MAKING CAPITAL WORK

ECN Capital Corp.

Geared for Growth

August 2, 2016

Agenda

1. Strategic Overview
   - Market Dynamics
   - Market Response
   - ECN Capital Fund Structure
2. Separation Update
3. IAC Acquisition Update

MAKING CAPITAL WORK

ECN Capital Corp.

STRATEGIC OVERVIEW

ECN Capital's Strategic Positioning

ECN Capital is:

1. An investment grade equipment lessor and lender,
2. Adding asset management to an already proven asset origination/ownership platform,
3. Driven by the yield and duration needs of institutional investors (lifecos, pension plans) seeking high quality fixed income investments.

A Disrupted Market = Opportunity

"The largest U.S. banks are constrained by post-2008 rules that make it tougher for them to extend loans."

Bloomberg
July 28, 2016

"Insurers are now responsible for 11.6 percent of the loans in the global private debt market."

Bloomberg
July 28, 2016

"TIAA, led by Roger Ferguson, is the world's largest investor in private debt"

Bloomberg
July 28, 2016

"Allstate Corp., the largest publicly traded U.S. home and auto insurer, helped form a freight rail-car leasing company as Chief Executive Officer Tom Wilson expands his bets on hard assets to generate better returns than bonds."

Bloomberg
March, 2016

"CPPIB expands its debt business in $12B deal to buy Antares lending unit of GE Capital"

Bloomberg
July 28, 2016

A Disrupted Market = Opportunity

"With the opening of trading in Goldman Sachs BDC Inc., New York-based Goldman joins Credit Suisse Group AG and others in having created tax-advantaged, specialty lenders called "business development companies" that enable the firms to lend to one of the fastest-growing segments of the U.S. market—small companies with no credit ratings."

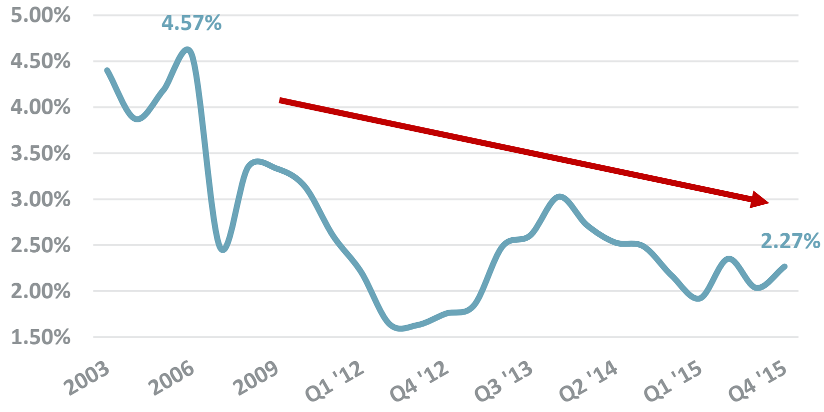
Wall Street Journal, March 18, 2016

"Investors who poured $22 billion into funds called "nontraded business development companies" are now pulling out record sums as the value of those investments flags, according to a review of public filings done for The Wall Street Journal."

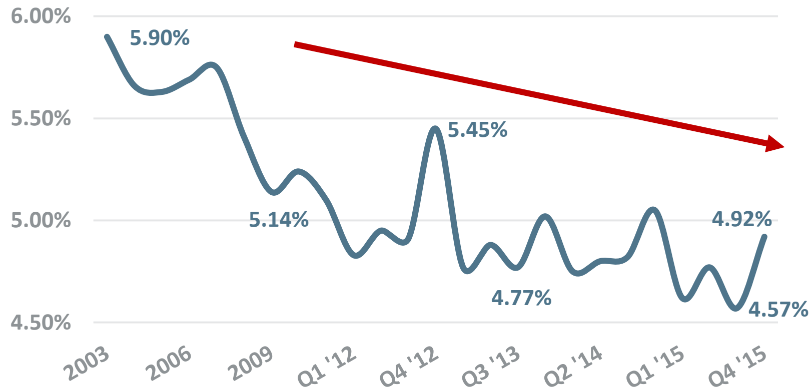
Wall Street Journal, March 19, 2016

Institutional Investors' Current Yield Environment

US Treasury Yield (10yr)

