

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

*IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED*

AND IN THE MATTER OF A PLAN OF COMPROMISE
AND ARRANGEMENT INVOLVING METCALFE & MANSFIELD
ALTERNATIVE INVESTMENTS VII CORP. IN ITS CAPACITY
AS ISSUER TRUSTEE OF THE DEVONSHIRE TRUST

**FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR
(COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36,
AS AMENDED)**

July 3, 2014



Deloitte Restructuring Inc.

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CANADA
PROVINCE OF ONTARIO
DISTRICT OF TORONTO
COURT. No.: CV-14-10609-00CL

SUPERIOR COURT
Commercial List

**IN THE MATTER OF THE PLAN
OF COMPROMISE AND
ARRANGEMENT OF:**

**METCALFE & MANSFIELD ALTERNATIVE
INVESTMENTS VII CORP., IN ITS CAPACITY AS
ISSUER TRUSTEE OF DEVONSHIRE TRUST**, having its
head office at 199 Bay Street, Suite 4850, Commerce Court West,
Toronto, Ontario, M5L 1G9

Applicant

– and –

DELOITTE RESTRUCTURING INC.
(Pierre Laporte, CPA, CA, CIRP, person in charge), having a
place of business at 181 Bay Street, Brookfield Place, Suite 1400,
Toronto, ON, M5J 2V1, Canada

Proposed Monitor

**FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

I. INTRODUCTION

1. Metcalfe & Mansfield Alternative Investments VII Corp. in its capacity as issuer trustee (the “**Applicant**”) of the Devonshire Trust (the “**Conduit**”, collectively with the Applicant, the “**CCAA Parties**”) has brought an application seeking:
 - a. an Initial Order;
 - b. permission to file a plan of compromise and arrangement (the “**Plan**”); and
 - c. a Claims Procedure and Meeting Order, among other things,

pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"). The Applicant has asked Deloitte Restructuring Inc. to act as Monitor of the CCAA Parties, and Deloitte Restructuring Inc. has consented to act in that capacity if appointed by this Honourable Court (in that capacity, the "**Monitor**").

2. This pre-filing report dated July 3, 2014 (the "**Report**") is provided to this Honourable Court by the Monitor for the purpose of complying with the CCAA and assisting the Court in respect of:
 - a. The Monitor's prior relationship with the Applicant and the Conduit;
 - b. The proposed Plan (included in the Applicant's application) and to provide the Court with the information required by section 23(1)(d.1) of the CCAA;
 - c. The Administration Charge and Directors' Charge proposed in the draft Initial Order (included in the Applicant's application);
 - d. The Claims Procedure and Meeting Order (included in the Applicant's application); and
 - e. The Conduit's cash flow forecast required by section 23(1)(b) of the CCAA.

II. TERMS OF REFERENCE

3. Capitalized terms not otherwise defined have the meaning ascribed to them in the Notice of Application, the Plan and the supporting affidavit of Mathieu Lafleur-Ayotte dated June 27, 2014, filed by the Applicant. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
4. In preparing this Report, the Monitor has necessarily relied upon unaudited financial information and other information supplied, and representations made, by the CCAA Parties and their agents and advisors. Although the Monitor has reviewed the information, some of which was in draft format, the Monitor has not performed an audit or otherwise attempted to verify the accuracy or completeness of any such information. Accordingly, the Monitor does not express any opinion and does not provide any other form of assurance on or relating to the accuracy of any information contained in this Report or otherwise used to prepare this Report.
5. Forward looking financial information included in this Report is based on the CCAA Parties' assumptions regarding future events, and actual results achieved will vary from this information and the variations may be material. The Monitor has not performed an examination or review of financial forecasts, projections or procedures in accordance with standards set by the Canadian Institute of Chartered Accountants.
6. A copy of this Report, the Applicant's application and supporting affidavit, the Plan, and drafts of the Orders sought as well as the Meeting Documents and further motions and reports of the Monitor will be available on the Monitor's website in English at <http://www.deloitte.com/ca/devonshire>. A copy of the Notice of Proceedings will be available on the Monitor's website in French at

<http://www.deloitte.com/ca/devonshire/fr/>. The Monitor has also established a toll free phone number as well as a dedicated email address that are referenced on the Monitor's website so that parties may contact the Monitor if they have questions in respect of this CCAA proceeding. The Monitor's toll free number is 1-855-990-7100 and dedicated email address is CAMontrealDevonshire@deloitte.ca

III. THE MONITOR'S QUALIFICATIONS TO ACT

7. Deloitte Restructuring Inc. is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*. The Monitor has consented to act as Monitor if so appointed by this Honourable Court. The Monitor's signed consent is attached to the affidavit of Mathieu Lafleur-Ayotte dated June 27, 2014 as Exhibit "L".
8. Neither Deloitte Restructuring Inc. nor any of its representatives or affiliates have been at any time in the two preceding years the auditor, a director, an officer or an employee of the CCAA Parties or otherwise related to the CCAA Parties or to any director or officer of the CCAA Parties or a trustee (or related to any such trustee) under a trust indenture issued by any of the CCAA Parties or any person related to the CCAA Parties. Therefore, in the Monitor's view, the Monitor is qualified to act as Monitor in this CCAA proceeding and subsection.11.7(2) of the CCAA does not apply.

IV. THE CONTEXT OF THIS CCAA PROCEEDING AND THE PLAN

Context of this CCAA Proceeding

9. As described in the affidavit of Mathieu Lafleur-Ayotte dated June 27, 2014, the Applicant is the Issuer Trustee of Devonshire Trust, a Conduit participating in the asset-backed commercial paper ("ABCP") market.
10. During the spring and summer of 2007, the U.S. sub-prime mortgage market experienced extensive defaults by sub-prime borrowers. The sub-prime crisis in the U.S eventually extended to the Canadian ABCP market, in which mortgage-backed securities and real estate derivative products had been sold to mainly Canadian investors. After the issues arose in the U.S., Canadian investors started to significantly reduce their ABCP holdings making the Canadian ABCP market more exposed to a liquidity crisis.
11. On August 13 and 14, 2007, many Canadian ABCP conduits were not able to roll their maturing ABCP and consequently requested liquidity from their liquidity providers. In most cases, the liquidity providers declined to provide the liquidity needed to repay maturing ABCP.
12. Representatives of the Caisse de Dépôt et Placement du Québec (the "**Caisse**"), National Bank of Canada and other ABCP investors, asset providers and liquidity providers met in Montreal to discuss the issues facing the Canadian ABCP market. On August 16, 2007, this group developed an agreement – the Montreal Accord – which provided that parties would (1) work together in good faith to implement a restructuring process and (2) observe a 60-day standstill that was later extended to March 2008.
13. By October 2007, 99 parties, including the Conduit, had signed the Montreal Accord.

