worked?

24 A. He understood the math. He didn't
25 understand how I received the points, how my

1 entitlement was determined.

2 166 Q. Okay. And before I move on from
3 that. So where in your affidavit at paragraph 18
4 you talk about the 60/40 scheme, you say in
5 response to what Mr. Riley had testified in regards
6 to the amount that had been accrued to you -- and
7 by the way, Mr. Riley's evidence with respect to
8 what had accrued to you is consistent with what you
9 were told by the CFO, right?

10 A. Yes.

11 167 Q. So Mr. Riley hasn't embellished
12 anything in his affidavit?

13 A. No.

14 168 Q. And when you responded to that and
15 said, during my employment at Catalyst I was never
16 provided with a copy of the plan nor any statements
17 indicating the points I had allegedly accrued, why
18 didn't you say I was told that I had accrued
19 \$500,000?

20 A. I wasn't provided with a
21 statement.

22 169 Q. But why didn't you go on to
23 actually say what you were provided with?

24 MR. HOPKINS: Counsel, I don't see why
25 -- the affidavit states what it states.

1 243 Q. They should be edited out?

2 A. Okay.

3 244 Q. Is that fair?

4 A. Yes.

5 245 Q. And you say that your contribution
6 was limited to contributing a memo. What kind of
7 memo did you contribute? Just generally.

8 A. Contributed to a memo. I didn't
9 actually contribute the memo. The memo was not
10 complete when I went on vacation.

11 246 Q. I apologize. That was my
12 misreading it. So when you say you contributed to
13 a memo, what kind of memo were you contributing to?

14 A. It would have been an investment
15 memo outlining Wind Mobile from a qualitative and
16 financial perspective. I contributed some charts.
17 I took the information Wind provided in the data
18 room and I essentially transposed those financials
19 into chart form.

20 247 Q. And in the course of doing that
21 obviously you would have reviewed the other parts
22 of the memo that may have been contributed by
23 others within Catalyst?

24 A. I don't think so. I don't know.
25 I wasn't involved for very long on the memo.

1 actually go check your personal devices before you
2 swore something to the court?

3 A. I did actually, and I didn't -- I
4 mean, I didn't look in the right folders,
5 apparently.

6 327 Q. So there were folders that you
7 didn't look at?

8 A. You know, there's a lot of
9 folders. I looked where -- I didn't find them.

10 328 Q. Tell me what folders you looked
11 at.

12 A. I looked on my desk top. I had a
13 Dropbox folder that I thought maybe I would have
14 all my information in. I didn't have anything
15 there.

16 329 Q. And what folder did you ultimately
17 have to look at to find all the information that
18 subsequently makes its way into your affidavit of
19 documents?

20 A. Almost all the confidential
21 information was in my downloads folder. The reason
22 it was in my downloads folder was because, as I
23 said, the Catalyst remote access was slow and
24 unreliable and I would frequently email myself
25 files to work on locally at home, and then I would

1 download them. The copies were retained in the
2 downloads folder. I didn't know that.

3 330 Q. But you were doing it so
4 frequently, according to you, Mr. Moyse, that how
5 could you not have known that that information was
6 on your personal device?

7 A. I didn't know. And, I mean, had I
8 known I wouldn't have it anymore.

9 331 Q. So you didn't make that exhaustive
10 search at the time that you swore your affidavit of
11 July 7th in which you essentially criticize Mr.
12 Riley and Mr. Musters for giving the court
13 unsupported speculation and innuendo?

14 A. I suppose it wasn't exhaustive
15 enough.

16 332 Q. And is it possible that your
17 search even today hasn't been exhaustive enough?

18 A. It's been exhaustive. I believe
19 I've captured all the documents.

20 333 Q. Can you say that with absolute
21 certainty?

22 A. I can't say anything with absolute
23 certainty.

24 334 Q. You go so far as to call Mr.
25 Riley's allegations -- and I take you to paragraph

1 61 of your affidavit on this point. You say:

2 "As explained above, Catalyst's
3 allegations of my removal and misuse
4 of confidential information are
5 baseless." (as read)

6 You go so far as to call Mr. Riley's
7 allegations baseless, right?

8 A. Yes.

9 335 Q. And then in paragraph 71 in
10 response to the order that was being requested --
11 because you understood that one of the orders that
12 was being requested was for a forensic image to be
13 taken of your personal devices, and for that image
14 to be reviewed by an independent solicitor, right?

15 A. Yes.

16 336 Q. And in response to that you go so
17 far in paragraph 71 as to say that the court has no
18 basis to order a forensic review, because what was
19 being requested was a fishing expedition only,
20 right?

21 A. Yes.

22 337 Q. And the reason you say that, and
23 what you try to tell the court in order to support
24 your position is that Catalyst was unable to
25 provide any actual evidence that you transferred

1 any confidential information to my personal
2 equipment or accounts, right?

3 A. That's correct.

4 338 Q. And that is a false statement,
5 right?

6 A. No. That's a true statement.
7 Catalyst was unable to provide any actual evidence.

8 339 Q. So what you're telling the court
9 is they're not able to provide any actual evidence,
10 therefore, I shouldn't have to submit to a forensic
11 analysis of my computer, right? Is that what
12 you're saying?

13 A. I've been forthcoming with all the
14 documents I have.

15 340 Q. You were, after we got a court
16 order requiring you to do so. What I'm going to
17 ask you, Mr. Moyse, is why didn't you tell the
18 court that you had those documents in this
19 affidavit?

20 A. I wasn't aware at the time.

21 MR. HOPKINS: I think he answered the
22 question, counsel.

23 BY MR. DIPUCCHIO:

24 341 Q. So it's just because you weren't
25 aware at the time not having done an exhaustive

1 search of your computer?

2 A. Yes.

3 342 Q. Do you admit now that the concerns
4 that were expressed by Mr. Riley and Mr. Musters
5 that you might have confidential information on
6 your personal computing devices was justified?

7 A. Not based on the evidence, and
8 they have all the confidential information I had
9 now.

10 343 Q. I understand that, but do you
11 understand and acknowledge that their concerns as
12 expressed in the original affidavits that you might
13 have transferred confidential information to your
14 personal computing devices was in fact a justified
15 concern?

16 MR. HOPKINS: Mr. Moyse acknowledges in
17 his affidavit that he did that on a regular basis,
18 the transferring of the files to his personal
19 computer devices due to the system being slow and
20 unreliable. I'm not sure that particular
21 allegation is in dispute.

22 MR. DIPUCCHIO: No. It is in dispute,
23 because one of the things he said is that they
24 didn't provide any evidence that he had actually
25 transferred any confidential information to his

1 personal computing devices.

2 BY MR. DIPUCCHIO:

3 344 Q. Is it fair to say now that those
4 concerns were justified? In other words, you did
5 have confidential information on your personal
6 computing devices?

7 A. I did have confidential
8 information on my personal computer devices.

9 345 Q. But you haven't yet erased those,
10 have you?

11 A. You've asked me to retain them. I
12 would gladly erase them if I can.

13 346 Q. But that's what I'm saying. Prior
14 to the motion being brought, and prior to the order
15 being made, there was no attempt by you to erase or
16 dispose of the confidential information that you
17 had retained?

18 A. Not this confidential information.
19 There was some that I knew I had that I made
20 efforts to delete. I wasn't aware I had these.

21 347 Q. And when did you make those
22 efforts?

23 A. Some time between -- I want to say
24 -- I don't know exactly, but prior --

25 348 Q. Give me a timeframe.

1 A. March. April.

2 349 Q. And why were you deleting things
3 in March and April?

4 A. I didn't think I wanted to stay at
5 Catalyst for much longer and I didn't want to
6 retain any information.

7 350 Q. So there was information that
8 exist or existed on your computer system that you
9 deleted in March, April, possibly May as well?