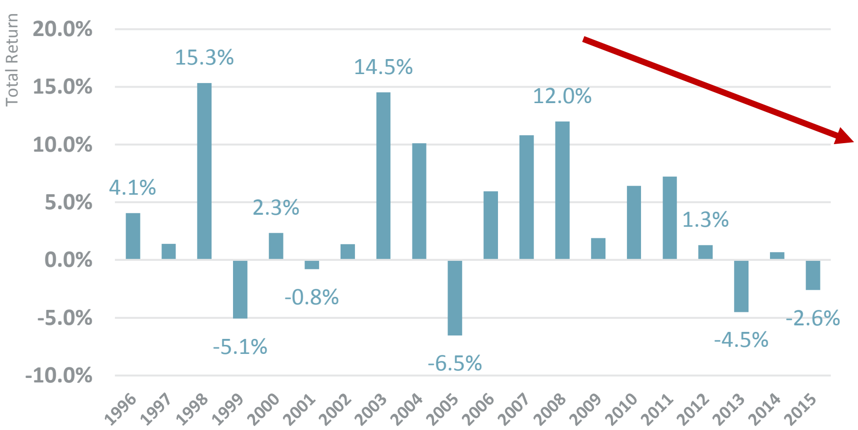


Average US Life Insurer Net Yield on Invested Assets



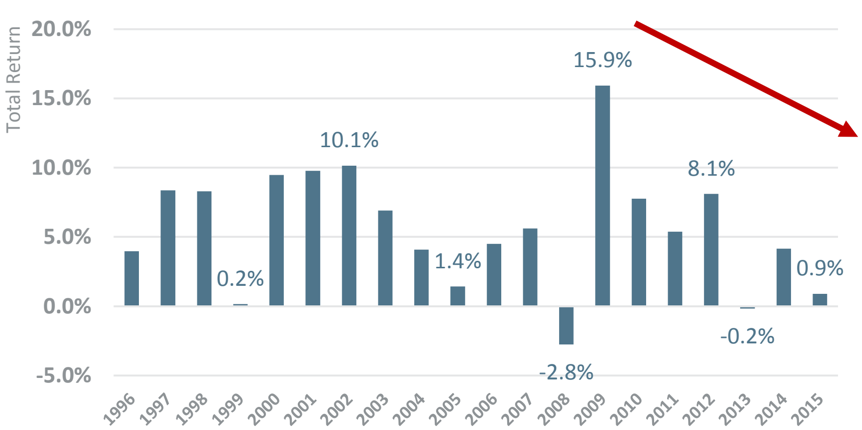
Government Bonds

JP Morgan Global Government Bond Index



Corporate Bonds

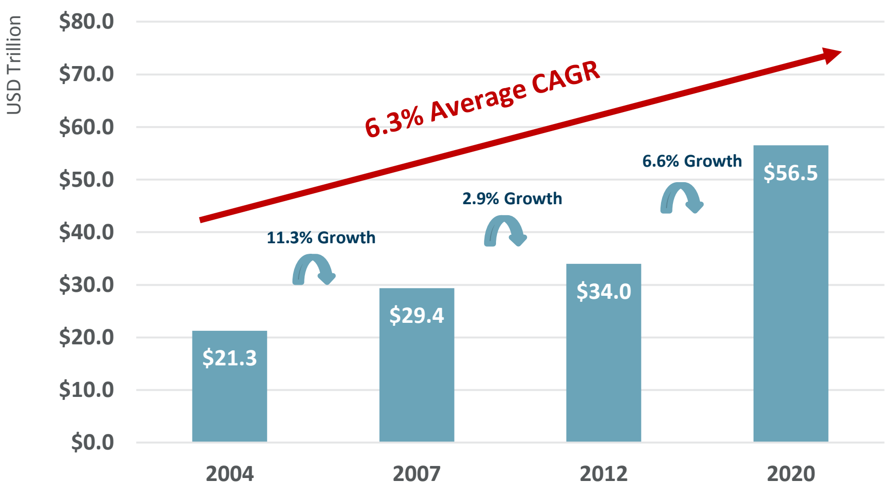
Barclays U.S. Intermediate Credit Bond Index



Source: Bloomberg, SNL, Factset, Macquarie Capital (USA) (Lessors/Specialty Finance & Life Insurance, May 2016)

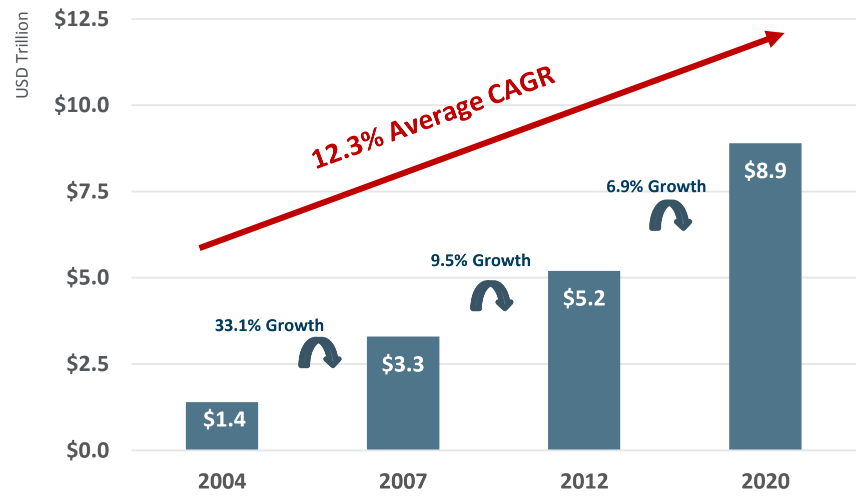
A Problem/Opportunity that is Getting Bigger

Pension Funds Assets



- Total pension fund assets globally are projected to reach US$56.5 trillion by 2020
- North American sponsors comprise of more than 50% of global pension fund assets

Sovereign Wealth Fund Assets



- Global Sovereign Wealth Funds are projected to reach US$8.9 trillion by 2020
- SWFs increasingly favor infrastructure investments to meet their economic and capital maximization objectives
- Alternatives are expected to account for 29% of sovereign investor portfolios by 2020

Source: PWC (Alternative Asset Management 2020), PWC analysis

Market is moving to tailor made investment products

Institutional investors are increasing allocations to alternative asset classes and are seeking direct co-investment opportunities

Evolving Market Conditions

- **Institutional investors have an ongoing need to deploy capital**
  - Life insurance companies, pension funds, sovereign wealth funds tasked with increasing AUMs
- **Traditional fixed income investments no longer provide sufficient returns to meet their requirements**
  - Declining yields and inconsistent total returns
- **Resulting in higher allocations to alternative investments**
  - Initial focus on infrastructure and real estate has expanded into other long lived capital assets
  - Growing interest in the transportation sector

ECN Capital Opportunity

- **Uniquely positioned to provide investors with specialist-funds and co-investment opportunities**
  - Using proprietary origination channels and structuring capabilities
- **Offering exposure to asset classes uncorrelated to traditional markets**
  - Predicable asset-based cash flows over medium to long-term durations
  - Embedded security features
  - Broad diversification benefits

Institutional Relationships

Asset Managers and Pension Funds

Insurance Companies

ECN Capital Fund Structure

ECN Capital Funds

Equipment Lease Funds

1 Commercial Aviation Funds

- 2015: $2.2B
- 2016: $2.0B
- Total: $4.2B

✓ **Long useful life**

✓ **Broad and global user-base**

✓ **Material shift from owned to leased assets**

2 Commercial Rail Funds

- 2017: $0.5 - $1.0B

✓ **Long useful life**

✓ **Broad North American asset base**

✓ **Minimal risk of technological obsolescence**

Private Debt Funds

3 Vendor Finance Funds

- 2017: $2.2B

4 New Debt Fund Offerings

✓ **Provides shorter duration opportunities**

✓ **Achieves higher risk-adjusted returns through participation in large broad diversified portfolios**

Demand For Equipment Funds

Strong appetite for customized investment funds and a desire to build strategic relationships with specialist asset managers