14. After the Montreal Accord, the Pan-Canadian Third Party Asset Backed Commercial Paper Investor Committee (the “**Investor Committee**”) was formed. Purdy Crawford, Q.C. was appointed its chair. The Investor Committee and its advisors negotiated on behalf of the conduits.
15. By mid-December 2007, the Investor Committee announced a framework for restructuring the Canadian ABCP market (the “**Framework Agreement**”). The Framework Agreement covered 20 conduits but did not include the Conduit because Barclays Bank PLC (“**Barclays**”), the Conduit’s liquidity provider and CDS counterparty, did not accept some of the terms of the Framework Agreement.
16. In March 2008, the Investor Committee announced that CCAA proceedings would be undertaken to restructure the ABCP market, including 20 conduits which had issued a total of \$32 billion of issued notes. These 20 conduits have since been successfully restructured.
17. The Conduit, however, did not participate in those March 2008 CCAA proceedings. Instead, the CCAA Parties and their stakeholders considered restructuring alternatives. However, in January 2009, the Applicant became involved in protracted litigation with Barclays (the “**Barclays/Devonshire Litigation**”), which is described in more detail in the affidavit of Mathieu Lafleur-Ayotte dated June 27, 2014.
18. On June 13, 2014, Barclays, the Applicant and The Bank of New York Mellon (“**BNY**” or the “**Custodian**”) entered into a settlement of the Barclays/Devonshire Litigation (the “**Settlement Agreement**”), which requires Barclays to pay or have paid to the CCAA Parties funds from the monies held by BNY (the “**Settlement Amount**”) in the amount of:
 - a. \$532,668,082 (settlement payments under swaps to be received from Barclays);
 - b. \$1,061,916 (unpaid amount under swaps to be received from Barclays);
 - c. \$58,412,380 (interest owed by Barclays under swaps); and
 - d. such additional amount in CAD as shall be specified to BNY in writing by the Monitor (being interest on the amounts in a, b and c above calculated from and including June 1, 2014 to but excluding the Funds Transfer Date at a rate per annum equal to the 1-month Bank of Canada CDOR, reset each Business Day, plus 1% compounded daily).
19. To implement this Settlement Agreement in an expeditious manner, the CCAA Parties, in consultation with Barclays, the Caisse and the Monitor, prepared the Plan.

The Proposed Plan of Compromise and Arrangement

20. As part of its Application, the Applicant seeks the Court’s permission to file the Plan with the Court. The Monitor has reviewed the Plan and is not aware of any reason why the Plan should not be filed with the Court and then put before Noteholders with Proven Claims (defined below) for a vote on whether or not the Plan should be approved.

21. Certain provisions of the Plan are described below. This summary is not complete and readers should read the Plan for complete information. Capitalized terms not otherwise defined in this section of the Report have the meaning ascribed to them in the Plan.
22. The main purpose of the Plan is to implement the settlement set forth in the Settlement Agreement, including liquidating all assets of the Applicant, establishing Plan Reserves to be held by the Monitor, making distributions to Noteholders, compromising the Notes, extinguishing Barclays' Other Claims and winding-up the Conduit.

Liquidation of the Applicant's Assets

23. As shown in the balance sheet attached to this Report as Appendix "B", the Conduit's \$745,264,742 in assets (including contingent assets) are composed of:
 - a. Cash held by the Conduit of approximately \$2,390,364 as at June 1, 2014;
 - b. Short-term investments held by the Conduit of approximately \$150,732,000 as at June 1, 2014; and,
 - c. Only if the Plan is implemented, the amount to be received under the Settlement Amount estimated at \$592,142,378 as at June 1, 2014.
24. As set out above, the Settlement Amount is to be received by the Monitor from the Custodian on the Funds Transfer Date. In the event that the Custodian holds an amount less than the Settlement Amount, there exists a settlement deficiency (the "**Settlement Deficiency**"). Pursuant to the Plan, Barclays shall pay to the Monitor the Settlement Deficiency, if any.
25. The aggregate value of the Conduit's assets including any Settlement Deficiency, if any (the "**Aggregate Available Cash**"), is to be transferred to the Monitor on the Funds Transfer Date.

Plan Reserves

26. The Plan contemplates that once the Monitor receives the Aggregate Available Cash it will fund the following reserve accounts:
 - a. the Costs Reserve, a reserve in the amount of \$1,510,000 for the purpose of paying any invoices related to Costs including but not limited to, trustee fees, current administration costs, and professional fees for the Applicant's legal counsel and the Monitor and its legal counsel;
 - b. the Tax Reserve, a reserve in the amount of \$59,693,904 on account of:
 - (i) Taxes that may be required to be paid or to be withheld by the CCAA Parties in order to receive the Tax Clearance Certificates;
 - (ii) Tax Indemnity Claims; and
 - (iii) Anticipated Costs.

- c. the Indemnity Reserve, a reserve in the amount of \$5,000,000 on account of Other Indemnity Claims as well as Anticipated Costs, Taxes Payable and Tax Indemnity Claims to the extent the Tax Reserve is insufficient to pay such items. From time to time the Indemnity Reserve shall be reduced by, and the Monitor shall transfer to the Tax Reserve, the balance outstanding in the Indemnity Reserve less \$1 million and the amount in excess of \$1 million, if any, that the Applicant in consultation with the Monitor, estimates is required to satisfy Threatened Litigation and anticipated Defence Costs. Once the Monitor, in consultation with the Applicant determines that no amounts are required to satisfy Threatened Litigation and anticipated Defence Costs, the Monitor shall transfer to the Tax Reserve the balance of the Indemnity Reserve; and
- d. in addition, if the Advance Tax Ruling in a form satisfactory to the Monitor has not been obtained by the time set out in the Plan, unless the Non-Resident Noteholders have issued a written notice to the Monitor and the Applicant waiving the benefit of and right to obtain the Advance Tax Ruling and the CRA Confirmation, then the Monitor shall establish no later than the date of the First Interest Distribution the Withholding Tax Reserve. This Reserve is needed in the event that any Non-Resident Noteholders with Proven Claims are or may be subject to Withholding Taxes on amounts to be paid or credited to them, in lieu of or in satisfaction of interest on their Notes.

27. The Monitor shall hold, administer and apply the reserves in accordance with the Plan.

The Conduit's Liabilities to Noteholders

28. The Monitor has been advised by the CCAA Parties that the majority of the Conduit's creditors are Noteholders of series A, E and FRN Notes. As set out in the table below, the approximate total face value owed by the Conduit to its Noteholders is \$678,931,389. In addition, total accrued interest on face amounts owed to the Noteholders was \$87,801,093.