10 A. Possibly. I don't remember
11 exactly.

12 351 Q. How about June?

13 A. No.

14 352 Q. So up until the end of May there's
15 information that you had on your computer system
16 that has possibly been deleted by you?

17 A. Yes.

18 353 Q. And do you agree with me that the
19 only way we know, we can know what that information
20 was is by examining your computer system and trying
21 to piece that together now that you've deleted it?

22 A. I don't see what use that does.

23 354 Q. I don't care whether you think
24 it's useful. Do you agree with me that that's the
25 only way we can find out what you've deleted?

1 A. Yeah.

2 355 Q. Because in your affidavit of
3 documents you haven't been able to provide us with
4 a listing of what you deleted, right?

5 A. I don't know what I deleted.

6 356 Q. Other than the May 27th email
7 which you know you deleted.

8 A. Yes.

9 357 Q. Sorry. March 27th.

10 A. I knew what you were saying.

11 358 Q. March 27th.

12 When you met with Mr. Riley on May 26th
13 and he indicated to you that they had a concern
14 that you should possibly work at home in order to
15 restrict the amount of confidential information you
16 were obtaining, did you offer to Mr. Riley to
17 return confidential information that you did have?

18 A. I did not.

19 359 Q. You didn't even tell him that you
20 had that information, right?

21 A. I didn't know I had it.

22 360 Q. You didn't even know it at that
23 time?

24 A. This information. Yes, I had -- I
25 had other confidential information I suppose.

1 361 Q. Okay. And did you tell him that
2 you had that information?

3 A. No. But he -- I mean, they sent
4 me home with my BlackBerry. So they allowed me to
5 continue to receive confidential information.

6 362 Q. We'll talk about your BlackBerry
7 in a second.

8 A. Sure.

9 363 Q. But you didn't tell him that you
10 had that information, nor did you offer to return
11 it to Catalyst?

12 A. No.

13 364 Q. And when you said in paragraph 38
14 that Mr. Riley has provided no evidence that I have
15 used my personal Dropbox account to store Catalyst
16 files, is that again just a statement you made to
17 point out to the court that Catalyst didn't have
18 the evidence to present to the court as opposed to
19 the fact that that was not an accurate statement?

20 A. It was an accurate statement in
21 that he did not provide any evidence.

22 365 Q. But it's actually an accurate
23 statement that you did use your personal Dropbox to
24 transfer files?

25 A. I did.

1 366 Q. Okay. And, in fact, you admit
2 later on in your affidavit, at least in relation to
3 the Stelco file, that you did use Dropbox to
4 transfer some Stelco documents?

5 A. Yes.

6 367 Q. Which you then say you deleted,
7 right?

8 A. Yes.

9 368 Q. So Stelco documents would have
10 been some of the documents you say you deleted?

11 A. Correct.

12 369 Q. And do you know which documents
13 those were?

14 A. No, I don't.

15 370 Q. With respect to those Stelco
16 documents that you say you reviewed, and the
17 investment letters for that matter, after March of
18 2014 you acknowledge both in relation to the
19 investment letters and in relation to the Stelco
20 documents that you had no need to review either of
21 those categories of documents for any work or
22 duties that you were performing on behalf of
23 Catalyst?

24 A. I agree with that.

25 371 Q. And is that true of other

1 potential mandates as well? In other words, is it
2 possible that during the course of your employment
3 at Catalyst you would have been looking at some
4 other transactions that you weren't technically
5 involved in?

6 A. I would look at old completed
7 transactions, yes.

8 372 Q. So it's not necessarily the case
9 that you were only reviewing information on matters
10 that you were actively working on?

11 A. No, that's not the case.

12 373 Q. And the Stelco case in particular
13 you say in your affidavit you were reviewing out of
14 curiosity to learn more about the transaction. And
15 that's at a time I take it that you knew you were
16 going to be leaving Catalyst, right?

17 A. I wanted to leave. I didn't know
18 to where.

19 374 Q. But you certainly had made your
20 mind up in terms of the fact you were going to be
21 seeking alternative employment?

22 A. Yes.

23 375 Q. And why did you have any curiosity
24 about reviewing the Stelco transaction and learning
25 about that transaction?

1 A. As I said, I routinely reviewed
2 old transactions, Stelco was just one of them.

3 376 Q. And why at that particular point
4 in time did you find it necessary to review a
5 transaction that we know was many years old?

6 A. I don't know.

7 377 Q. You don't have any recollection as
8 to why you had a personal curiosity at that time?

9 A. I don't know why I would have
10 review Pope and Talbot or Calpine around that time.

11 378 Q. Did you review those as well?

12 A. At some point, yes.

13 379 Q. Did you transfer any documents in
14 relation to those as well?

15 A. No.

16 380 Q. Only Stelco?

17 A. Only Stelco.

18 381 Q. Did you know at the time that West
19 Face was involved in Stelco?

20 A. Yes.

21 382 Q. Would that have been what peaked
22 your curiosity perhaps?

23 A. It's coincidental.

24 383 Q. So it didn't?

25 A. No.

1 They've been hammered on one
2 activist play we're looking at
3 (though we don't like). Never good
4 when we're looking at something you
5 bought. And we're fighting with
6 them on a different distress name
7 right now." (as read)
8 Right?

9 A. Yes.

10 392 Q. And what is the one activist play
11 that West Face -- that you were aware that West
12 Face was looking at -- sorry. That you were aware
13 that West Face was involved in that Catalyst was
14 looking at?

15 A. I believe I was referring to
16 Connacher, but we just looked at it and put
17 together an initial memo.

18 393 Q. All right. And, in fact, West
19 Face was actively involved in that matter?

20 A. West Face was already in that.

21 394 Q. Okay. And you say that we're
22 fighting with them on a different distress name
23 right now, but you say that that's not -- in your
24 affidavit you say that that wasn't a reference to
25 Wind?

1 A. Correct.

2 395 Q. What was that a reference to?

3 A. I had no basis to make that
4 statement at the time in the email given I was
5 referring to Mobilicity and I had no involvement or
6 knowledge of Mobilicity at the time. I was just
7 blustering to a friend who might think it was
8 impressive that we were involved in the same deal
9 as West Face.

10 396 Q. Okay. So you're not -- so was
11 this an untruthful statement?

12 A. Yes. To my knowledge.

13 397 Q. All right. But what you were
14 referring to, at least in your mind, was
15 Mobilicity?

16 A. Yeah. Sure.

17 398 Q. But you're not denying that West
18 Face and Catalyst were actively looking at similar
19 opportunities in various spaces?

20 A. Sorry. In this email?

21 399 Q. No, generally. You're not denying
22 that --

23 A. They've looked at similar
24 opportunities, yes.

25 400 Q. Across various industries?

1 affidavit what I want to know is were you aware
2 that West Face had this March 27th email?

3 A. I wasn't aware they retained it.

4 411 Q. Okay. And did you have any
5 discussions with anybody at West Face about the
6 fact that they were going to disclose that email in
7 their motion materials? Or that they might be
8 required to disclose that email in their motion
9 materials?

10 A. No.

11 412 Q. Now, you yourself had actually
12 deleted a copy of that March 27th email from your
13 computer system, right?

14 A. Yes.

15 413 Q. And the reason you chose to delete
16 that particular email, I take it, as opposed to
17 other emails which you didn't delete, was because
18 you thought that there was something perhaps
19 improper about you having sent that email?

20 A. Upon further reflexion after
21 sending it, yes.

22 414 Q. And what is it that you thought
23 was wrong about that? That you had disclosed
24 confidential information to West Face?

25 A. That I had disclosed information

1 to West Face.