- **North American based funds are increasingly seeking strategic relationships with specialist managers**
  - Numerous asset managers are investing in specific pooled-aircraft portfolios with debt financing executed in the capital markets (e.g. ECAF I, Shenton Aircraft 2015-1, Diamond Head Aviation 2015-1, RISE Ltd. 2014-1)
  - Ontario Teachers' Pension Plan formed a joint venture with Aircastle Limited to invest in leased aircraft
  - A number of insurance companies and institutional investors invested in Blackbird, an aircraft leasing co-investment vehicle with Air Lease Corporation
  - PSP Investments partnered with ATL Partners, a private equity fund, to form an aircraft lessor, SKY Leasing
  - A number of leading U.S. insurance companies teamed up with Trinity Industries and Napier Park, an alternative asset manager, to form a railcar leasing fund vehicle
  - Allstate Corp. teamed up with two Chicago-based private equity funds to form Riverside Rail, a railcar leasing platform
- **Strong investor demand for commercial aircraft exposure has prompted international institutions to establish customized aircraft leasing funds**
  - Hong Kong billionaire Li Ka-Shing's Cheung Kong Holdings Ltd acquired a portfolio of commercial aircraft from GECAS
  - Sumitomo Mitsui Trust Bank and Novus Aviation Capital launched Ortus Aircraft Leasing Fund
  - Chow Tai Fook Enterprises formed a joint venture with Aviation Capital Group
  - Quantum Investment Bank and Palma Capital launched a shariah-compliant aircraft leasing fund together with Airbus

Source: Element research

Case Study

Element, together with a syndicate of institutional co-investors, executed ECAF I in June 2015

Element

- **Proven asset origination capabilities**
  - Well-established relationships with lessors and OEMs
  - "First-call" level connectivity with founders and CEOs
- **Asset expertise**
- **Market leading experience in structured capital origination**
- **Award-winning team**

Institutional Co-Investors

- **Co-invest alongside an industry leader**
- **Long-lived assets with contracted cash flows**
- **Uniquely structured to meet specific investor requirements**
  - Downside protection features
  - Targeted cash yields
  - Diversified lessee and country exposures
- **Transparent portfolio information**
  - On-going portfolio management
  - Periodic performance reports
- **Alignment of interests**

ECAF I

- **Industry's first pooled-aircraft ABS issuance with a syndicate of institutional equity co-investors**
- **High level of diversification**
  - Wide distribution of remaining lease terms
  - 38 lessees in 26 countries[1]
- **Award winning transaction**
  - Debt Deal of the Year *(Airline Economics)*
  - Aviation ABS Deal of the Year *(Global Transport Finance)*
  - North America Deal of the Year *(Airfinance Journal)*

(1) As of closing date
Source: Element research

ECAF I Fund Structure

- The Company completed its inaugural commercial aircraft fund, ECAF I, to reduce its on balance sheet assets and funding requirements
- The Company structured the fund and arranged the syndication of both the debt and equity to third-party institutional investors and acts as the manager on behalf of institutional investors
- Following the separation, ECN Capital will launch similar programs with Commercial Finance funds to support its rail and vendor assets

ECAF I Ltd

US$1.6B (C$2.2B) commercial aircraft fund

- Closed June 19, 2015
- 48 commercial aircraft
- 37 lessees
- 26 countries
- 6.6 year wtd. avg. age
- 5.9 year wtd. avg. remaining lease term
- BBAM acts as aircraft lessor

Capital Structure	Investor Base	Overview [(1)]	Illustrative Rating S&P/Fitch	LTV	Indicative Cost	WAL
Senior Notes $1,050M	12 Investors	**Class A-1** $459.4MM	A/A-	66.77%	3.47%	3.6 year
		Class A-2 $590.6MM	A/A-	66.77%	4.95%	7.0 year
		Total $1,050MM				
Junior Notes $160M	8 Investors	$160MM	BBB/BBB	76.95%	5.8%	5.5 year
Common Equity $320MM	5 Investors	$320MM				

(1) Represents amount funded at closing. Excludes the impact of financing expenses

Case Study - Aviation

Air Lease Corporation and a number of institutional investors formed Blackbird Capital I, a joint venture focused on acquiring new aircraft

Air Lease Corporation

- **Leading aircraft leasing company**
  - Publicly-listed on the NYSE
  - US$2.9 billion market capitalization[1]
  - 240 owned-fleet across 88 airlines in 50 countries[2]
- **Establishes a third-party managed portfolio**
  - Able to grow its overall fleet while reducing internal equity requirements
  - Ability to manage its own lessee concentrations and regional exposures
  - Retains its airline relationships

Institutional Co-Investors

- **Participants include insurance companies and a state pension fund**
- **Builds exposure to new aircraft through Air Lease's order book**
- **Able to rely on a leading aircraft lessor for marketing and asset management services**

Blackbird Capital I

- **Aviation fund aiming to acquire and own aircraft over a 12 year term[2]**
  - 29 aircraft currently under management[2]
- **Targeting US$2.0 billion of commercial aviation assets under management**

(1) As of August 1, 2016. Source: Bloomberg
(2) Investor Day Presentation (May 2016). Source: AirLease Corporation company website

Case Study - Rail

Trinity Industries formed a railcar leasing joint venture to provide railcar leasing services on behalf of third-party institutional investors

Trinity Industries

- **A diversified industrial company manufacturing transportation, construction and industrial products**
  - Publicly-listed on the NYSE
  - US$3.4 billion market capitalization[1]
- **TrinityRail, its largest vertical, is a leading manufacturer and lessor of railcars**
- **Flexibility to grow its leased railcar fleet without deploying additional equity capital**
  - Accretive earnings generated by servicing fees
  - Retains its railcar lessee relationships

Institutional Investors

- **Led by Napier Park Railcar Lease Fund**
  - Managed by an independent alternative asset manager
- **Investors include;**
  - U.S. life insurance companies
  - U.S. property and casualty insurance companies
  - Family offices

TRIP and RIV 2013

- **Jointly acquiring TRIP Rail Holdings LLC ("TRIP")**
  - Acquired a 14,455 railcar portfolio of existing leased railcars from Trinity Industries
- **Formed RIV 2013 Rail Holdings LLC ("RIV 2013")**
  - Acquired additional railcar assets from Trinity Industries
- **Total US$2.1 billion railcar assets under management**