Caisse de Dépôt et Placement du Québec holdings	Class A:	\$133,900,000
	Class E:	\$151,100,000
	Class FRN:	<u>\$100,000,000</u>
		<u>\$385,000,000</u>

Barclays holdings	Class A:	\$56,416,442
	Class E:	\$113,224,609
	Class FRN:	<u>\$50,000,000</u>
		<u>\$219,641,051</u>

Other holders	Class A:	\$19,400,000
	Class E:	\$39,890,338
	Class FRN:	<u>\$15,000,000</u>
		<u>\$74,290,338</u>
		<u>\$678,931,389</u>

Distributions to Noteholders Pursuant to the Plan

29. Each beneficial Noteholder with a Proven Claim shall be entitled to an initial distribution on the Plan Implementation Date (the “**Initial Distribution**”), equal to the aggregate face amount of the Notes held by such Noteholder. If all Noteholders have Proven Claims then the aggregate amount of the Initial Distribution will be \$678,931,389.
30. Each beneficial Noteholder with a Proven Claim shall also be entitled to Interest Distributions made from time to time in accordance with the provisions of the Plan’s Article 11. The Interest Distributions are subject to the Monitor receiving all Tax Clearance Certificates, and in some cases, the CRA Confirmation and the Advance Tax Ruling from relevant tax authorities.
31. The Interest Distributions will be based on the Noteholders’ Pro Rata Share of interest as at the Plan Implementation Date and calculated as part of the interest calculation. The interest calculation has been prepared by the Conduit’s Consultant and has been provided to the Monitor. The Monitor has no objections to the assumptions used in such interest calculation. Certain details of the interest calculation as contemplated by the Plan are summarized below:
 - a. Each series of Notes will bear interest up to but excluding the Plan Implementation Date.
 - b. No interest shall accrue on the face value of the Class A Notes from August 13, 2007 up to the day before its maturity. Post-maturity interest on Class A Notes shall accrue daily, on the face value of each Class A Note, on an Actual/365 Fixed Basis. Interest will not compound and will be calculated at the BOC Average 1M BA Rate applicable on each day during such Interest Period.
 - c. At maturity, Class FRN Notes are equal to the face value including their capitalized coupons. Post-maturity, interest on Class FRN Notes is calculated daily on the face value on an Actual/365 Fixed Basis. Interest will not compound and will be calculated daily at the BOC Average 1M BA Rate applicable on each day during such Interest Period.
 - d. No interest shall accrue on the face value of the Class E Notes from August 13, 2007 up to the day before its initial maturity. Interest will accrue on the face value of the Class E Notes from their initial maturity date up to but excluding their extended maturity at the same rate as the post-maturity period. Post-maturity interest on Class E Notes shall accrue daily, on the face value of each Class E Note, on an Actual/365 Fixed Basis. Interest will not compound and will be calculated at the BOC Average 1M BA Rate + 1.00 % applicable on each day during such Interest Period.
32. The Monitor has estimated a range of recoveries to illustrate the high and low possible outcomes of Plan Implementation. The Monitor emphasizes that the assumptions and estimates used to prepare the estimated range of recoveries pursuant to the Plan are inherently uncertain, though considered reasonable by the CCAA Parties and the

Monitor. The following table demonstrates the estimated final dividend to Noteholders holding Proven Claims under the Plan:

Estimated Recovery Rates of Noteholders In CAD	Low	High
Estimated net realization value for Noteholders		
Total cash available for distribution	745,264,742	745,264,742
Costs reserve	(1,510,000)	(1,510,000)
Tax reserve	(59,693,854)	-
Indemnity Reserve	(5,000,000)	-
Estimated net cash available for distribution	<u>679,060,888</u>	<u>743,754,742</u>
Noteholders - Face value	100.00%	100.00%
Noteholders - Interest	0.15%	75.46%
Total estimated recovery	88.79%	97.24%

Please note that all amounts may change upon the implementation date.
 The total estimated recovery rate for Noteholders may vary as reserves may impact certain Noteholders differently.
 The estimated recovery does not take into account any withholding taxes which may need to be deducted from the amount available for distribution

33. The lower range of the net cash available for distribution is composed of total assets available for distribution as shown in the balance sheet attached as Appendix “B” to this Report less the amount required to fund the Plan Reserves.
34. The upper range of the net cash available for distribution is composed of total assets available for distribution as shown in the balance sheet attached as Appendix “B” less only the amount required to fund the Costs Reserve. The amount included in the Costs Reserve account is likely to be used in full to fund administration costs related to the Plan. The remaining reserves may not be required and have been included in the net cash available for distribution.
35. If the Plan is not approved, then the Settlement Agreement will not be completed, which would greatly reduce the recoveries for the Noteholders, and the subsequent legal proceedings could extend for several years.

Compromise of the Notes and Extinguishing Barclays' Other Claims

36. Pursuant to the Plan, immediately following the Initial Distribution, all Notes will be cancelled. Rights and obligations of the Noteholders and the Applicant in respect of the Notes will cease except that each Noteholder with a Proven Claim will remain eligible to receive subsequent Interest Distributions as provided in the Plan.
37. Interest will cease accruing on the Notes as of the day immediately preceding Plan Implementation.
38. Barclays’ claim in the Barclays/Devonshire Litigation and all other claims that Barclays and its Affiliated Companies may have against the CCAA Parties shall not constitute a separate class of creditors nor have any right to vote or receive distributions. In accordance with the Settlement Agreement, these claims will be fully compromised and extinguished.

The Conduit's Unaffected Creditors

39. The Plan does not compromise, release or otherwise affect any rights or claims for creditors that generally fall into one or more of the following categories (the “**Unaffected Creditors**”):
- a. for fees and expenses incurred in the provision of goods and services in the administration and management of the Conduit or relating to this CCAA proceeding and authorized pursuant to the Initial CCAA Order;
 - b. of the Monitor and its counsel, counsel to the CCAA Parties or that otherwise are secured by the CCAA Charges; or
 - c. that are owed to Her Majesty in Right of Canada or the Province of Quebec pursuant to the Tax Act or the Taxation Act (Quebec) or that fall within sections 6(3) and 6(4) of the CCAA.
40. In essence, all creditors other than the Noteholders are considered unaffected creditors pursuant to the Plan and all future amounts owed to them will continue to be paid in the normal course of business. According to the CCAA Parties, all obligations other than those owed to Noteholders are current.
41. The existing liabilities in respect of the Unaffected Creditors are composed mainly of accounts payable and accrued liabilities in the amount of \$129,449 and brokers' commissions payables of \$41,083. If the Plan is implemented, these amounts and any other unpaid liabilities (other than those in respect of the Notes) will be paid.

Summary of the Conduit's Liabilities

42. As set out in Appendix “B” to this Report, the Conduit's total liabilities are approximately \$766,903,014. The total liabilities are composed mainly of accounts payable and accrued liabilities in the amount of \$129,449, brokers' commissions payables of \$41,083, commercial paper of \$513,931,389, floating-rate notes (FRN) of \$165,000,000 and accrued interest on face amounts of \$87,801,093.

Reviewable Transactions

43. Section 23(1)(d.1) of the CCAA requires the Monitor to:
- (d.1) file a report with the court on the state of the company's business and financial affairs – containing the monitor's opinion as to the reasonableness of a decision, if any, to include in a compromise or arrangement a provision that Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* do not apply in respect of the compromise or arrangement and containing the prescribed information, if any – at least seven days before the day on which the meeting of creditors referred to in section 4 or 5 is to be held.
44. Section 17.10 of the Plan provides that section 36.1 of the CCAA and sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* and any other federal or provincial law relating to preferences, fraudulent conveyances or transfers at undervalue shall not apply to this Plan or to any payments, distributions, transfers, allocations or transactions made or completed in connection with this Plan, whether before or after the date of the Initial

CCAA Order, including, without limitation, to any and all of the payments, distributions, transfers, allocations or transactions contemplated by and to be implemented pursuant to the Plan. Because the ABCP market has been frozen, the CCAA Parties had minimal transactions since August 2007. The Monitor, following its appointment, will be conducting its review of certain transactions preceding the commencement of this CCAA Proceeding and will report on any transactions that would constitute preferences, fraudulent conveyances or transactions at undervalue at the Meeting of Noteholders.