2 415 Q. And you're not denying that your
3 analysis and the analysis of other people at
4 Catalyst in those memos that you did send to West
5 Face was proprietary information that belonged to
6 Catalyst?

7 A. I agree it's proprietary.

8 416 Q. And you're not denying I take it
9 that the analysis that was performed, in
10 particular -- and we'll look in some detail at
11 these presentations or memos. But some of the
12 analysis that was performed was certainly
13 confidential?

14 A. Yes.

15 417 Q. In other words, it wouldn't be
16 known by third parties?

17 A. Yes.

18 418 Q. Now, how long did it take you to
19 come to that realization?

20 A. That I shouldn't have sent it?

21 419 Q. Yes.

22 A. I don't remember exactly.

23 420 Q. And was it around the time that
24 you came to that realization that you thought you
25 might cover your tracks by deleting it?

1 A. No. I deleted it within a week of
2 sending it probably. I just don't remember exactly
3 the date.

4 421 Q. But what I'm trying to get at, was
5 it prior to your deleting that email that you came
6 to the realization that maybe you shouldn't have
7 sent it?

8 A. Yes.

9 422 Q. So some time within a week after
10 you sent that email you came to the realization
11 that you ought not to have sent it, and then you
12 made the decision to delete that email?

13 A. Correct.

14 423 Q. What you didn't do obviously is
15 you didn't go to Catalyst at the time you came to
16 that realization and tell them that you had made
17 the mistake of sending confidential and proprietary
18 information to one of their competitors?

19 A. I doubt they would have been very
20 forgiving.

21 424 Q. They may not have been forgiving,
22 but since you made the mistake --

23 A. No, I did not.

24 425 Q. You chose not to try to correct
25 that by going to Catalyst and being up front with

1 your employer?

2 A. No.

3 426 Q. So at paragraph 64 -- I take it we
4 can also agree with each other on this point, that
5 in paragraph 64 where you say that three of the
6 research pieces did not contain any confidential
7 information or information proprietary to Catalyst,
8 that's wrong?

9 A. I don't agree.

10 427 Q. So you're saying that those
11 analyses that were performed, those research pieces
12 that were performed were not proprietary to
13 Catalyst?

14 A. The pieces themselves were. They
15 didn't contain any confidential information.

16 428 Q. I don't understand the
17 distinction.

18 A. I mean there's -- in logic a set
19 doesn't contain itself. So the memo can be
20 confidential and not contain any confidential
21 information.

22 429 Q. So what makes the memo
23 confidential?

24 A. I'm not really sure actually.

25 430 Q. Well, maybe I can help you out.

1 Is it the fact that the work product that you're
2 performing on behalf of your employer shouldn't be
3 shared with a competitor?

4 A. I agree with that.

5 431 Q. Okay. And in terms of the actual
6 confidential information, you say it didn't include
7 any confidential information, you don't mean to
8 suggest again that the analysis that you're
9 performing is not confidential?

10 A. I don't believe it is. It was
11 based on publicly available information.

12 432 Q. Right. But lots of things are
13 based on publicly available information, but the
14 fact that you're performing an analysis that may
15 not be readily available to the public is what
16 makes it confidential. That's your work product is
17 analyzing.

18 A. I agree it's a work product and
19 proprietary.

20 433 Q. And that's what makes it
21 confidential. That's what you're being paid for,
22 to perform this analysis that's not publicly
23 available.

24 A. I multiply publicly available
25 numbers by publicly available numbers. Like-minded

1 people would have done the same thing.

2 434 Q. You do far more than multiply, Mr.
3 Moyse. Let's be fair. Anybody can take a
4 calculator. You're not hired to be a calculator.
5 You're hired to bring your experience and expertise
6 in performing an analysis, right? That's why
7 you're being paid \$200,000 a year.

8 A. One sixty-two.

9 435 Q. Right.
10 Right? It's that level of analysis,
11 that's the work product that's being performed for
12 your employer; you surely understand that.

13 A. Yes.

14 436 Q. And that's what makes it
15 confidential.

16 A. I don't know.

17 437 Q. Do you disagree with that?

18 A. I don't know what makes it
19 confidential.

20 438 Q. Okay. Why do you put
21 "confidential" on the documents? When you're
22 authoring the documents why do you label them
23 confidential?

24 A. That's part of the template. I've
25 never given it a second thought.

1 439 Q. Did you tell anybody or ask
2 anybody, Why do we label these things confidential?
3 Or did you have an understanding of what made them
4 confidential?

5 A. Seemed boiler plate.

6 440 Q. Would you take any analysis that
7 you're performing or have performed for West Face
8 and disclose it to third parties?

9 A. No. And I agree that the
10 disclosure of information was wrong regardless of
11 whether I thought it was confidential.

12 441 Q. So why are you telling the court
13 that the research pieces didn't contain any
14 confidential information or information proprietary
15 to Catalyst if you're now disagreeing that that's
16 the case?

17 A. The entire piece is proprietary.
18 They don't -- I don't know what makes it
19 confidential. I don't agree that any of the
20 information in it was proprietary.

21 442 Q. Other than your analysis.

22 A. The whole of the product, yes.

23 443 Q. Including your analysis. Right?
24 Which is contained within those pieces.

25 MR. HOPKINS: I think you have his

1 answer. His answer was he doesn't know.

2 BY MR. DIPUCCHIO:

3 444 Q. And what about the structure or
4 strategy behind a particular deal? Would you
5 consider that to be sensitive or confidential
6 information that belongs to Catalyst?

7 A. Could be, yes.

8 445 Q. So in these memos where we see for
9 example, and I'll take you to specific parts of
10 them if you want me to, but where we see for
11 example a recitation of the structure of a deal, or
12 the strategy that was being employed by Catalyst in
13 certain situations, would you agree that those
14 things are confidential information that Catalyst
15 would not want to be widely shared?

16 A. Yes.

17 446 Q. And whatever you do say in your
18 affidavit you do draw a distinction, it seems to me
19 at least, between three of the research pieces and
20 then the fourth one, right?

21 A. Yes.

22 447 Q. So at least in the case of the
23 fourth one you agree that did contain, even by your
24 definition, confidential and proprietary
25 information in it?

1 A. Yes.

2 448 Q. And why? What was the distinction
3 there?

4 A. The information in it was based on
5 information provided by the company under a
6 non-disclosure agreement that would not have been
7 available to the public.

8 449 Q. So in that particular case -- let
9 me just understand and break that down. In that
10 particular case you were aware that Catalyst had
11 signed a non-disclosure agreement in order to
12 obtain the information that found its way into that
13 memo?

14 A. Yes.

15 450 Q. And in spite of that you actually
16 disclosed that memo to a third party thereby, in
17 effect, causing Catalyst to breach its
18 non-disclosure agreement?

19 A. Yes.

20 Just to clarify, I'm not aware what the
21 non-disclosure says, but...

22 451 Q. You certainly understand at least
23 at minimum that the non-disclosure agreement would
24 not allow that information that was received by
25 Catalyst in confidence to be disclosed to a third

1 party?

2 A. It should, yes.

3 452 Q. And that was -- the fourth case
4 that you're referring to at paragraph 65 is which
5 one?

6 A. That would be Homburg.

7 453 Q. Homburg, okay.

8 Shall we take a break there?

9 MR. HOPKINS: Sure.

10 THE DEPONENT: I'm fine.

11 MR. DIPUCCHIO: I know, but the
12 reporter -- we have to be considerate of the
13 reporter. This is much more difficult for her than
14 it is probably for you as well.

15 --- Recess at 11:37 a.m.

16 --- On resuming at 11:53 a.m.