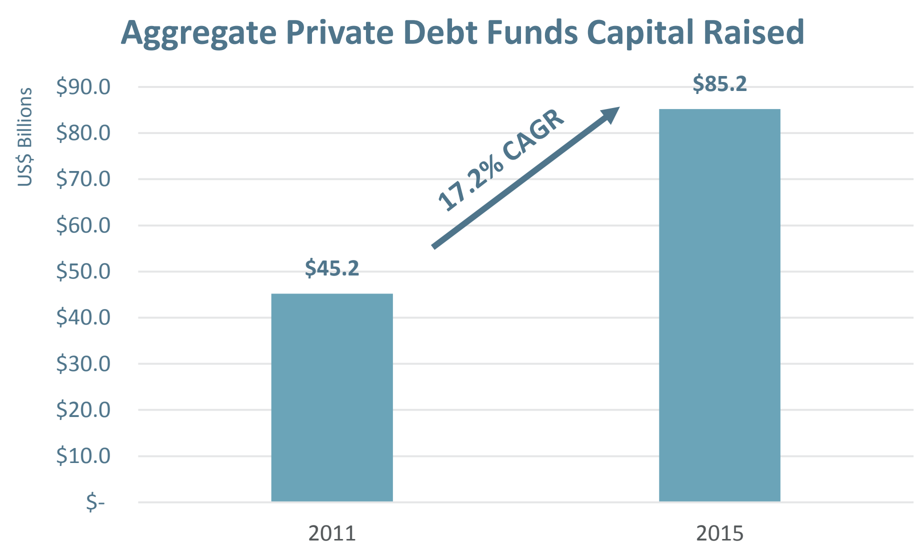
(1) As of August 2, 2016.
Sources: Bloomberg, Company press releases

Demand For Private Debt Funds

Private lending opportunities are increasingly being sought out by institutional investors

Since the 2008 financial crisis, increased financial regulation has resulted in bank lending to the mid-market decreasing significantly

- Institutional investors have largely filled the financing vacuum and are attracted to private lending for the following key reasons:
  - ✓ Enhanced returns with embedded downside protection versus traditional bonds; and
  - ✓ A combination of credit strategies that can outperform equity and fixed income benchmarks, while providing stable performance across economic cycles
  - ✓ Provides positive diversification with low correlation with traditional asset classes
- In 2015 and H1 2016, institutional investors accounted for over 75% of syndicated loan volume to the U.S. mid-market as both U.S. and foreign banks have dramatically curtailed their activities in the space
- While interest rates remain depressed, it is expected that demand from pension funds, lifecos and family offices will continue to strengthen for this asset class predominantly in North America and Europe
- A number of leading asset managers have developed institutional private debt platforms and are actively growing AUM in the asset class:
  - GSO, KKR, Apollo, Fiera, Sprott as examples



Source: Preqin Global Private Debt Report, 2016

Business Development Companies (BDC) Market

- BDCs in the U.S. target middle market lending, but have been under pressure due to over-exposure to the CLO market and oil & gas industry; most of the BDCs, which are externally managed, are trading below NAV as shown below
- This has created further opportunity for leading institutional managers to access deal flow

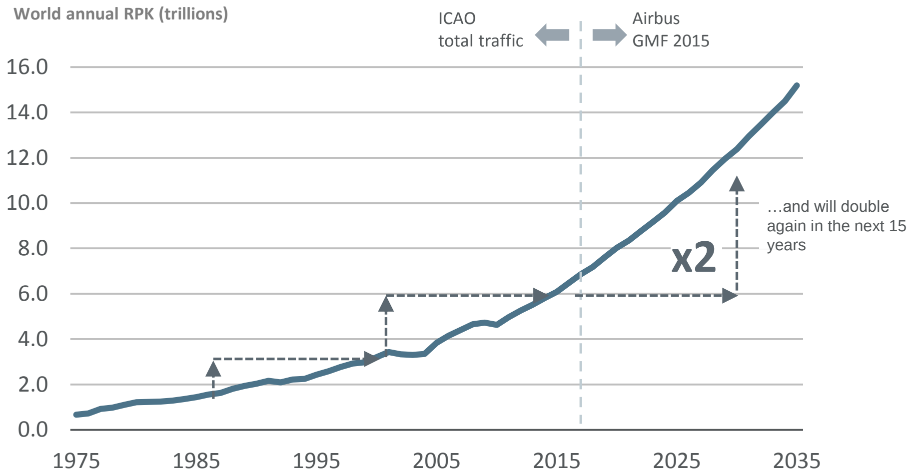
US$ Company	Price (Aug. 1, 2016)	Market Cap (MM)	Investment Book (MM)	P / NAV	Dividend Yield
Apollo Investment Corp	$5.71	$1,291	$2,917	0.8x	14.0%
Ares Capital Corp	$15.29	$4,800	$9,072	0.9x	9.9%
BlackRock Capital Investment Corp	$8.30	$602	$1,126	0.9x	10.1%
Capitala Finance Corp	$14.75	$233	$600	0.9x	12.7%
Fidus Investment Corp	$15.78	$257	$456	1.0x	9.9%
Fifth Street Finance Corp	$5.61	$815	$2,255	0.7x	12.8%
FS Investment Corp	$9.36	$2,279	$3,867	1.1x	9.5%
Full Circle Capital Corp	$2.72	$61	$91	0.8x	0.0%
Garrison Capital Inc	$10.32	$168	$406	0.8x	13.6%
Gladstone Capital Corp	$7.98	$187	$293	0.8x	10.5%
Golub Capital BDC Inc	$19.00	$979	$1,612	1.2x	6.7%
Hercules Capital Inc	$13.35	$983	$1,291	1.4x	9.3%
Horizon Technology Finance Corp	$13.79	$159	$245	1.0x	10.0%
KCAP Financial Inc	$4.16	$155	$378	0.8x	14.4%
Main Street Capital Corp	$33.39	$1,710	$1,820	1.6x	6.5%
Medley Capital Corp	$7.25	$397	$1,036	0.7x	17.9%
Monroe Capital Corp	$15.18	$197	$343	1.1x	9.2%
New Mountain Finance Corp	$13.28	$848	$1,490	1.0x	10.2%
OFS Capital Corp	$13.71	$133	$245	0.9x	9.9%
PennantPark Investment Corp	$7.35	$522	$1,231	0.8x	15.2%
Prospect Capital Corp	$8.26	$2,944	$6,005	0.9x	12.1%
Solar Capital Ltd	$20.07	$848	$1,338	1.0x	8.0%
Stellus Capital Investment Corp	$10.90	$136	$352	0.8x	12.5%
TCP Capital Corp	$15.85	$772	$1,227	1.1x	9.1%
THL Credit Inc	$11.75	$391	$731	1.0x	11.6%
TICC Capital Corp	$5.63	$290	$620	1.0x	20.6%
TPG Specialty Lending Inc	$17.49	$1,039	$1,564	1.2x	8.9%
Triangle Capital Corp	$19.78	$664	$940	1.3x	11.0%
WhiteHorse Finance Inc	$11.34	$208	$417	0.9x	12.5%
Median				**0.9x**	**10.2%**