Winding-up the Conduit

45. As provided in the Plan, the Conduit shall be terminated and wound-up as soon as is practicable, which will not occur until after the resolution of all tax matters, including, but not limited to, receiving the Tax Clearance Certificates. The winding-up shall be completed in accordance with the Settlement Deed and the Settlement Deed shall thereupon terminate and be cancelled.

V. PROPOSED CHARGES IN THE INITIAL ORDER

46. The Applicant seeks an Initial Order that provides for a charge in the amount of \$400,000 for the Monitor, counsel to the Monitor, and the Applicant's counsel as security for their professional fees and disbursements incurred before and after the Application in respect of this CCAA proceeding (the "**Administration Charge**"). The Administration Charge has been quantified based on the respective professionals' previous history and experience with restructurings of a similar magnitude and complexity. The Monitor believes that the Administration Charge is required to permit this CCAA Proceeding to proceed and is reasonable in the circumstances.
47. The directors' and officers' charge (the "**Directors' Charge**"), as described in the Application, provides for a charge in the amount of \$250,000 as security for various indemnities provided to the directors and officers of the Applicant. It is proposed to rank behind the Administration Charge. The Monitor has been advised by the Applicant's counsel that the Directors' Charge is necessary for the continued service of the Applicant's directors and officers during the restructuring and that the quantum has been calculated relative to the statutory obligations of the Applicant for which the directors and officers may be held liable. The Monitor therefore believes that the Directors' Charge is required and reasonable in the circumstances.

VI. CLAIMS PROCEDURE

48. The Applicant is also seeking an order (the "**Claims Procedure and Meeting Order**") authorizing a process for Noteholders to prove any claim or right against the Debtor in connection with any unpaid indebtedness, liability or obligation of any kind owed to such person, based on facts that existed on the Filing Date ("**Noteholder Claim**").
49. The Monitor has reviewed the service list and understands that the Noteholders with the largest claims – Barclays and the Caisse – were served with copies of the Applicant's materials in this application. In addition, the Monitor understands that the Applicant is making efforts to speak with registered Noteholders before the Application is heard. The Initial Order contemplates the Monitor publishing notice of these proceedings in the *Globe & Mail* (national edition) and *La Presse* in accordance with the CCAA. Finally,

the Monitor will send to Noteholders identified in the affidavit of Mathieu Lafleur-Ayotte dated June 27, 2014 a Notice of Proceedings. A copy of the Notice of Proceedings form for which the Applicant seeks approval in the Claims Procedure and Meeting Order is attached hereto as Appendix “C”.

50. Any person who believes it has a Noteholder Claim will have to provide to the Monitor the physical certificates, if any, representing the Notes held by a Noteholder, the Voter Identification Form and such transmittal documentation as the Monitor may request, as provided in the Claim Procedure and Meeting Order (the “**Required Documentation**”). A copy of the Voter Identification Form for which the Applicant seeks approval in the Claims Procedure and Meeting Order is attached hereto as Appendix “D”.
51. The Monitor will review the Noteholders’ Claims and Required Documentation and will determine, with the assistance of the Applicant, if the claims are satisfactory and have adequately been proven (the “**Proven Claims**”).
52. Upon authorization of this Court, Noteholder Claims must be received and proven by the Monitor by no later than two (2) years following the Plan Implementation Date. After this date, Noteholders who have not submitted all Required Documentation to the Monitor shall be forever barred from making or enforcing a Noteholder Claim against the CCAA Parties and all such Claims shall be extinguished and shall not be entitled to receive any distribution in respect of such Claims.
53. Information relating to the status of Noteholder Claims filed against the Conduit will be provided to the Court throughout this CCAA Proceeding.

VII. PROPOSED MEETING OF NOTEHOLDERS

54. As set out in the Claims Procedure and Meeting Order, the Applicant seeks authorization to call, hold, and conduct a meeting of Noteholders to consider the Plan. The proposed meeting will be held for the following purposes, at the following place and time:
 - a. to consider and, if deemed advisable, to approve the Plan pursuant to the CCAA; and
 - b. to transact such other business as may properly come before the Conduit’s Noteholders’ Meeting (the “**Meeting**”) or any adjournment thereof.

<u>Location</u>	<u>Date</u>	<u>Time</u>
Osler, Hoskin & Harcourt 1000 De La Gauchetière Street West Suite 2100 Montréal, QC H3B 4W5, Canada	August 7, 2014	2:00 p.m.(Eastern Time)

55. Only beneficial Noteholders who have submitted the Required Documentation shall be entitled to attend and vote at the Meeting.
56. The Monitor is of the view that it is appropriate for the Plan and Claims Procedure and Meeting Order to contemplate one class of beneficial Noteholders as the only creditors eligible to vote on the Plan. The Applicant advises that only two entities have perfected security against the CCAA Parties with respect to Devonshire Trust: Barclays Bank PLC and CIBC Mellon. To the extent that Barclays may have greater security interests in the CCAA Parties' assets than other creditors, it has subordinated that security as part of the Settlement Agreement and proposed Plan, which Barclays helped to develop and supports. CIBC Mellon's registration is as Indenture Trustee and registers the security interest granted to the Noteholders pursuant to the Trust Indenture. The Monitor and the Applicant's counsel performed a PPSA search and an RPMRR search and confirmed that Barclays and CIBC appear to have registered security interests. Both were served with the Applicant's application and this Report.
57. At least twenty (20) days prior to the Meeting, Noteholders will receive the Notice of Proceedings, the Voter Identification Form, the Proxy Form and Instructions to Noteholders (collectively, the "**Meeting Documents**") allowing them to vote on the Resolution. Noteholders who have not received the Meeting Documents or who cannot download these documents from the Monitor's website can contact the Monitor. A copy of the Proxy Form for which the Applicant seeks approval in the Claims Procedure and Meeting Order is attached hereto as Appendix "E". A copy of the Instructions to Noteholders for which the Applicant seeks approval in the Claims Procedure and Meeting Order is attached hereto as Appendix "F".
58. Each Noteholder having a Proven Claim shall be entitled to one vote in an amount equal to such Noteholder's Proven Claim. Only the beneficial holder of the Note is entitled to vote in a situation where the registered holder of the Note differs from the beneficial holder of said Note.
59. In order for the Plan to be approved, it must receive a majority in number representing at least two-thirds in value of the Proven Claims (the "**Required Majority**") who actually vote on the Plan (in person or by proxy) at the Meeting. Should the Plan be approved by the respective Required Majority, it is intended that Court approval of the Plan be sought on August 20, 2014.