17 BY MR. DIPUCCHIO:

18 454 Q. Can we turn up tab I of the
19 Catalyst motion record? This is tab I to the
20 affidavit of Mr. Riley. Page 64 of the record is a
21 letter --

22 MR. HOPKINS: Sorry. "I" or page 59?

23 MR. DIPUCCHIO: 64 of the record.

24 MR. HOPKINS: So tab K.

25 MR. DIPUCCHIO: I think you have the

1 I guess it's attached. I apologize.
2 There isn't a supplementary affidavit of Mr.
3 Musters. It's my mistake. There's a supplementary
4 affidavit of Mr. Riley which attaches a report by
5 Mr. Musters, right? At tab A.

6 BY MR. DIPUCCHIO:

7 472 Q. And you reviewed that report?
8 I'm not suggesting you reviewed it in
9 any degree of detail, but you were aware of that
10 report being filed?

11 A. I was aware of the report. I
12 don't believe I reviewed it.

13 473 Q. And in your affidavit, I believe
14 it's your reply affidavit, you acknowledge that you
15 wiped your BlackBerry, right?

16 A. Yep.

17 474 Q. And do you have any specific
18 recollection of the date upon which you did that?

19 A. I believe it would have -- so I
20 probably would have been I want to say between June
21 18 and June 20th.

22 475 Q. There's no question, is there, Mr.
23 Moyse, that you chose to wipe your BlackBerry after
24 it became clear through my correspondence with your
25 counsel that there were going to be court

1 proceedings brought in relation to this matter?

2 MR. HOPKINS: Well, in terms of court
3 proceeding --

4 THE DEPONENT: I agree with the
5 timeline. I don't agree there's a logical
6 connection.

7 BY MR. DIPUCCHIO:

8 476 Q. Let's forget about logical
9 connections. We'll leave that to somebody else to
10 draw. You acknowledge that you wiped your
11 BlackBerry after you were made aware through my
12 correspondence to your counsel that there were
13 going to be court proceedings initiated?

14 A. I don't remember exactly, because
15 I don't remember the date of the letter that you
16 sent that indicated there would be court
17 proceedings.

18 477 Q. Let's look at that. I believe it
19 was --

20 A. We should get the timing right.

21 478 Q. Okay. Let's get the timing right.
22 Fair enough. I believe it was June 18th, but let
23 me confirm.

24 I apologize. It's June 19th. So it's
25 Exhibit N to Mr. Riley's affidavit, page 79. And

1 you had seen this email when it came through?

2 A. Yes. It was forwarded to me some
3 time after.

4 479 Q. Okay. And do you know whether you
5 wiped your BlackBerry after that email?

6 A. I don't remember.

7 480 Q. Is it possible you did?

8 A. I would say it's equally possible
9 I didn't.

10 481 Q. And if you wiped it prior to that
11 it wouldn't have been much prior to that, right?

12 A. I agree with that.

13 482 Q. So it was some time we know from
14 Mr. Musters report after June 17th, right?

15 A. Yes. I just know it was some time
16 between Wednesday and Friday.

17 483 Q. And prior to wiping your
18 BlackBerry, I take it you and I can agree that you
19 didn't ask anyone at Catalyst whether you should be
20 wiping your BlackBerry?

21 A. I didn't think I had to.

22 484 Q. Well --

23 A. I did not.

24 485 Q. Let's just answer the questions.

25 A. I didn't.

1 486 Q. And you didn't give it to your
2 counsel as an example, in order to preserve it?

3 A. No. I didn't think of that.

4 487 Q. Let's go back to your affidavit of
5 July 7th. We were talking before the break about,
6 in part about this view that you had about the
7 non-competition covenant. I take it that in the
8 course of applying for the job at West Face you had
9 discussions with West Face specifically about your
10 employment contract with Catalyst and in particular
11 the restrictive covenants?

12 A. Can I answer that?

13 MR. HOPKINS: I think so.

14 THE DEPONENT: Yes.

15 BY MR. DIPUCCHIO:

16 488 Q. And can you tell me, please, who
17 you spoke to at West Face in regards to that
18 particular issue?

19 A. I would have advised Mr. Dea, and

20 --

21 489 Q. Okay. Just to be precise, let's
22 not sue works like, "I would have advised." Tell
23 me who you did advise.

24 A. I believe Mr. Dea, and definitely
25 Mr. Singh.

1 actually interviewing with them more as a favour
2 because Tom's friend was my boss at Credit Suisse.
3 But I wasn't given much regard there.

4 596 Q. So on December 11, 2013 you reach
5 out again to Mr. Dea. And I take it this is just a
6 point of contact you're making at this time?

7 A. Yep.

8 597 Q. All right. And you reach out to
9 him and say:

10 "Hope all is well. It's been a
11 very long while and I meant to reach
12 out much earlier. It is indeed a
13 small space up here, much smaller
14 than I had realized." (as read)

15 So just stopping there. What were you
16 referring to?

17 A. Just how everyone in the space is
18 very familiar with each other.

19 598 Q. When you talk about the space, are
20 you talking about the special situations field?

21 A. No. I was probably talking about
22 the broader hedge fund industry in Canada.

23 599 Q. And you say, "I did want to keep
24 in touch" --

25 A. "Up here" I meant Canada

1 generally.

2 600 Q. Okay. You say:

3 "I did want to keep in touch
4 especially now that I have some more
5 experience and insight." (as read)
6 So you had I take it gained more
7 experience and insight?

8 A. Some, yes.

9 601 Q. Then you say:

10 "Things are great at Catalyst,
11 but we don't share enough
12 perspective with others which is
13 somewhat unfortunate." (as read)
14 So, first of all, were things going
15 well for you at Catalyst?

16 A. No, but I'm not going to say
17 they're terrible and I want to get out. I was
18 planting a seed here to follow up on.

19 602 Q. So you weren't exactly being
20 upfront with Mr. Dea in terms of what your
21 experience had been at Catalyst?

22 A. No.

23 603 Q. And then you say, "We don't share
24 enough perspective with others." Are you saying
25 that the firms don't really talk to each other

1 Mr. Dea.

2 A. We had coffee. He ordered soup.
3 We discussed generally my duties at Catalyst and
4 the type of work I did. He talked about the type
5 of work that West Face does and what their
6 potential needs might be, although he wasn't sure
7 at the time if they would need somebody. And that
8 was the extent of our conversation. It lasted
9 probably a half hour, 45 minutes.

10 622 Q. Did you mention any specific
11 transactions to Mr. Dea?

12 A. No.

13 623 Q. None at all?

14 A. None that I remember.

15 624 Q. Did Mr. Dea ask you to provide
16 anything to him as a result of that meeting?

17 A. He asked if I could provide
18 research and writing samples to gauge my writing
19 and research ability. He specifically asked that I
20 do not provide confidential information.

21 625 Q. Okay. So Mr. Dea made the request
22 to you?

23 A. Yes.

24 626 Q. And it was in response to that
25 request that you then sent him the email of March

1 27th?

2 A. Correct.

3 627 Q. And what didn't you understand
4 about Mr. Dea's caution that you say he gave you on
5 March 26th about not sending confidential
6 information?

7 A. It was clear.

8 628 Q. And did you take that to heart?
9 Or did you just ignore what Mr. Dea said to you?

10 A. I took it to heart.

11 629 Q. And, in fact, when you got back to
12 the office and sent him what you sent him you sent
13 him information that you now acknowledge was
14 confidential?

15 A. The Homburg information I do
16 acknowledge was confidential, yes.

17 630 Q. And then if I can ask you to turn
18 up tab 10 of that same brief. And this is a copy
19 of an email, I don't know whether you've seen it or
20 not, that Mr. Dea sent to Mr. Boland, Mr. Griffin
21 and Mr. Fraser at some time after your meeting with
22 him at Aroma. And you'll see a reference to you
23 near the bottom of the page. And it says in
24 reference to you:

25 "Working at Catalyst currently.