Source: Thomson Reuters

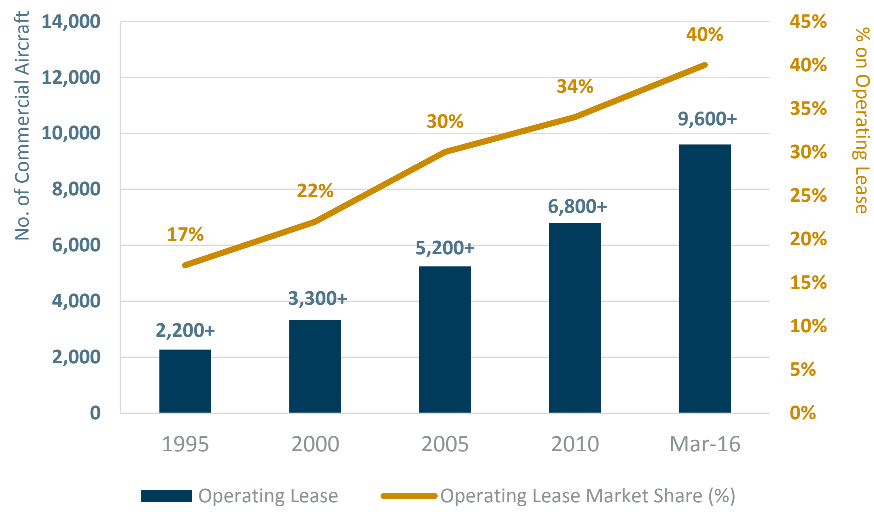
ECN CAPITAL - AVIATION

Commercial Aviation Industry Background

Air travel is expected to double in the next 15 years…



Airlines are increasing their dependence on operating leases



- **Over the last 20 years, passenger demand has increased, on average, by 5% per annum**
- **Outpacing GDP growth by 2.7x**

- **Increasing size of the global fleet**
- **Growing market share of aircraft on operating lease**
- **Significant increase in aggregate number of aircraft on lease**
  - Number of aircraft on operating lease has grown by 7.5% CAGR since 1995

Source: Boeing Current Market Outlook (2016), Airbus Global Market Forecast (2016), Ascend

Wind down of General Aviation

Wind down initiatives are progressing well and will continue through 2017

- **Dispositions commenced in Q1 2016 with commitments accelerating during the second quarter**
- **As of December 31, 2015 C$1.36 billion of exposure is expected to be reduced to C$500 million by YE 2017**

Portfolio and account-by-account analysis used to determine optimal wind-down strategy

Syndications

- Engaged with a number of third-parties who are seeking assets on operating lease or select participations in loans and capital leases

Packaging Transactions

- Negotiations underway with larger buyers seeking participations in “mini-portfolios”
- Designed to meet specific investor requirements