VIII. THE CASH FLOW FORECAST

60. The cash flow forecast is attached to this Report as Appendix "A" (and also to the affidavit of Mr. Mathieu Lafleur Ayotte as Exhibit "K"). Because the cash flow forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the cash flow forecast will be achieved. The Monitor expresses no opinion as to the performance or the non-performance of the CCAA Parties' statutory obligations with regard to projected payments to be made in accordance with the cash flow forecast.

61. The cash flow forecast is for a period of seven (7) weeks from July 8 to August 25, 2014 and is summarized in the table below:

Extension - 7-week period ending August 25, 2014 (C\$)	
Cash inflows	
Interest	-
Total cash inflows	-
Cash outflows	
Administrative costs	330,617
Professional fees	570,000
Total cash outflows	900,617
Opening balance	2,390,364
Variation in cash balance	(900,617)
Ending cash balance	1,489,747

62. Based on information received from the CCAA Parties, the opening cash balance reflects cash and short term investments held by the Conduits, as described in the table below:

Opening cash balance (C\$)	
Opening cash balance	
Cash	2,390,364
Short-term investments	150,732,000
	153,122,364

Cash Inflows

63. Since accrued interest on the Conduit's short term investments is only payable at maturity, and none of the short term investments are maturing in the period presented, the CCAA Parties prepared the cash flow forecast assuming that cash inflows would be nil.

Cash Outflows

64. Cash outflows consist of administrative costs related to the daily administration of the CCAA Parties and professional fees in conjunction with the restructuring, namely professional services rendered by the Monitor and its legal counsel and the CCAA Parties' legal advisor. These fees are estimated to vary throughout the period to complete the remaining steps of the restructuring.

The Monitor's Report on the Cash Flow Forecast

65. Section 23(1)(b) of the CCAA states that the Monitor shall "review the company's cash-flow statement as to its reasonableness and file a report with the Court on the Monitor's findings."
66. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standards of Practice 09-1 ("CAIRP SOP 09-1"), the Monitor hereby reports as follows:

- a. The cash flow forecast has been prepared by the CCAA Parties for the purpose described in the notes to the cash flow forecast, using Probable and Hypothetical Assumptions. Readers are cautioned that the cash flow forecast may not be appropriate for other purposes.
- b. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by the CCAA Parties. Because Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the cash flow forecast. The Monitor also reviewed the support provided by the CCAA Parties for the Probable Assumptions, and the preparation and presentation of the cash flow forecast.
- c. Based on its review, nothing has come to the attention of the Monitor that causes it to believe, that in all material respects:
 - (i) the Hypothetical Assumptions are not consistent with the purpose of the cash flow forecast;
 - (ii) as at the date of this report, the Probable Assumptions developed by the CCAA Parties are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the cash flow forecast, given the Hypothetical Assumptions; or
 - (iii) The cash flow forecast does not reflect the Probable and Hypothetical Assumptions.

IX. MONITOR'S ACTIVITIES

67. Since being retained, the Monitor has been involved in numerous activities, including:
- a. participating in numerous meetings, conference calls and discussions with the CCAA Parties and their advisors, the signatories to the Settlement Letter and their advisors, and other Noteholders in connection with the proposed Settlement Agreement, Plan and cash flow forecast;
 - b. participating in numerous meetings, conference calls and discussions with the CCAA Parties and their advisors, and certain Noteholders and their advisors, in respect of the proposed forms of Initial Order, Claims Procedure and Meeting Order and Sanction Order;
 - c. engaging legal counsel, who has also participated in certain of the above-noted meetings and discussions;
 - d. reviewing and considering various documentation in connection with the CCAA Proceeding; and
 - e. preparing this Report.

X. MONITOR'S CONCLUSIONS

68. For the reasons set out in this Report, the Monitor believes that:
- a. It is appropriate that the CCAA Parties be granted the benefit of protection under the CCAA. This CCAA proceeding will enable the CCAA Parties to implement the Settlement Agreement, liquidate the Conduit's assets, and make distributions to the Noteholders;
 - b. The Monitor is qualified to act as Monitor in these CCAA Proceedings;
 - c. There is no reason why the Plan should not be filed with the Court;
 - d. The Charges proposed in the Application are reasonable;
 - e. The proposed Claims Procedure is reasonable;
 - f. The proposed approach to the Meeting of Noteholders is reasonable; and
 - g. The Conduit's cash flow forecast is reasonable.
69. As described earlier in this Report, under the Plan and the Settlement Agreement the Noteholders' recovery is estimated to be between 89% to 97%. Noteholders are anticipated to recover 100% of the face value of the Notes and between 0% to 75% of accrued interest. This recovery is likely greater than the likely recovery if this CCAA proceeding does not move forward and the Plan is not approved. It is the Monitor's view that the CCAA Parties have acted in good faith and with due diligence in their efforts to develop a restructuring plan for the benefit of all stakeholders.

The Monitor respectfully submits this Report to this Honourable Court.

DATED AT Montreal, this 3rd day of July, 2014.



Pierre Laporte, CPA, CA, CIRP
President

DELOITTE RESTRUCTURING INC.
In its capacity as Court-Appointed Monitor

APPENDIX A

Devonshire Trust Cash Flow Forecast (\$C)

Devonshire Trust
Cash flow statement from July 8, 2014 to August 25, 2014

	1st Report							
	1	2	3	4	5	6	7	TOTAL
Number of weeks:	8-Jul-14	15-Jul-14	22-Jul-14	29-Jul-14	5-Aug-14	12-Aug-14	19-Aug-14	7-Week Period
Beginning period:	14-Jul-14	21-Jul-14	28-Jul-14	4-Aug-14	11-Aug-14	18-Aug-14	25-Aug-14	
Ending period:								Forecast
Cash inflows								
Interest	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-
Cash outflows								
Administrative costs	66,123	53,831	53,831	66,123	66,123	12,293	12,293	330,617
Professional fees	100,000	75,000	75,000	100,000	75,000	70,000	75,000	570,000
Other expenditures	-	-	-	-	-	-	-	-
Total cash outflows	<u>166,123</u>	<u>128,831</u>	<u>128,831</u>	<u>166,123</u>	<u>141,123</u>	<u>82,293</u>	<u>87,293</u>	<u>900,617</u>
Opening balance	2,390,364	2,224,241	2,095,410	1,966,579	1,800,456	1,659,333	1,577,040	2,390,364
Variation in cash balance	(166,123)	(128,831)	(128,831)	(166,123)	(141,123)	(82,293)	(87,293)	(900,617)
Ending cash balance	<u>2,224,241</u>	<u>2,095,410</u>	<u>1,966,579</u>	<u>1,800,456</u>	<u>1,659,333</u>	<u>1,577,040</u>	<u>1,489,747</u>	<u>1,489,747</u>
Short-term investment	150,732,000	150,732,000	150,732,000	150,732,000	150,732,000	150,732,000	150,732,000	150,732,000
Ending cash and short-term investment balance	<u>152,956,241</u>	<u>152,827,410</u>	<u>152,698,579</u>	<u>152,532,456</u>	<u>152,391,333</u>	<u>152,309,040</u>	<u>152,221,747</u>	<u>152,221,747</u>

Notes:

- 1) The opening cash balance reflects the trust's cash and near-cash balances totaling \$2,390,364 as at June 1, 2014. The cash balance at July 8, 2014 will change due to cash variations occurring between June 1 and the July 8, 2014.
- 2) The short-term investment cash balance reflects the trust's short-term investment totaling \$150,732,000 as at June 1, 2014. These investments are held at BMO Harris Private Banking and are composed of several Guaranteed Investment Certificate ("GIC") for which interest is payable upon maturity. These GICs accrue interest between 1.4% and 1.97% annually.

