

June 22, 2020



**MOUNT LOGAN**  
CAPITAL

# **Mount Logan Capital Inc. Enters into a Definitive Purchase Agreement Related to the Management Contract of an Interval Fund with \$240 million of Assets Under Management**

All amounts are stated in United States dollars, unless otherwise indicated.

**Toronto, Ontario--(Newsfile Corp. - June 22, 2020)** - Mount Logan Capital Inc. (NEO: MLC) ("Mount Logan," "our," "we," or the "Company") together with Sierra Crest Investment Management LLC ("SCIM", an affiliate of BC Partners Advisors L.P.) today announced that they have entered into a definitive agreement (the "Purchase Agreement"), subject to certain approvals, for the acquisition of certain assets from Resource America, Inc. ("Resource" or the "Seller") and for SCIM to become the investment adviser of the Resource Credit Income Fund ("CIF" or the "Fund"). CIF is a U.S.-based, continuously offered, closed-end interval fund, with approximately \$240 million of assets under management as of May 31, 2020, that invests across credit markets including direct credit, private credit, and public credit.

## **Transaction Highlights**

- Expands Mount Logan's business into the non-traded retail channel, providing a new avenue of growth for the Company
- Provides a high-returning, stable, and recurring asset management fee stream into earnings
- Assets of the Fund are highly complementary with Mount Logan's existing portfolio, investment mandate, and experience
- The transaction is expected to close in the fourth quarter of 2020 and is subject to approval by the shareholders of CIF
- Expect to retain existing key management members and vendor contracts of the Fund to ensure a seamless transition

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "This is a monumental step for Mount Logan in expanding our business to include the economic benefits associated with the management of a large, semi-permanent portfolio of third-party capital. Accordingly, the Company will begin to benefit from meaningful, low volatility, recurring asset management fee streams. We believe the proposed transaction will be highly accretive for Mount Logan and we look forward to maintaining Resource's momentum with

the Fund and further complementing the new fund management with our investment track record and sourcing capabilities."

Alan Feldman, Chief Executive Officer of Resource, added, "We are pleased to enter into this transaction with Mount Logan and Sierra Crest Investment Management. Their extensive expertise in the credit markets makes CIF a strategic addition to their existing portfolio and we believe it will be synergistic with their overall experience and investment mandate."

CIF is currently managed by Resource Alternative Advisor, LLC (the "Manager"), a U.S. asset management company that specializes in real estate and credit investments. The Purchase Agreement contemplated that the Manager will seek the approval of the shareholders of the Fund to: (i) elect new trustees to the board of trustees of the Fund; and (ii) replace the existing advisory agreement in respect of the Fund with a new advisory agreement between SCIM and the Fund (the "New Advisory Agreement"), each effective as of the date of closing of the transactions (the "Closing Date") contemplated by the Purchase Agreement. The Closing Date is expected to occur in the fourth quarter of 2020.

On the Closing Date, it is expected that Mount Logan will fund SCIM with the gross consideration required by SCIM pursuant to the Purchase Agreement, and that Mount Logan and SCIM will enter into such agreements and transaction documents such that substantially all of the economic benefit derived by SCIM under the New Advisory Agreement will flow to Mount Logan, subject to: (i) a holdback by SCIM of certain expenses to be mutually agreed upon; and (ii) other structural considerations subject to diligence. Financing of the purchase is contemplated to consist of a combination of cash, equity, and/or debt. It is expected that certain members of the existing management team of the Fund will be retained.

As part of the transaction, Mount Logan has agreed to, among other things, guarantee the payment of all financial obligations of SCIM under the Purchase Agreement, including the payment of the purchase price to the Seller.

### **Virtual Annual Meeting of Shareholders & Transaction Overview**

Registered shareholders, duly appointed proxyholders and guests are welcome to join the Company's virtual only annual meeting of shareholders (the "Meeting") to be held on Friday, June 26, 2020 at 11:00 a.m. (Eastern time). In addition to the formal business of the meeting, management will provide a brief overview of the business, results of the Company, as well as the proposed transaction described above.

Registered shareholders, duly appointed proxyholders, and guests may attend the Meeting by webcast via the Lumi meeting platform at <https://www.web.lumiagm.com/227054027>.

For detailed instructions on how to attend the Meeting, please refer to the information contained in the Company's management information circular dated May 26, 2020 prepared in connection with the Meeting which is available on the Company's website, [www.mountlogancapital.ca](http://www.mountlogancapital.ca), and the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **About Mount Logan Capital Inc.**

Mount Logan Capital Inc. is a Canada-based asset manager created to source and execute on credit investment opportunities in North America. The Company holds and actively manages and monitors a portfolio of loans and other investments with credit-oriented characteristics. The Company intends to actively source, evaluate, underwrite, monitor, and

primarily invest in additional loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle.

## **About Resource**

Resource, the marketing name for Resource Alternative Advisor, LLC and its affiliates, is an asset management company that specializes in real estate and credit investments. Resource's main objective is to be a best-in-class asset manager as measured by risk-adjusted returns to investors and the quality of the funds and businesses it manages. Resource's investments emphasize consistent value and long-term returns with an income orientation. Resource is an indirect wholly-owned subsidiary of C-III Capital Partners LLC, a fully integrated asset management and commercial real estate services company, with \$4.3 billion in real estate and debt assets under management as of May 31, 2020. Additional information about Resource is available at [www.resourcealts.com](http://www.resourcealts.com).

## **Fund Disclaimer**

An interval fund is a continuously offered, closed-end fund that periodically offers to repurchase its shares from shareholders. The Fund is classified as "diversified" under the Investment Company Act of 1940, as amended.

Through the interval structure, the Fund offers a liquidity feature of quarterly redemptions at Net Asset Value of no less than 5 percent of the shares outstanding made available, redeeming more frequently than other real estate and private equity investments. Regardless of how the Fund performs, there is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer.

## **Cautionary Statement Regarding Forward-Looking Statements**

*This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the required shareholder approval of the Fund, the satisfaction or waiver of certain other conditions contemplated by the Purchase Agreement, the timing of the Closing Date, the composition and size of the Fund at the Closing Date, synergies to be achieved following the Closing Date, satisfactory arrangements between the Company and SCIM being entered into on the Closing Date, the Company's business strategy, model, approach and future activities, portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, the protection of stakeholder value and the expansion of the Company's loan portfolio. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current*

*expectations, including the matters discussed under "Risks Factors" in the most recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.*

This press release is not, and under no circumstances is it to be construed as, a prospectus or an advertisement and the communication of this release is not, and under no circumstances is it to be construed as, an offer to sell or an offer to purchase any securities in the Company or in any fund or other investment vehicle.

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