Early buy-outs

- Ongoing early-termination discussions with select customers

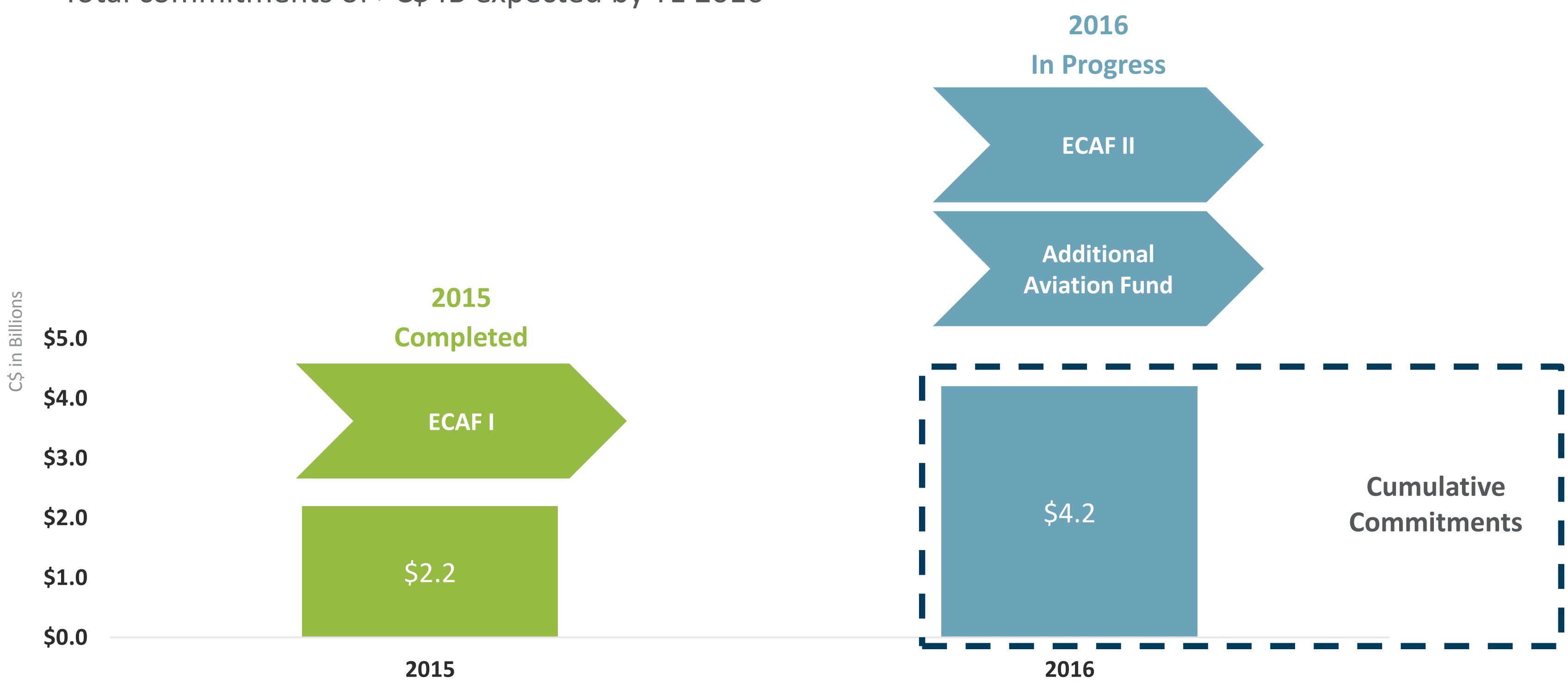
Transfer to ECN Capital Funds

- Suitable assets retained for future ECN Capital managed fund vehicles

Launching Additional Aviation Fund Vehicles

Targeted to exceed C$4 billion of commitments for assets under management by year-end 2016

- **We are at various stages with multiple investment partners regarding specific upcoming funds**
- **Currently in the process of tailoring those funds to meet our institutional partners investment criteria**
  - Optimizing each fund structure to satisfy specific investor needs
  - Total commitments of >C$4B expected by YE 2016



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ECN CAPITAL - RAIL

Rail Industry Background

Despite headwinds in the rail market, ECN Capital is well positioned

Market Headwinds

- Excess industry production
- Weak commodity markets and strong US$
- Decline in railcar loadings (predominantly coal and petroleum)
- Increased railcar velocity due to improved infrastructure and less traffic
- Short term pressure on lease rates and utilization

Element's Strong Portfolio

- Young fleet, 4.4 years vs. industry average of ~19 years
- Insignificant coal exposure
- Strong credits
- Long lease terms & evenly distributed
- Balanced maturity profile by industry
- Few near term renewals (~5% in 2016)
- 99% Utilization

Risk Mitigation

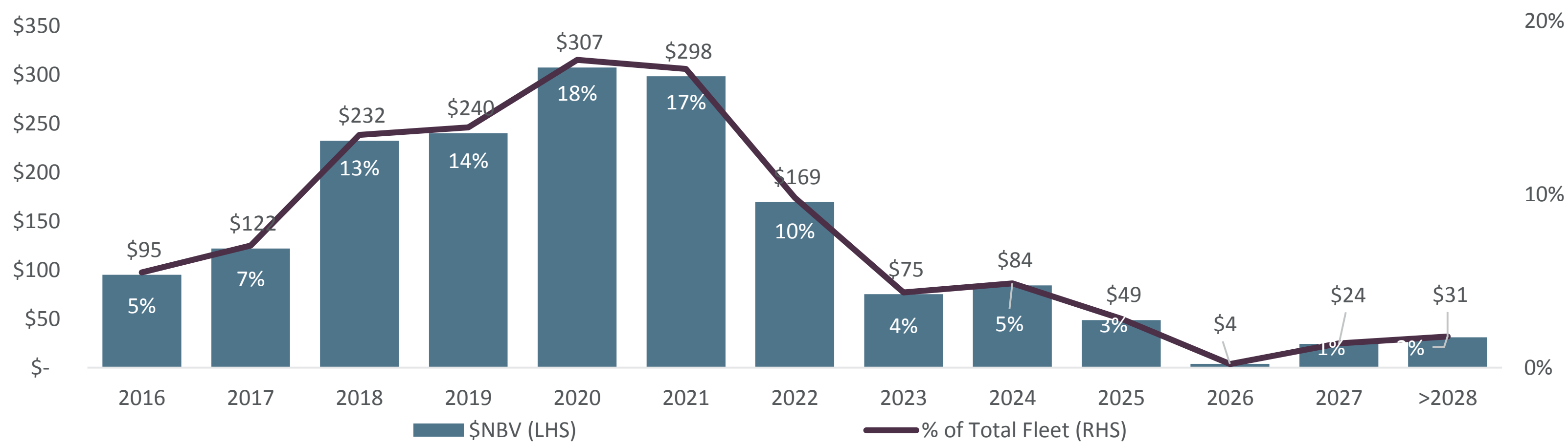
Secondary market continues to support leased railcar values, demonstrating continued strong institutional demand for the asset class

Rail Industry Background

H2 2016 Outlook

- Secondary market prices for railcars with leases attached are robust for most railcar types
- Volumes are expected to recover in H2 2016 as Y/Y comps become more favourable
- Railroad velocity (train speed and terminal dwell) is starting to moderate
- ~330k railcars in the NA fleet are approaching retirement and above-normal replacement demand is expected in the coming years

Rail Portfolio Lease Expiration Profile



ECN to Add Managed Fund to Rail Platform

Element's rail portfolio continues to perform well in a challenging market environment. Future originations are expected to moderate and be more opportunistic to take advantage of attractive pricing.

Element Rail Today

- Trinity relationship is a key foundation of Element's strategy and drove a ~US $1.7B portfolio build in 2 years
- Element renewed the original program agreement in October 2015 for US $2B over four years
- Element has built a dedicated rail team based in Chicago and Montreal focusing on direct originations and will continue to build business to strengthen Asset management capability
- $2.2B Portfolio at end of Q2 2016

Element Rail Forecast

- Opportunities continue to emerge in the softer market environment, but Element remains selective. Investment decisions are being managed with:
  - Price-sensitivity based on rigorous analysis
  - Ability to defer originations in expectation of a better bid, more active market
- Element is targeting 2017 for its inaugural Railcar fund estimated to be $500MM to $1B
- Future Originations:
  - 2015 - $992MM
  - 2016 - $225MM to $275MM
  - 2017 - $250MM to $300MM

Future Growth

 (1) All amounts in C$ unless otherwise stated

ECN Capital Corp.