- 3) Please note that \$66,203,854 of the total ending cash balance is being withheld in four different reserves accounts composed of a Cost Reserve Account holding \$1,510,000, a Tax Reserve Account holding \$59,693,854 and, an Indemnity Reserve Account holding \$5,000,000. The remaining cash balance after all reserves will be available for the Initial Distribution.
- 4) Administrative costs are composed of various costs related to the daily administration of Devonshire. The first 5 weeks assume a larger volume of costs related to initial filing work.
- 5) Professional fees are mainly composed of professional services rendered by the Monitor and its legal counsel and the Debtor's legal advisor. Forecasted amounts in week 1 and 4 assume a larger volume of services rendered related to the initial filing and the meeting of Noteholders.

NOTES TO THE CASH FLOW FORECAST

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of this CCAA proceeding. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

CASH FLOW FORECAST

A statement indicating, on a monthly basis, the projected cash flow of Devonshire, based on probable and hypothetical assumptions that reflect Devonshire's planned course of action for the period covered.

HYPOTHETICAL ASSUMPTIONS

Assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in Devonshire's judgment, but are consistent with the purpose of the cash flow forecast.

PROBABLE ASSUMPTIONS

Assumptions that:

- (i) Reflect the most probable set of economic conditions and planned courses of action, Suitably Supported, that are consistent with the plans of Devonshire; and
- (ii) Provide a reasonable basis for the cash flow forecast.

SUITABLY SUPPORTED

Assumptions that are based on either one or more of the following factors:

- (i) The past performance of Devonshire;
- (ii) The performance of other industry/market participants engaged in similar activities as Devonshire;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced

by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on the Plan of Compromise and Arrangement and on the estimated cash position of the trust cash and near-cash balances as of June 1, 2014	X	
<u>Forecast cash receipts</u>			
Interest receipts	None of the Conduit's short term investments are maturing during the period presented. Interest is payable at maturity.	X	
Other receipts	Other unexpected receipts	X	
<u>Forecast cash disbursements</u>			
Administrative costs	Represents costs for current administration, trustee fees and fees of 9205-3701 Québec Inc.	X	
Professional fees	Represents fees of Deloitte, Osler, Fasken, PwC, RCGT, Lavery and others	X	
Other expenditures	Other unexpected expenditures	X	
<u>Ending cash balance</u>	Based on forecasted cash transactions	X	

Appendix B

Devonshire Trust Assets and Liabilities as at June 1, 2014 (in CAD \$) Unaudited

Assets

Current assets

Cash	2,390,364
Short-term investments	150,732,000
Settlement payment under swaps to be received from Barclays ¹	532,668,082
Unpaid amount under swaps to be received from Barclays ¹	1,061,916
Interest owed by Barclays under swaps ¹	<u>58,412,380</u>

Total assets 745,264,742

Liabilities

Current liabilities

Accounts payable and accrued liabilities	129,449
Brokers' commissions payables	41,083
Commercial paper	513,931,389
Floating-rate notes (FRN)	165,000,000
Total accrued interest on face amounts (and capitalized defaulted coupons on FRN notes)	<u>87,801,093</u>

766,903,014

Deficit (21,638,272)

Units outstanding 10

Net deficit (21,638,262)

¹ These are contingent on the implementation of the Plan.



Deloitte Restructuring Inc.

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Suite 1400
Toronto, ON, M5J 2V1
Canada

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Fax: 416-601-6690
www.deloitte.ca

CANADA
PROVINCE OF ONTARIO
DISTRICT OF TORONTO
COURT FILE No.: CV-14-10609-00CL

SUPERIOR COURT
(Commercial List)

**IN THE MATTER OF A PLAN OF
COMPROMISE AND ARRANGEMENT OF:**

**METCALFE & MANSFIELD ALTERNATIVE
INVESTMENTS VII CORP., IN ITS CAPACITY AS
ISSUER TRUSTEE OF DEVONSHIRE TRUST**, having its
head office at 199 Bay Street, Suite 4850, Commerce Court
West, Toronto, ON, M5L 1G9, Canada

Applicant

– and –

DELOITTE RESTRUCTURING INC.
(Pierre Laporte, CPA, CA, CIRP, person in charge), having a
place of business at 181 Bay Street, Brookfield Place, Suite
1400, Toronto, ON, M5J 2V1, Canada

Monitor

NOTICE OF PROCEEDINGS

On July 8, 2014 (the “**Filing Date**”) the Applicant sought and obtained an Initial Order pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**”) from the Ontario Superior Court, Commercial List (the “**Court**”). The Court has appointed Deloitte Restructuring Inc. as monitor (the “**Monitor**”) of the Applicant. Capitalized terms used herein that are not defined have the meanings ascribed to such terms in the Plan (as defined below).

The Initial Order was granted to protect the Applicant, including its assets and its creditors’ interests, and to provide the Applicant with a stay of proceedings (“**Stay**”) in order for it to file a plan of compromise or arrangement with their Noteholders. On the same day, the Applicant was permitted to file a plan of compromise or arrangement with the Court (the “**Plan**”). Under the CCAA, the Stay may be extended as the Court considers appropriate.

On July 8, 2014, the Court also granted an order (the “**Claims Procedure and Meeting Order**”) authorizing, *inter alia*, a process for beneficial Noteholders to prove the aggregate face amount of their Notes held on the Record Date of July 7, 2014 (“**Noteholder Claim**”).

Any person who believes that it has a Noteholder Claim against the Applicant must file with the Monitor the Voter Identification Form and such supporting documentation as the Monitor may request, as set out in the Claims Procedure and Meeting Order (the “**Required Documentation**”). The Monitor will review the Required Documentation and determine whether to accept the Required Documentation such that it constitutes the Noteholder’s Proven Claim (the “**Proven Claim**”).

Noteholder Claims against Metcalfe & Mansfield Alternative Investments VII Corp., in its capacity as issuer trustee of the Devonshire Trust must be received by the Monitor at the address set below by no later than two (2) years following the Plan Implementation Date. After this date, a beneficial Noteholder that has not provided all of the Required Documentation shall (a) be forever barred from making or enforcing a claim against the Applicant or against the Devonshire Trust and such claim will be forever extinguished, (b) be forever barred from making or enforcing such claim against any other person who can claim contribution or indemnity from the Applicant or against the Devonshire Trust, (c) not be entitled to receive any distribution in respect of such claim; and (d) not

be entitled to any further notice and shall not be entitled to participate in the CCAA Proceedings in respect of such claims, all in accordance with paragraph 4 of the Claims Procedure and Meeting Order.