1 664 Q. And it's also marked
2 "confidential", right?

3 A. Yeah. Part of the template. But
4 yes, that's what it says.

5 665 Q. So that's only a template so far
6 as you're concerned. It means nothing.

7 A. I never gave it any thought.

8 666 Q. Okay. Well, when someone marks
9 something "confidential" is that important to you,
10 or not?

11 A. Generally, yes.

12 667 Q. And just looking at page 2 of that
13 memo in particular, would you agree with me that --
14 for example, in the bullet point in the executive
15 summary that talks about Catalyst buy-out values.

16 A. Mm-hmm.

17 668 Q. That that is information that is
18 generated for Catalyst's eyes?

19 A. That was actually public
20 information. That was information made available
21 to the bond holders as well as the monitor's
22 estimates of value.

23 669 Q. And how about the bullet point
24 that says, "Catalyst believes newco is undervalued"
25 and what follows?

1 information.

2 713 Q. And would you agree with me that
3 whatever is there would be confidential?

4 A. I don't think any of this is.

5 714 Q. You don't think any of that
6 information is confidential?

7 A. All of this is publicly available;
8 the reserves, where the trading comps are, where
9 the debt is trading, where the comps are trading,
10 the cash flow generated. This is all available
11 from the public financials.

12 715 Q. And what's the blow-down model?

13 A. It's a model I developed using
14 public financials.

15 716 Q. Is your conclusion in relation to
16 the blow-down model on Arcan publicly available
17 information? Can I search somewhere and find your
18 conclusion in relation to Arcan?

19 A. I suppose not.

20 717 Q. No, not that you suppose not.
21 It's not available, right?

22 A. No.

23 718 Q. So that conclusion is the product
24 of your work in relation to this analysis?

25 A. Yes.

1 719 Q. And those types of analysis -- we
2 can sit here for days if you want and go through
3 all the memos, but that type of analysis is
4 contained in every single one of the memos you sent
5 over.

6 A. It's all based on publicly
7 available information.

8 720 Q. It may or may not, but we know in
9 one case it wasn't. But I don't care what it was
10 based on. Your analysis itself is contained in all
11 of those memos.

12 A. I don't think my analysis is
13 unique to Catalyst.

14 721 Q. Is it publicly available?

15 A. No.

16 722 Q. And therefore do you accept that
17 it's confidential?

18 A. I don't know.

19 723 Q. Do you have some problem defining
20 what's confidential?

21 A. I don't think I need to define it
22 right now.

23 724 Q. But do you have some difficulty
24 defining for yourself what is confidential?

25 A. I know it when I see it.

1 email of May 5th asks you to send your compensation
2 information to him?

3 A. I do.

4 754 Q. And do you acknowledge that what
5 you sent to him was not correct in respect of your
6 current base?

7 A. No, I don't. My current base at
8 the time was 100.

9 755 Q. So it had come up from what it was
10 in your employment agreement?

11 A. Yes. It had been increased 14
12 months after I commenced work.

13 756 Q. Okay. Because I don't recall that
14 actually being said by you in your affidavit. As a
15 matter of fact, I think in your affidavit you said
16 at paragraph 17, "At Catalyst I earned a base
17 salary of 90,000."

18 A. No, that's not correct.

19 757 Q. So that actually should be
20 100,000?

21 A. Correct.

22 758 Q. And there was some sort of salary
23 increase given to you?

24 A. After 14 months, yes.

25 MR. MITCHELL: Could we go off the

1 Face until the interim injunction order was made in
2 this case on July 16, 2014; is that correct?

3 A. That's correct.

4 794 Q. And what exactly did you work on
5 while you were at West Face?

6 A. Not much. For the first -- I want
7 to say for the first two weeks I didn't have
8 anything to work on.

9 795 Q. Nothing at all?

10 A. I did a lot of research on my own,
11 and just read some news, but I wasn't assigned
12 anything. And then in my third week I was assigned
13 to look -- and I don't know if I should name the
14 names.

15 796 Q. You tell me.

16 MR. MITCHELL: We're getting into
17 territory -- maybe it would be preferable if you
18 could identify or ask Mr. Moyse whether he worked
19 on any specific engagements of concern.


20 MR. DIPUCCHIO: I was actually asking
21 him to give me generally what he was working on.

22 MR. MITCHELL: Okay.

23 THE DEPONENT: I was looking at one
24 potential public equity investment, a short
25 investment. And I was looking at two potential

TAB K

This is Exhibit "K" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of connected loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

Branch 041

From: Tom Dea <tom.dea@westfacecapital.com>
Sent: Thursday, May 22, 2014 3:16 PM
To: Brandon Moyse
Subject: RE: follow-up

EXHIBIT No. 1
ON THE EXAMINATION OF
Brandon Moyse IN
Catalyst v. Moyse et al.
HELD ON July 31/14
NEESON & ASSOCIATES COURT REPORTING
& CAPTIONING INC. TORONTO, ONT.

Sure. Best to reach me in the afternoon. If not in office try 416-704-1273

Thomas P. Dea
(o) 647-724-8902
(m) 416-704-1273
tom.dea@westfacecapital.com

From: Brandon Moyse [mailto:brandonmoyse@hotmail.com]
Sent: May-22-14 3:10 PM
To: Tom Dea
Subject: FW: follow-up

Hi Tom,

Are you free to discuss tomorrow? (Still travelling and it's 2am here.) I just had a couple business questions I was hoping you could help me understand.

Thanks,
Brandon

From: alex.singh@westfacecapital.com
To: brandonmoyse@hotmail.com
CC: tom.dea@westfacecapital.com
Subject: RE: follow-up
Date: Thu, 22 May 2014 14:36:46 +0000

Brandon,

Attached is our written offer for your review. I would like to discuss this with you today and am available between 2 and 4 pm for a brief call. Let me know when works for you.

Alex



Alexander Singh | General Counsel & Secretary, West Face Capital Inc.
2 Bloor Street East, Suite 3000 | Toronto, ON M4W 1A8
Tel: 647-724-8917 | Fax: 647-724-8910
Email: alex.singh@westfacecapital.com

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From: Brandon Moyse [<mailto:brandonmoyse@hotmail.com>]
Sent: May-22-14 7:29 AM
To: Tom Dea
Subject: RE: follow-up

Hey Tom - I wanted to check in on the written offer. I'm very excited about the opportunity and want to start as soon as possible, but as discussed I'm subject to a 30-day notice period. I haven't provided that notice to Catalyst yet and currently would feel most comfortable doing so only after reviewing the employment agreement, which is why I've held off. Let me know if you have a sense of timing or any thoughts on this. Thanks!

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: Re: follow-up
Date: Fri, 16 May 2014 14:54:42 +0000
Pls call when you get a min.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Brandon Moyse
Sent: Friday, May 9, 2014 2:21 PM
To: Tom Dea
Subject: RE: follow-up

Sure. See below. You know Tommy Mercein as well and he is happy to act as a reference.

Rich Myers - Director, Debt Capital Markets, Credit Suisse - (212) 325-0924 - rich.myers@credit-suisse.com

Dave DiNanno - Managing Director and Head of US FIG Syndicate, Credit Suisse - (212) 325-3325 - david.dinanno@credit-suisse.com

Conor Stransky - Vice President, Liability Management, Credit Suisse - (212) 325-2476 - conor.stransky@credit-suisse.com

Tom Ritchie (trying to confirm - believe he is travelling) - Managing Director & Head, US FIG Debt Capital Markets, Credit Suisse - (212) 538-4497 - thomas.ritchie@credit-suisse.com

Andrew Yeh - Former Associate, Catalyst Capital - (425) 736-5807 - yeh.andrew@gmail.com

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: follow-up
Date: Fri, 9 May 2014 17:35:37 +0000
Hey thanks

Some additional references would be good.