ECN CAPITAL - COMMERCIAL

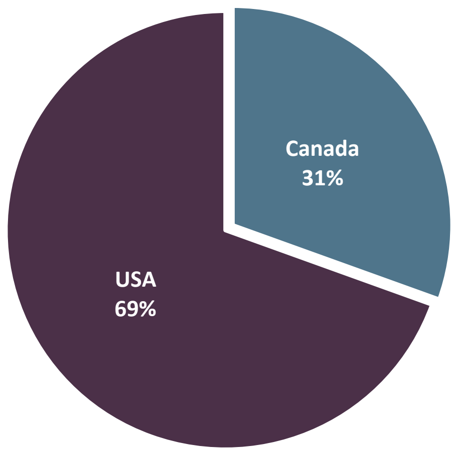
Commercial Finance

Status: Commercial & Vendor

- Established and proven US & Canadian businesses
  - 190 employees
  - $2.9B portfolio
- Robust vendor program

- Q2 origination pipeline was strong with 15% increase over Q1 including recovery of Canadian volume
- Small portfolios available (Example: $200 million franchise finance, prime credit, 90% of book value)

C&V Finance - Country Split



Asset breakdown as of June 30, 2016

Commercial Finance

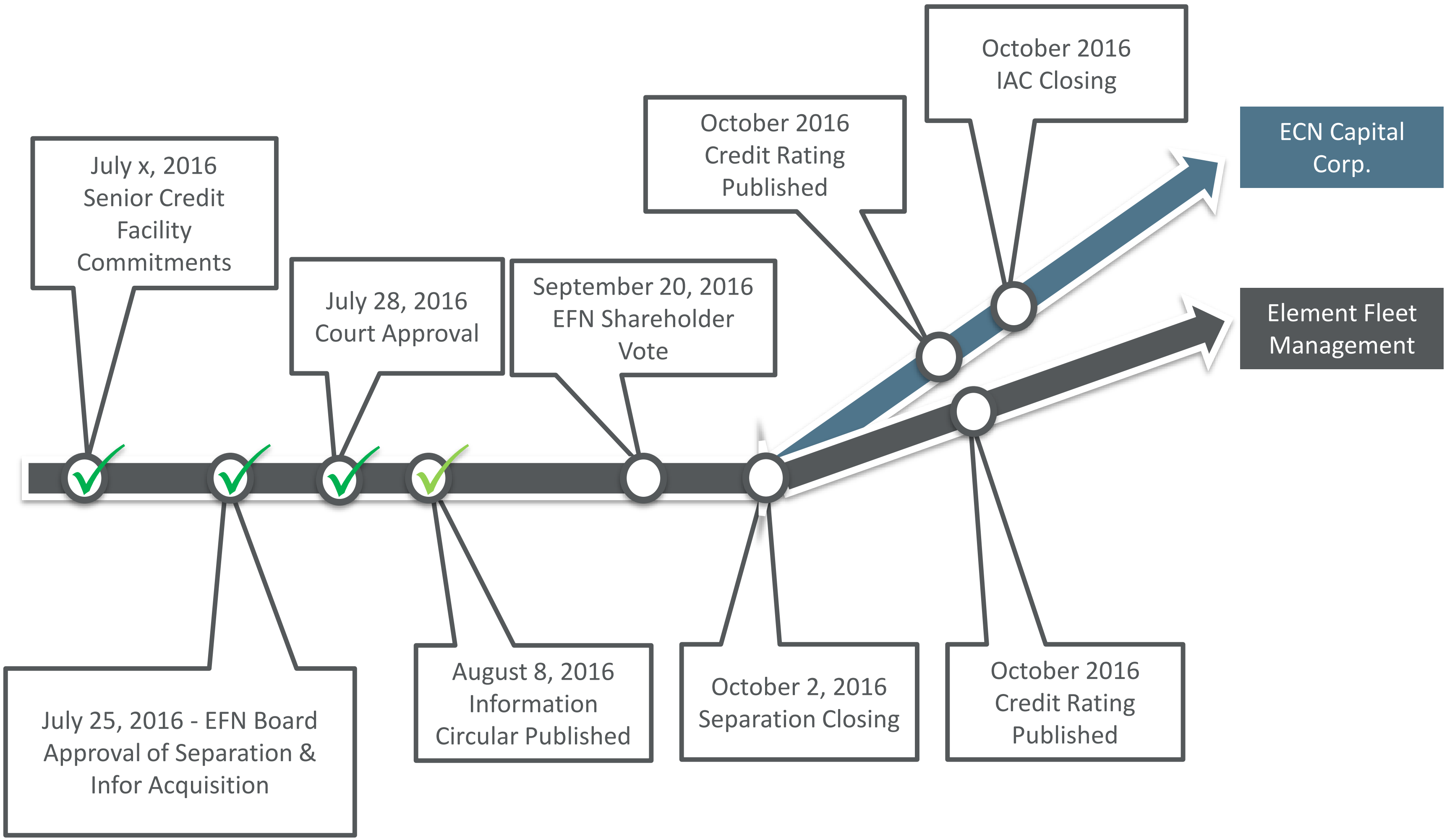
Strategy: Commercial & Vendor

- Capture additional vendor relationships; well positioned to enhance market share with recent changes in competitive landscape
- Add very targeted floor-plan financing; tied to incremental term vendor financings for core vendors (Year 1 wholesale $60 - $80 million plus incremental term financing $150 million)
- Add small-balance, high-yield capabilities with existing vendors, driven by proven IT solutions
- Pursue accretive M&A opportunities within core equipment market expertise
- Continued organic growth through existing vendor program agreements (Example: Bobcat/Doosan growing to $200 million in origination in 2016 from $130 million in 2015; Wabash National new program in 2016 projected at $50 million in origination in first year)

ECN Capital Corp.