Noteholders who have questions should contact the Monitor at the address below:

Deloitte Restructuring Inc.

In its capacity as Court-appointed Monitor of Metcalfe & Mansfield Alternative Investments VII Corp., in its capacity as issuer trustee of the Devonshire Trust
181 Bay Street, Brookfield Place, Suite 1400
Toronto, ON, M5J 2V1

Attention: Jean-Francois Nadon
Telephone: 514-393-7560
Toll free number: 1-855-990-7100
Fax: 514-390-4103
E-mail: CAMontrealDevonshire@deloitte.ca

In the Claims Procedure and Meeting Order, the Court granted an order, *inter alia*, authorizing the Applicant to call, hold, and conduct a meeting of beneficial Noteholders in order to consider and approve the Plan.

The meeting will be held at the following place and time, for the following purposes:

- (a) to consider and, if deemed advisable, to approve the Plan pursuant to the CCAA; and
- (b) to transact such other business as may properly come before the Applicant's Noteholders' Meeting or any adjournment thereof.

<u>Location</u>	<u>Date</u>	<u>Time</u>
1000 De La Gauchetière Street West Suite 2100 Montréal QC H3B 4W5	August 7, 2014	2:00 p.m. (Eastern Prevailing Time)

Only beneficial Noteholders holding a Proven Claim are entitled to vote at the Noteholders' Meeting. According to the Claims Procedure and Meeting Order, beneficial Noteholders should receive, by mail, courier, fax or e-mail, this Notice of Proceedings, the Proxy to vote on the Plan, the Voter Identification Form, the Instructions for Noteholders and the Claims Procedure and Meeting Order (collectively, the "**Meeting Documents**"). Beneficial Noteholders who have not received the Meeting Documents or who are unable to download them from the Monitor's website should contact the Monitor.

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved by the requisite majorities of beneficial Noteholders, the Applicant intends to bring a motion before the Court on or about August 20, 2014 at the Courthouse located at 330 University Avenue, Toronto. The motion will seek the sanction of the Plan. Any beneficial Noteholders that wish to oppose the motion at such Court hearing must serve a Notice of Appearance setting out the basis for such opposition and a copy of the material to be used to oppose the motion to the Service List at least two (2) days before the Court hearing. A copy of the Service List is on the website and may be obtained by contacting the Monitor.

The Initial Order and Meeting Documents have been posted and are available on the Monitor's website at <http://www.deloitte.com/ca/devonshire>. If you are unable to access the documents, please contact us via email at CAMontrealDevonshire@deloitte.ca or at 1-855-990-7100 by leaving your name and phone number, as well as your fax number, e-mail address or postal address according to the transmission mode desired.

DELOITTE RESTRUCTURING INC.
Monitor

Appendix D

In the Matter of a Plan of Compromise
and Arrangement involving Metcalfe &
Mansfield Alternative Investments VII
Corp., in its capacity as Issuer Trustee
of Devonshire Trust
Court File No. CV-14-10609-00CL

VOTER IDENTIFICATION FORM

TO: DELOITTE RESTRUCTURING INC., in its capacity as the Monitor

FROM:

(Insert Name of Beneficial Noteholder)

Before completing this Voter Identification Form, please carefully read the accompanying instructions to ensure its proper completion and delivery.

This Voter Identification Form should be read in conjunction with the Claims Procedure and Meeting Order and the Plan of Compromise and Arrangement proposed by Metcalfe & Mansfield Alternative Investments VII Corp. in its capacity as Issuer Trustee of Devonshire Trust and filed with the Court on July 8, 2014 and any amendments thereto (the "**Plan**").

All capitalized terms not otherwise defined have the meanings ascribed to them in the Notice of Application, the Initial Order, the Plan, the Monitor's First Report and the Claims Procedure and Meeting Order.

If you are a beneficial Noteholder and wish to vote at the Meeting in respect of the Plan or to receive distributions, you must complete and deliver this Voter Identification Form to the court-appointed Monitor at the address provided below by no later than 5:00 p.m. (Eastern time) on August 6, 2014 for the purpose of being eligible to vote and by no later than the times set out in paragraph 6 of the Claims Procedure and Meeting Order for the purposes of distributions. Only beneficial Noteholders holding Proven Claims are entitled to vote at the Meeting.

DELIVERY INSTRUCTIONS

DELOITTE RESTRUCTURING INC., Monitor
181 Bay Street, Suite 1400
Brookfield Place
Toronto, Ontario
M5J 2V1
Attention: Devonshire
Facsimile: 1-514-390-4103
Telephone: 1-855-990-7100
Email: CAMontrealDevonshire@Deloitte.ca

**IF YOU WISH TO VOTE ON THE PLAN THIS VOTER IDENTIFICATION FORM
MUST BE RECEIVED BY THE MONITOR NO LATER THAN 5:00P.M.
(EASTERN TIME) ON AUGUST 6, 2014.**

If you receive more than one Voter Identification Form only complete and deliver one Voter Identification Form for each beneficial Noteholder.

BENEFICIAL NOTEHOLDERS WHO DO NOT COMPLETE AND DELIVER THIS VOTER IDENTIFICATION FORM WILL NOT BE ENTITLED TO VOTE AT THE MEETING OR RECEIVE DISTRIBUTIONS. NOTEHOLDERS WHO DO NOT DELIVER THIS VOTER IDENTIFICATION FORM (AND OTHER REQUIRED DOCUMENTATION) TO THE ADDRESS SET OUT BELOW WITHIN TWO (2) YEARS OF THE PLAN IMPLEMENTATION DATE SHALL (a) BE FOREVER BARRED FROM MAKING OR ENFORCING A NOTEHOLDER CLAIM AGAINST THE CCAA PARTIES AND SUCH CLAIM WILL BE FOREVER EXTINGUISHED, (b) BE FOREVER BARRED FROM MAKING OR ENFORCING SUCH CLAIM AGAINST ANY OTHER PERSON WHO CAN CLAIM CONTRIBUTION OR INDEMNITY FROM THE CCAA PARTIES, (c) NOT BE ENTITLED TO RECEIVE ANY DISTRIBUTION IN RESPECT OF SUCH CLAIMS; AND (d) NOT BE ENTITLED TO ANY FURTHER NOTICE AND SHALL NOT BE ENTITLED TO PARTICIPATE IN THE CCAA PROCEEDINGS IN RESPECT OF SUCH CLAIMS, ALL IN ACCORDANCE WITH PARAGRAPH 4 OF THE CLAIMS PROCEDURE AND MEETING ORDER.

A. PARTICULARS OF NOTEHOLDER AS AT JULY 7, 2014

1 Full Legal Name of the Beneficial Noteholder: _____

(the "Noteholder").

