

Starlight Capital to Acquire Stone Investment Group Increasing its Assets Under Management to More Than \$1 Billion

Transaction Receives Unanimous Approval of Stone Board of Directors and Support from Shareholders Holding more than 65% of Outstanding Stone Common Shares

Toronto ON – April 7, 2022. Starlight Investments Capital LP (“**Starlight Capital**”) and Stone Investment Group Limited (“**Stone**”) are pleased to announce they have entered into an arrangement agreement (the “**Arrangement Agreement**”) made as of April 7, 2022 pursuant to which Starlight, through a wholly-owned subsidiary, will, through a series of transactions acquire Stone. As part of the transaction, Starlight will acquire the 6,464 \$1,000 principal amount secured debentures issued by Stone (the “**Debentures**”) that have been tendered and remain deposited pursuant to the offer launched on November 29, 2021 by Stone-SIG Acquisition Limited (“**SSAL**”), a wholly-owned subsidiary of Stone (the “**Deposited Debentures**”), acquire all of the common shares of Stone (“**Common Shares**”) and redeem the remaining 5,536 Debentures (the “**Remaining Debentures**”), all pursuant to the terms of the Arrangement Agreement.

Stone’s board of directors (the “**Board**”), after consultation with its financial and legal advisors, has determined that the acquisition of the Common Shares to be implemented pursuant to a plan of arrangement under section 192 of the *Canada Business Corporations Act* (the “**Plan of Arrangement**”) and the terms of the Arrangement Agreement (the “**Arrangement**”), and certain transactions related to the Debentures, are in the best interests of Stone and its securities holders, and the consideration to be received by Stone shareholders (“**Shareholders**”) is fair from a financial point of view. The Board unanimously approved the Arrangement and related transactions which are expected to close late in the second quarter of 2022. **The Board unanimously recommends that Stone common shareholders vote IN FAVOUR of the Arrangement at a special meeting of shareholders expected to be held by early June 2022 (the “Shareholder Meeting”).**

Dennis Mitchell, Chief Executive Officer and Chief Investment Officer of Starlight Capital explained, “We are excited to welcome Stone, its clients and investment professionals to our growing asset management platform at Starlight Capital. Stone has a long history of generating strong risk-adjusted returns for its clients, and we look forward to continuing that success with a shared vision of developing a leading independent investment manager, focused on helping Canadian investors realize their financial goals. We look forward to working with Richard Stone and his team to continue to provide exemplary investment management services for our collective clients.”

Richard Stone, President and Chief Executive Officer of Stone added, “Stone and Starlight products are very complementary, and combining these two businesses will generate significant scale economies that will benefit both investors and advisors. Starlight Capital has the people, infrastructure and balance sheet resources necessary to ensure that investors in the Stone funds will continue to enjoy best-in-class stewardship over their capital, and we are excited to join the Starlight Capital team.”

In making its unanimous determination and recommendation, the Board considered, among other factors, an opinion from WD Capital Markets Inc. (“**WD Capital**”) to the effect that the consideration per Common Share to be received by Shareholders is fair, from a financial point of view. In addition, Shareholders holding more than 65% of the outstanding Common Shares have signed voting and support agreements (the “**Voting Agreements**”) pursuant to which such Shareholders have agreed to vote **IN FAVOUR** of the Arrangement at the Shareholder Meeting. Copies of the fairness opinion of WD Capital, and a description of the various factors considered by the Board in their determination to unanimously approve the Arrangement, as well as other relevant background information, will be included in the information circular to be sent to Shareholders in the coming weeks in advance of the Shareholder Meeting.

The Arrangement Agreement, the Plan of Arrangement and the Arrangement

The Arrangement Agreement provides for, among other things, customary representations, warranties and covenants, including customary non-solicitation covenants from Stone and a “fiduciary out” that allows the Board to accept a superior proposal in certain circumstances, subject to a “right to match” in favour of Starlight Capital and payment of a \$1,000,000 termination fee to Starlight Capital. The Arrangement Agreement also provides for expense reimbursement in favour of Starlight Capital should the agreement be terminated in certain circumstances.

The Arrangement will be implemented pursuant to the Plan of Arrangement and is subject to approval of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and the approval of Shareholders at the Shareholder Meeting.

Under the terms and subject to the conditions set forth in the Arrangement Agreement, the following transactions will be completed in the sequence set out below:

1. SSAL will use cash to be advanced by Starlight Capital in the amount of \$800 per Debenture to complete the purchase of the Deposited Debentures;
2. Starlight will acquire all of the Common Shares in exchange for \$0.01 per Common Share payable in cash pursuant to the Plan of Arrangement (the “**Common Share Transaction**”); and
3. Stone will pay, pursuant to the terms and conditions of the trust indenture governing the Debentures, the principal amount of \$1,000 per Debenture, plus accrued and unpaid interest thereon, including any additional interest, to complete the repayment of the Remaining Debentures.