SEPARATION UPDATE

Separation Update



ECN Capital Leadership

Senior Leadership

Steven Hudson – Chief Executive Officer
David McKerroll – President, Rail &Aviation
Jim Nikopoulos – Senior Vice President, General Counsel & Corporate Secretary
Don Campbell – President Vendor & Commercial Finance
Bruce Ells – Chief Credit Officer, Aviation & Rail
Steven Sands – Chief Credit Officer, Vendor & Commercial
Steve Grosso – Chief Operating Officer (US)
Todd Hudson – Chief Operating Officer (Canada)

Board of Directors

William Lovatt - Chairman
Steven Hudson – CEO, ECN Capital Corp.
Bradley Nullmeyer – CEO, Element Fleet Management
Neil Selfe – Executive Vice Chairman (TBA)
Paul Stoyan – Chairman, Gardner Roberts
Pierre Lortie – Senior Business Advisor, Dentons Canada LLP
Gordon Giffin – Senior Partner, Denton LLP
David Morris – Retired Partner, Deloitte & Touche LLP
William Holland – Executive Chairman, CI Financial (TBA)

Strategic Take-aways

1. Maintain investment grade rating ⇒ Doorway to organic and acquisitive growth
   - Permitted leverage of 4:1
   - Ability to issue capital (e.g. preferred shares) to fund growth
   - Optimize portfolio (e.g. Railcar lease portfolio - $2.2B)
   - Return of capital
     - Dividend policy
     - Buy-backs vs. secured debt facility
2. Transitioning to fund capability
   - Reducing asset originations in certain silos; increasing capital for designated funds

	Q4 2015	Q1 2016	Q2 2016 (F)
Civil Aviation	305,540	119,476	54,638
Rail	107,552	51,335	16,647

	Q4 2015	Q1 2016	Q2 2016 (F)
C&V	421,702	352,737	402,808

- Transitioning will create lumpiness as structured equipment lease and private debt funds are developed and launched

Strategic Take-aways

3. Broadening fund capabilities will be a 2 to 4 year process; traditional leasing/lending platform to be maintained and grown organically
4. Disciplined operating principles to be maintained
   - "Covenant first and asset second" credit process
   - Better than industry credit performance
   - U.S. focus grows, 80-85% U.S. and 20-15% Canada
   - Significant term liquidity maintained
5. Focused growth
   - Strong U.S. business growth in Q2; modest improvement in Canadian business
   - Competitive dislocation
   - Small-balance transactions within existing vendor relationships; IT enabled
   - Select accretive portfolio and M&A transactions
   - Additional fund opportunities may accelerate transition timeline (e.g. 1 to 3 years)

Key Strengths

- Strong brand backed by experienced management team
  - Founded in 2007, deeply experienced management team lending to mature industries
  - Acquired mature businesses and teams, most of which have 25+ years of history/ experience
- Dominant Commercial Finance company in North America
  - Proven Commercial Finance with significant market share
  - U.S. platforms positioned to realize on "asset-lite" growth businesses → staying focused on existing business lines
- Diversified asset base; growth and acquisition strategy focused on:
  - Multiple business lines diversified geographically within Canada and the U.S.
  - Growth strategies ability to grow within existing credit standards
- Demonstrated access to funding and focused on expanding sources
  - Strong relationships with expanding group of reputable credit providers
  - Management committed to developing debt and equity investor base for Fund model
- Committed to maintain an investment grade rating

ECN Capital Corp.

IAC ACQUISITION UPDATE

Commercial Finance Post Split Acquisition

- Acquire 100% of the outstanding shares of INFOR Acquisition Corp. (IAC)
- Net assets of $220 million in cash
- Provides:
  - Issuance of stock at book value to long-term institutional investors (provides floor price to stock)
  - Access to global network, relationships and capital
- Next Steps/Conditions
  - IAC shareholder approval
  - Court approval for INFOR plan of arrangement
  - No more than 25% of Class A Restricted Voting shares of IAC exercising redemption rights as part of IAC acquisition
- Closing
  - Mid October 2016

Background to Transaction with IAC

- In the 20 days following the separation announcement, Element's stock increased 25% representing $1.2B in aggregate value creation; however, despite the initial positive response, Element's stock did not achieve fair value
- At this time, IAC approached Element management with the following proposal:
  - IAC would combine with ECN Capital on a tax efficient basis
  - IAC would deliver its cash at net book value and in exchange receive shares of ECN Capital at net book value, which was determined to be approximately $3.95 per Element share
  - IAC argued that Element was getting little value for ECN Capital in the market and having a marker of at least net book value at the time of the separation would be helpful
- ECN Capital management also began to pursue several strategic growth initiatives for the business, including potential acquisitions, at least one of which they hope to execute on shortly following the separation
  - Element's board determined that financing any such acquisition could be highly dilutive at current trading levels
- Given that the market is not currently valuing ECN Capital at any value approaching net book value, and that the growth plans of ECN Capital's management would be difficult to execute without appropriate public markets currency, Element`s board agreed to consider IAC's proposal
- Element formed a Special Committee of Independent Directors to review a potential transaction between the two companies (chaired by Bill Lovatt and including Paul Stoyan and Pierre Lortie (legal advice from Blake Cassels & Graydon))

Background to Transaction with IAC (cont'd)

- Element's Special Committee determined that the combination had merit but only if it could be unequivocally determined that there was not a more cost effective and feasible way for ECN Capital to raise equity
  - Through this process, the Element Special Committee determined that in order to proceed, they would require the Founders of IAC to lower the value of their Founders' Shares such that the aggregate value would represent a maximum of 5.5% of IAC's cash, in-line with what it would cost ECN Capital to raise capital in the market
  - Neither investment dealers nor other Canadian SPACs were competitive with the terms agreed to by IAC

- We believe that the combination of ECN Capital and IAC provides significant benefits to ECN Capital:
  - Puts a firm marker in the market that ECN Capital is worth at least net book value (i.e. at least $3.95 per share)
  - Provides ECN Capital with the funding it requires immediately following the separation to take advantage of numerous acquisition opportunities
  - Offers the most cost effective way for ECN Capital to access growth capital and in the least dilutive way possible in the current market environment

- The rigorous process undertaken by the Element Special Committee, pursuant to which both Steve Hudson and Richard Venn recused themselves, was designed to ensure that governance procedures were absolutely unimpeachable

Questions