Thanks

Thomas P. Dea
(o) 647-724-8902
(m) 416-704-1273
tom.dea@westfacecapital.com

From: Brandon Moyse [<mailto:brandonmoyse@hotmail.com>]
Sent: May-09-14 1:35 PM
To: Tom Dea
Subject: RE: follow-up

Let me know if you need anything else or would like to discuss - happy to help or provide additional references.

From: brandonmoyse@hotmail.com
To: tom.dea@westfacecapital.com
Subject: RE: follow-up
Date: Mon, 5 May 2014 10:44:59 -0400
Cash comp -
Current base: \$100K
Min. Contractual Bonus: \$80K
Dividends and Distributions: ~\$5K

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: RE: follow-up
Date: Mon, 5 May 2014 14:40:22 +0000
Please send me your comp info again. Thanks

From: Brandon Moyse [<mailto:brandonmoyse@hotmail.com>]
Sent: Monday, May 05, 2014 9:41 AM
To: Tom Dea
Subject: RE: follow-up

Today still work? When is convenient?

From: tom.dea@westfacecapital.com
To: brandonmoyse@hotmail.com
Subject: Re: follow-up
Date: Fri, 2 May 2014 15:12:48 +0000
Things look good we re just all busy. Lets talk Monday

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Brandon Moyse
Sent: Friday, May 2, 2014 10:46 AM
To: Tom Dea
Subject: RE: follow-up

Hey Tom - just wanted to follow-up on my meeting with Greg on Monday. Not sure what you are considering for next steps but in terms of timing on my end, I have a final round interview at another firm on Monday - I'd expect

to hear back sometime later next week or the week after. So no decisions to make yet but wanted to give you a timely heads up.

Best regards,
Brandon

From: tom.dea@westfacecapital.com
To: bbrandonmoyse@hotmail.com
CC: nikol.markovic@westfacecapital.com
Subject: follow-up
Date: Thu, 24 Apr 2014 13:22:57 +0000
Brandon,

Could you arrange a time with Nikol to come in and have a brief chat with Greg – don't need more than 15 min with Greg, but maybe budget 30 min of your time.

Thanks



Thomas P. Dea - Partner | West Face Capital Inc.
2 Bloor Street East, Suite 3000 | Toronto, ON M4W 1A8
Tel: 647-724-8902 | Mobile: 416-704-1273
Email: tom.dea@westfacecapital.com

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TABL

This is Exhibit "L" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a long, horizontal, wavy line.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

In the Matter Of:
Catalyst Capital Group Inc. v.
Brandon Moyse et al

THOMAS DEA
July 31, 2014



Neeson & Associates
COURT REPORTING AND CAPTIONING INC.

141 Adelaide Street West | Suite 1108
Toronto, Ontario M5H 3L5
1.888.525.6666 | Fax: 416.413.0230

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

--- This is the Cross-Examination of THOMAS DEA on
his affidavit sworn July 7, 2014, taken at the
offices of Neeson & Associates Court Reporting and
Captioning Inc., 141 Adelaide Street West, Suite
1108, Toronto, Ontario, on the 31st day of July,
2014.

CONFIDENTIAL TRANSCRIPT

A P P E A R A N C E S:

Rocco DiPucchio, Esq.) For the Plaintiff
Andrew Winton, Esq.)
Jeff C. Hopkins, Esq.) For the Defendant,
) Brandon Moyse
Jeff Mitchell, Esq.,) For the Defendant,
 West Face Capital Inc.

REPORTED BY: Connie A. Holton, C.S.R.

I N D E X

WITNESS: THOMAS DEA

PAGE

CROSS-EXAMINATION BY MR. WINTON..... 5

1 a company that would be considered a distressed
2 investment opportunity?

3 A. A company facing a liquidity
4 event, or with too much debt, yes, that would
5 typically be a distressed situation.

6 75 Q. Right. So distressed investing
7 falls within the mandate of what West Face looks
8 at?

9 A. If you drew a ven diagram of all
10 the things we look at you would have a little
11 circle in there for distressed investing. At the
12 moment there is very little distressed investing
13 going on. The high yield market is at all time low
14 yields. The default rate is below two percent.
15 There's very few distressed opportunities generally
16 speaking in North America which is our primary area
17 of looking for opportunities.

18 76 Q. It's within the mandate though?

19 A. Yes. As I said, we have a very,
20 very broad mandate.

21 77 Q. And includes special situations?

22 A. Special situations again is a very
23 broad term that has almost no meaning because it's
24 so broad. Special situations -- lenders for
25 example refer to special situations that offer a

1 little bit higher return. There are research
2 analysts who cover special situations that are just
3 normal public companies that are a little smaller
4 and therefore they're special situations. So the
5 word special situations in itself is actually
6 fairly meaningless.

7 78 Q. Does distressed investing have
8 meaning?

9 A. Yes, it does.

10 79 Q. So that falls within your mandate?

11 A. Yes.

12 80 Q. We've established that.

13 A. Mm-hmm.

14 81 Q. And distressed investing for
15 control falls within your mandate.

16 A. It would.

17 82 Q. Yes. Distressed investing for
18 influence falls within your mandate.

19 A. It would.

20 83 Q. Do your associates or any members
21 of your investment team do they work for any one
22 particular fund?

23 A. It's a unified team that looks at
24 all investments.

25 84 Q. So the same analysts could be

1 248 Q. So going back now to West Face's.
2 There's a reference to the corporation's policies,
3 strategies, models and concepts. You see that four
4 lines from the bottom?

5 A. I think these are different.

6 249 Q. You think -- so strategies and
7 marketing strategies are different?

8 A. Well, marketing strategies might
9 refer to the marketing of the Catalyst funds.

10 250 Q. Yes.

11 A. This might be referring to...

12 251 Q. Investment strategies?

13 A. No. That could be -- policies
14 could be our confidentiality policies. They could
15 be our compliance policies.

16 252 Q. The next word though is
17 "strategies." So what strategies would be
18 considered confidential to West Face?

19 A. It's not particularly -- the
20 strategies are well-known, what strategies we
21 pursue. And when we regularly talk to investors
22 and prospective investors we can talk fairly
23 generically about what our strategies are.

24 253 Q. So your strategies, you include
25 them in here but they're not actually confidential?

1 Is that what you're suggesting to me?

2 A. The particular strategies related
3 to investments would be confidential.

4 254 Q. So investment strategies with
5 respect to a particular investment would be
6 considered confidential?

7 A. In some circumstances the
8 investment thesis, just the name of the company
9 alone may be enough.

10 255 Q. To be confidential?

11 A. Mm-hmm.

12 256 Q. Yes? Sorry. You just said
13 "mm-hmm" I just want to make sure it's a "yes" for
14 the record.

15 A. Well, the... so what is the
16 question I'm answering again?

17 257 Q. You told me that just the name of
18 the company alone, I understood you to say --

19 A. Yes. For example, if you're
20 working on a takeover bid of a public issuer, if
21 that information became known prior to being
22 publicly announced the shares could go up in value.

23 258 Q. Right. But even short of that, or
24 even more than that, an investment strategy for a
25 particular opportunity, the strategy that West Face

1 decides to employ for a particular opportunity you
2 would consider that to be confidential, correct?

3 A. In some circumstances it would be
4 confidential.

5 259 Q. Yes. So you have an interest, a
6 proprietary interest. You have an interest in
7 protecting that, correct?