Following completion of the Arrangement and the related transactions, the successor corporation to Stone will be a wholly-owned subsidiary of Starlight Capital and no Debentures will remain outstanding. Only the Common Shares will be arranged under the Plan of Arrangement. The Debentures will not be arranged but will be repurchased or acquired pursuant to the Stone Debenture Offer (as defined below) and the trust indenture governing the Stone Debentures and will be completed in accordance with the Plan of Arrangement.

The foregoing summary is qualified in its entirety by the provisions of the respective documents. Copies of the information circular, the Arrangement Agreement, the Plan of Arrangement, the Voting Agreements and certain other related documents will be filed with the applicable Canadian securities regulators and will be available for review on SEDAR at www.sedar.com.

Shareholder Approval

Shareholders will be asked to approve the Arrangement by special resolution at the Shareholder Meeting which will require approval by at least two-thirds of the votes cast at the Shareholder Meeting. The Shareholder Meeting will be called and held in accordance with an interim order to be sought from the Court in the coming weeks and is expected to take place by early June 2022.

In connection with the Arrangement, certain shareholders, directors, executive officers and employees of Stone who together hold in aggregate more than 65% of the Common Shares, have entered into Voting Agreements with Starlight Capital pursuant to which they have agreed to vote all of their Common Shares **IN FAVOUR** of the Arrangement, subject to their ability to terminate such agreements in certain circumstances.

Regulatory Approval and Notice Requirement

The acquisition of control of Stone by Starlight Capital will result in the indirect change of control of Stone Asset Management Limited (“**SAM**”), a wholly-owned subsidiary of Stone that is registered under securities legislation across Canada. The indirect change of control of SAM is subject to the non-objection of the Canadian securities regulators pursuant to the requirements of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. In addition, notice of the change of control of SAM in its capacity as the investment fund manager of the Stone mutual funds, is required to be given to investors in the Stone mutual funds pursuant to National Instrument 81-102 *Investment Funds*.

The Stone Debenture Offer and the Canada Business Corporations Act Proceeding

On November 29, 2021, SSAL launched an offer to acquire 7,293 Debentures (the “**Stone Debenture Offer**”) for cash consideration in the amount of \$800 per Debenture.

Details of the Stone Debenture Offer are set out in the offer document dated November 29, 2021 and the letter of transmittal circulated in connection with the Stone Debenture Offer, as modified by the press releases issued by the Corporation on December 15, December 17, December 21, December 22, December 27, January 28, 2022 and March 31, 2022.

On December 27, 2021, Stone obtained a preliminary interim order of Court providing for, among other things, a stay on any default, event of default or cross-default arising under the Stone Debentures, in order to effect an interim stay of rights in respect of the Stone Debentures and provide additional time to complete the Stone Debenture Offer or an alternative transaction

For further details regarding the Stone Debenture Offer and related matters, refer to Stone's press releases of November 30, 2021, December 15, 2021, December 17, 2021, December 21, 2021, December 21, 2021 second press release, December 22, 2021, December 27, 2021, January 28, 2022, and March 31, 2022 and the related offer documents, all of which are available on SEDAR.

Transaction Advisors

Farber Corporate Finance Inc. has served as financial advisors to Stone, WD Capital has provided a fairness opinion to the Stone board, and Bennett Jones LLP have served as legal advisor to Stone. Borden Ladner Gervais LLP has served as legal advisor to Starlight Capital.

About Stone Investment Group Limited

Stone is a Canadian-owned independent wealth management company operating since 1995. Stone, through SAM, structures and manages high quality investment products for Canadian investors.

For more information:

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About Starlight Investments Capital LP

Starlight Capital is an independent asset management firm offering mutual funds, exchange-traded funds, offering memorandum funds and structured products. Our goal is to deliver superior risk adjusted returns to investors through a disciplined investment approach, Focused Business Investing. Starlight Capital is a wholly owned subsidiary of Starlight Investments. Starlight Investments is a privately held, full service, real estate investment and asset management company. The firm manages over \$25.0 billion of assets on behalf of institutional joint ventures as well as publicly listed REITs, closed-end funds and investment funds, and is driven by an experienced team of over 300 professionals. Please visit us at www.starlightcapital.com and connect with us on LinkedIn.

For more information:

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Disclaimer for Forward-Looking Information

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding: the Debentures, the Debenture Offer, the Arrangement, the Shareholder Meeting, receipt of approvals required for the Arrangement, the operations, and integration, of Stone with and into Starlight Capital post-closing, the expected post-closing assets under management, the ability to achieve economies of scale and realization of investors goals post-closing. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors that may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: the amount of the assets under management for Starlight post-closing, votes obtained from Shareholders, general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments and other risks outside of Stone's control. Additional risk factors are included in Stone's Management's Discussion and Analysis, available under Stone's profile on SEDAR at www.sedar.com. Although Stone believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except as required by applicable laws, Stone disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.