8 A. We do. We would.

9 260 Q. So continuing with Catalyst.
10 Let's just go through the Catalyst. So item 4 was
11 investment strategies. I think we've discussed
12 that one. Five is value realization strategies.
13 Do you agree that could be information that West
14 Face would consider confidential?

15 A. Yes.

16 261 Q. Negotiating positions? Continuing
17 on. Would that be information that West Face
18 considers confidential?

19 A. Sorry. You're asking me whether
20 we consider it confidential, or whether it's in
21 this contract?

22 262 Q. Why don't we leave the contract
23 aside for a minute? Let's just find out if you
24 consider that to be confidential, because I think
25 that --

1 A. Do you mean prospectively?

2 286 Q. Yes.

3 A. No.

4 287 Q. Did you talk about past deals he
5 worked on?

6 A. I was interested, and it's very
7 typical in these situations when you're trying to
8 get a handle of particularly a young candidate to
9 just get a handle of what the breadth of their
10 experience is. So I would have asked him questions
11 about his academic record, what he did at RBC, what
12 he did at Credit Suisse, the kinds of things he was
13 working on. Without mentioning names, what sorts
14 of things he was working on and so forth. The
15 kinds of -- actually I would have been asking him
16 the kinds of or opportunities he's worked on in the
17 past, and if he could generically describe his
18 contribution.

19 288 Q. Did he use any names to describe
20 the opportunities he had worked on?

21 A. I don't recall what the answers
22 were.

23 289 Q. Now, turning over his email to
24 you. On the first page now. March 27 at 1:47
25 a.m., the first line is:

1 "As discussed, please see
2 attached my CV and deal sheet and a
3 few investment write ups I've done
4 at Catalyst." (as read)

5 Now, was that information you asked him
6 to send you? You asked him to send you his CV?

7 A. I asked him to send me his CV and
8 a deal sheet. A deal sheet is fairly common in the
9 industry to provide a little bit more detail in
10 generic terms of things that you had worked on that
11 is put together in such a way that it can be shared
12 outside of the organization. So I would have asked
13 for that. And I think I asked for some -- I think
14 I asked for some writing samples. I said, you
15 know, if you need to redact, or take names, or put
16 things into generic form and so forth, you know,
17 anything that would be helpful to us reviewing your
18 background.

19 290 Q. So you asked him for the writing
20 samples, but you also invited him to redact or
21 otherwise alter the work to, I'm going to suggest,
22 protect Catalyst's confidential information,
23 correct?

24 A. Yeah, I don't remember precisely
25 what I asked, but that would have been normal to

1 back and say, you know, this -- this is a company
2 XYZ in the cosmetics industry and, you know, you
3 can describe the opportunity and so forth. So it
4 really depends.

5 302 Q. Right.

6 A. It's over to him, in other words,
7 to abide by all of his confidentiality
8 requirements.

9 303 Q. That was your expectation, that he
10 would abide by --

11 A. That would have been my
12 expectation for sure.

13 304 Q. Your expectation was he wouldn't
14 send you confidential information?

15 A. Absolutely.

16 305 Q. So when you received the documents
17 that he attached to his email, and you saw they
18 were marked confidential, for internal discussion
19 purposes only, you understood that Brandon may not
20 have understood what you were asking for, correct?

21 A. I didn't read his attachments
22 right away.

23 306 Q. You read them eventually?

24 A. Eventually I did, yeah.

25 307 Q. And you saw those markings on

1 them, correct? That they were confidential and for
2 internal purposes only?

3 A. I did.

4 308 Q. Did you send them back to him?

5 A. Did I send them back?

6 309 Q. Like return them back? Did you
7 destroy them?

8 A. I did not destroy them.

9 310 Q. No. You did not tell Catalyst
10 that he'd sent them?

11 A. I did not.

12 311 Q. When you reviewed them you saw
13 that he hadn't redacted any information?

14 A. I don't remember exactly when I
15 reviewed them, but when I reviewed them, as I
16 recall, there were four examples. I was really
17 just looking for, you know, how was the wording put
18 together. You know, was it logical. They all were
19 fairly rather pedestrian analyses. It seemed to be
20 just a collection of, you know, gathering of public
21 information.

22 312 Q. Is it just a gathering of public
23 information, or does it also include some analysis
24 by the author of the memos?

25 A. Our conclusion was that the

1 analysis was very pedestrian. That it was really
2 primarily just, you know, recitation of public
3 information. In one of the circumstances, one of
4 the examples, I believe it was -- I don't remember
5 exactly, but I think it was something that was --
6 that he had not done himself, he said he
7 contributed to, that was -- that he said was
8 circulated -- that was used to circulate to their
9 limited partners. So I actually didn't read it too
10 intently. I didn't really spend much time on the
11 information.

12 313 Q. You took these documents. You
13 circulated them within the firm, correct?

14 A. I circulated a very, very narrow
15 set within the firm. So I only circulated them to
16 the other three partners. There are four partners.
17 So three of the other partners, and one of our
18 senior level analysts. I think he's a
19 vice-president. Anyone who would have been
20 involved in interviewing. So it was the -- so it
21 was merely just forwarding as a conduit information
22 containing the CV. I believe there was a deal
23 sheet, I don't recall exactly, and then the writing
24 samples. With the understanding that they would,
25 of course, abide by all confidential undertakings

1 as well.

2 314 Q. Who is they?

3 A. The people that I forwarded to.

4 315 Q. So just to put some names to these

5 people. There's Peter Fraser?

6 A. Correct.

7 316 Q. There's Tony Griffin?

8 A. Right.

9 317 Q. The third partner, is that a

10 reference to Mr. Boland?

11 A. Correct.

12 318 Q. And the vice-president is Yu-Jia

13 Zhu?

14 A. Correct.

15 319 Q. I'll spell that for the record.

16 It's Y-U, hyphen, J-A-I. Z-H-U is the last name.

17 And that's the vice-president at West

18 Face? Who you were referring to when you said a

19 senior vice-president also received --

20 A. No, a senior analyst I said. I

21 think his title is vice-president.

22 320 Q. Is that Mr. Zhu? Is that a man?

23 A. It's a man.

24 321 Q. So he's a senior vice-president?

25 A. No.

1 322 Q. Senior analyst?

2 A. I think his title is
3 vice-president, as I said.

4 323 Q. That's the senior-most title for
5 someone who does the analyst type of role at West
6 Face?

7 A. I believe so.

8 324 Q. And Mr. Zhu is one of the
9 employees of West Face who interviewed Mr. Moyse,
10 correct?

11 A. He is.

12 325 Q. So you said you -- that they -- I
13 just want to make sure I have your evidence right.
14 That your expectation was they would comply with
15 confidentiality undertakings was I believe the
16 phrase you used. What undertakings are you talking
17 about?

18 A. I assume that if they noticed that
19 this was confidential information that they would
20 keep it confidential.

21 326 Q. But it's not West Face's
22 confidential information, correct?

23 A. Correct.

24 327 Q. It's Catalyst's confidential
25 information you're referring to?

1 A. Right.

2 328 Q. So what obligation does West Face
3 have to keep any information it receives
4 confidential?

5 A. What I mean by that is that I
6 felt -- although I recognized that this was
7 information that was -- that was confidential to
8 Catalyst, I felt that I could show it to my
9 partners. Only as a writing sample. Because it
10 concluded that it was very benign, you know,
11 analyses.

12 329 Q. That was your conclusion?

13 A. Mm-hmm.

14 330 Q. Yes?

15 A. Yes.

16 331 Q. Upon reviewing the documents you
17 concluded that it was benign analysis?

18 A. Mm-hmm.

19 332 Q. Yes?

20 A. I did.

21 333 Q. So you understood you had
22 confidential information, but it seemed safe for
23 you to share it within your company?

24 A. For the purpose of evaluating
25 Brandon, yes.

1 334 Q. Rather than returning it to
2 Catalyst and let them know that their employee
3 disclosed confidential information; that's not what
4 you did, right?

5 A. That's not what I did.

6 335 Q. Did any of the partners, or did
7 Mr. Zhu express any concern about the fact that Mr.
8 Moyse had sent West Face Catalyst's confidential
9 information?

10 A. Yes. Prior to us extending the
11 offer I discussed with one of the partners, with
12 Tony, we were generally favourably disposed to his
13 capabilities, but one concern we had was that he
14 had conveyed confidential information to us, and I
15 agreed with that, and so I asked our general
16 counsel to have a discussion with him specifically
17 about that, to convey to him the seriousness with
18 which we view the protection of confidential
19 information, to make sure that -- and to explain
20 that we'd have the highest expectation that he
21 would uphold that if he were to come and work for
22 us.

23 336 Q. That's going forward you had this
24 expectation, but whatever he did in the past that's
25 in the past; is that your attitude?

1 A. Well, our view was that he -- it
2 was -- there was nothing in there that we viewed
3 particularly damaging. There was nothing that we
4 were looking at and, you know, we viewed it sort of
5 as a rookie error. And so we felt compelled to
6 convey to him that you don't do this kind of thing.
7 You should stop doing this. Don't do this again.
8 And by the way, if you come and work here the
9 expectation is that you will take this seriously
10 and protect our confidential information.

11 337 Q. You protect our confidential
12 information? You're referring to West Face's
13 information, correct?

14 A. Correct.

15 338 Q. So, in other words, what he did
16 here you wouldn't want him to do with your
17 information?

18 A. Correct.

19 339 Q. If he was looking for prospective
20 employment somewhere else your expectation is he
21 wouldn't take your memos and send them to that
22 employer, correct?

23 A. Yeah, that's right.

24 340 Q. Turning to Exhibit D to your
25 affidavit. It's tab D of the brief. There's a

unified 25:23 unique 44:7,10,11 unscramble 51:17 upcoming 50:14 51:22 uphold 48:15 78:21 ups 69:3 USB 47:15,18,19 usual 32:25 <hr/> V <hr/> variation 50:8 vary 99:16 ven 24:9 verify 94:22 versa 28:23 vice 28:23 vice-president 16:19 17:4,9 74:19 75:12,17,19,21,24 76:3 vice-presidents 17:13 34:6 view 78:18 79:1 80:6 82:18,19 viewed 79:2,4 80:23 82:15 views 44:12 violated 99:10 virtually 18:3 visiting 67:13 <hr/> W <hr/> wall 9:15 85:14,17 86:9,17 88:14,25 89:4 90:6,12 91:9,25 93:5 94:8,20 95:12,18 96:7, 16, 97:17 98:3,14,20,23 99:5,10,13 100:3,9,18 wall's 96:9,12 walled 26:12 27:4 89:5,9	walls 26:6 wanted 32:6 war 20:25 warn 104:19 ways 48:7 54:12 week 5:24 11:16 well-known 61:20 West 5:24 7:1,7,18,19 8:11,13,14 9:5,19 13:5, 9 14:4,8,14,20,21,25 15:8,12,14,18 18:7,14, 16,17 20:10 21:24 22:13 24:7 26:22 27:8 29:14 34:3,13 35:7 36:1,2, 38:6 40:14,18 41:2,10 45:11,13 47:9, 16,23 52:2 55:10 58:14, 21,25 59:22,23 60:10 61:1,18 62:25 63:13,17 64:12,24 65:4,11 75:17 76:5,9,21 77:2 78:8 79:12 80:9,15 90:2 91:25 93:4 95:6 97:7,13 98:10 99:3 100:23 101:15,23 102:9,12 103:7 105:18 106:25 108:1,20 wide 22:17 Wind 26:24 27:5,8,15 85:18 86:12 88:11,15, 24 90:8 91:3,10,11,14 95:9 WINTON 5:3 6:6,7,14, 17,24 7:12,16,23 8:7,8, 17,24 9:3,13,18,22 10:1,2,10,22 11:7 12:25 13:21,25 15:5,6 19:7, 16,22 20:5,6 30:8,11 33:7,12,19 34:20,23 35:4,15 36:19,24 37:13, 14 38:15,18 39:17,20 41:11 43:17 50:12 54:18 55:22 57:6,11,12 81:25 86:6,19 89:18 93:25 95:10 97:1 98:9, 15,16 99:7,12,19,25 100:7,15,21 101:19,23 102:2,5,6 107:3,7 wireless 88:23 89:1	wondering 19:15 word 25:5 42:2 61:16 wording 73:17 words 46:23 72:6 79:15 85:6 work 25:21 26:8,19 47:5 67:25 69:21 70:22 71:4 78:21 79:8 worked 68:5,16,20 69:10 92:22 93:2 working 26:1 28:21, 22,23 34:10 50:15 51:20 52:21 53:4 67:20, 21 68:13,14 89:6 works 33:24 97:12 world 20:20 48:6 55:15 write 45:17 69:3 70:12 writes 80:4 writing 69:14,19 70:5, 15 71:2,12 74:23 77:9 98:19 103:13 wrote 32:4,13 66:10 <hr/> X <hr/> XYZ 72:2 <hr/> Y <hr/> Y-u 75:16 year 18:6 yield 24:13 yields 24:14 young 68:8 Yu-jia 75:12 <hr/> Z <hr/> Z-h-u 75:16 Zhu 75:13,22 76:8 78:7
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TAB M

This is Exhibit "M" referred to in the Affidavit of Lilly Iannacito
sworn September 30, 2014

A handwritten signature in black ink, consisting of a large, stylized loop followed by a series of smaller, connected loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

In the Matter Of:
The Catalyst Capital Group Inc. v.
Brandon Moyse et al

ALEXANDER SINGH

July 31, 2014

neesons

141 Adelaide Street West | 11th Floor
Toronto, Ontario M5H 3L5
1.888.525.6666 | 416.413.7755

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

--- This is the Cross-Examination of ALEXANDER
SINGH on his affidavit sworn July 7, 2014, taken at
the offices of Neeson & Associates Court Reporting
and Captioning Inc., Suite 1108, 141 Adelaide
Street West, Toronto, Ontario, on July 31, 2014.

A P P E A R A N C E S:

Andrew Winton, for the Plaintiff

Jeff C. Hopkins, for Brandon Moyse

Jeff Mitchell, for West Face Capital Inc.

REPORTED BY: Cindy Littlemore, CSR

1 contracts?

2 A. Yes.

3 67 Q. So that would include complying
4 with their confidentiality obligations under their
5 employment contracts?

6 A. Agreed.

7 68 Q. So do you -- if an employee of
8 West Face had distributed to third parties
9 West Face internal deal memos, would you consider
10 that to be a breach of their confidentiality
11 obligations to West Face?

12 A. Yes.

13 69 Q. You understood in June of 2014,
14 when correspondence is exchanged between external
15 counsel, that one of Catalyst's concerns is the
16 fact that Mr. Moyse is taking with him knowledge
17 about specific opportunities that it feared could
18 be shared with or the information could be shared
19 with or taken advantage of by West Face; correct?

20 A. Yes.

21 70 Q. And at some point, the decision is
22 made at West Face to create a confidentiality wall
23 with respect to a particular opportunity; correct?

24 A. Correct.

25 71 Q. And the WIND opportunity is the

THE CATALYST CAPITAL GROUP INC.
Plaintiff

-and- BRANDON MOYSE et al.
Defendants

Court File No. CV-14-507120

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
TORONTO

**RESPONDING MOTION RECORD
(MOTION FOR PARTIAL STAY
RETURNABLE OCTOBER 7, 2014)**

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