2. Full Mailing Address of the Beneficial Noteholder:

3. Telephone Number: _____

Facsimile Number: _____

E-mail Address: _____

Attention (Contact Person): _____

B. SUPPORTING EVIDENCE OF NOTEHOLDER'S HOLDINGS AS OF JULY 7, 2014

Please provide one of the following forms of supporting documentation:

- (a) physical certificate(s) if available;
- (b) a statement from your broker, investment dealer, bank, trust company or other nominee or custodian indicating your holdings as of July 7, 2014;
- (c) a statement from your broker, investment dealer, bank, trust company or other nominee or custodian indicating your holdings as of a date prior to July 7, 2014, accompanied by a sworn statement from you that there have been no changes in your holdings since the date of the statement;
- (d) a letter from your broker, investment dealer, bank, trust company or other nominee or custodian confirming your holdings as of July 7, 2014, provided that such letter includes the signature guarantee stamp of an Eligible Institution (discussed below in the Instructions); or
- (e) such other documentation as you may have establishing your beneficial holdings.

If you have transferred your interest in any Notes or received your interest in any Notes from someone other than Devonshire Trust, you must provide supporting evidence that clearly demonstrates the transfer of interest in the Notes. Pursuant to the Claims Procedure and Meeting Order, after the Record Date of July 7, 2014, such transfers of interest are not permitted and will not be recognized.

Please note that in order for the supporting documentation to be acceptable to the Monitor (in its sole discretion), the statement or letter provided MUST clearly indicate the principal amount of your holdings for each of the Series listed in Part C (to the extent you hold in more than one) with the related ISIN. The Principal amount means the face value of the Notes.

C. PRINCIPAL AMOUNT OF NOTEHOLDER'S HOLDINGS AS AT JULY 7, 2014

Please complete each row of the applicable series that you hold and include the ISIN number of each of your holdings, the Registered Holder, the Beneficial Holder and the principal amount of the holding. The principal amount means the face value of the notes.

Series of Notes	ISIN	Name(s) of Registered Holder *	Name(s) of Beneficial Holder**	Principal amount of Noteholder's Holdings \$CAD
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series A				
Devonshire - Series E				
Devonshire - Series E				
Devonshire - Series E				
Devonshire - Series E				
Devonshire - Series E				
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Devonshire - Series E				
Devonshire - Series E				
Devonshire - Series E				
Devonshire - Series FRN-1				
Devonshire - Series FRN-1				
Devonshire - Series FRN-1				
Devonshire - Series FRN-1				
Devonshire - Series FRN-2				
Devonshire - Series FRN-2				
Devonshire - Series FRN-2				
Devonshire - Series FRN-2				

* This column should indicate the name of the broker, investment dealer, bank, trust company or other nominee or custodian holding your Notes on your behalf.

** This column should indicate the name of the actual beneficial Noteholder.

If you require additional space, please include a separate schedule with your additional holdings.

D. DIRECTION FOR PAYMENTS

To receive distributions, a beneficial Noteholder is required to submit to the Monitor at the address set out above by no later than two (2) years following the Plan Implementation Date this Voter Identification Form with the necessary supporting documentation as described in Section B of this Voter Identification Form. After this date, Noteholders shall be forever barred from making or enforcing a Noteholder Claim against the CCAA parties and will not be entitled to any distributions.

To receive the Initial Distribution, a beneficial Noteholder is required to submit to the Monitor this Voter Identification Form with the necessary supporting documentation as described in Section B of this Voter Identification Form at the address set out above by no later than the third Business Day before the appeal periods and any periods for leave to appeal with respect to the Sanction Order shall have expired without an appeal or application for leave to appeal of such Order having been commenced or, in the event of an appeal or application for leave to appeal, a final determination denying leave to appeal or dismissing such appeal and affirming the sanctioning of the Plan and recognizing the sanctioning of the Plan, as the case may be, shall have been made by the applicable appellate court, with no further right of appeal.

THE UNDERSIGNED BENEFICIAL NOTEHOLDER hereby authorizes the Monitor or any of its agents to pay any dividend the beneficial Noteholder is entitled to by way of:

Cheques

*Payable to _____

* Please include the legal name of the entity you wish to receive payment by way of cheque.

Wire

Name of Beneficiary _____
Bank Name _____
Bank Address _____
Bank Account Number _____
Swiftcode _____
Transit _____

* Please include all required wiring information.

THE BENEFICIAL NOTEHOLDER MUST COMMUNICATE WITH THE MONITOR WITH RESPECT TO ANY CHANGES TO ITS PAYMENT INSTRUCTIONS.

E. Noteholder Residency

THE UNDERSIGNED BENEFICIAL NOTEHOLDER hereby irrevocably represents and confirms to the Monitor the residency of the beneficial Noteholder as follows.

Resident of Canada (Yes/No): _____

If Non-Resident of Canada please disclose Country of Residency of the beneficial Noteholder:

F. SIGNATURE AND AUTHORIZATION

THE UNDERSIGNED BENEFICIAL NOTEHOLDER hereby authorizes the Monitor or any of its agents to contact the undersigned's broker, investment dealer, bank, trust company or other nominee or custodian for the sole purpose of confirming the undersigned's holdings as of July 7, 2014 in connection with voting at the Meeting and/or distributions.

Dated at _____ this _____ day of _____, 2014.

(Name of Beneficial Noteholder)

(Signature of Beneficial Noteholder. If the Beneficial Noteholder is a corporation, signature of an authorized signing officer of the corporation. If the corporation is signing by its attorney, signature of its attorney.)

(Title of authorized signing officer or attorney of the corporation, if applicable)
I have authority to bind the corporation.

INSTRUCTIONS FOR COMPLETION OF THE VOTER IDENTIFICATION FORM

1. Use of the Voter Identification Form

- a) The Voter Identification Form has been distributed to Noteholders with the other Meeting Documents as of July 9, 2014.
- b) Only beneficial Noteholders are required to complete a Voter Identification Form.
- c) Noteholders who beneficially hold several Notes through different entities or subsidiaries should fill out one Voter Identification Form for each entity or subsidiary.
- d) Beneficial Noteholders who properly complete and deliver the Voter Identification Form together with the required additional supporting documentation, as described in Section B of the Voter Identification Form and paragraph 2, below, to the Monitor at the address provided below by no later than 5:00 p.m. (Eastern time) on August 6, 2014 may be entitled to vote at the Meeting. Those Noteholders who do not complete and deliver the Voter Identification Form to the Monitor at the address provided below by 5:00 p.m.(Eastern time) on August 6, 2014 will not be entitled to vote at the Meeting.
- e) All beneficial Noteholders who submit the Voter Identification Form by the date and time noted above will be allowed to vote at the Meeting. However, if any Noteholder's Voter Identification Form is not, in the opinion of the Monitor, properly completed and supported, such Noteholders will have their votes marked "unconfirmed" by the Monitor as to their legitimacy and/or the amount claimed. In the event that the aggregate number of votes marked "unconfirmed" or the aggregate amount of such votes would alter the outcome of any vote at the Meeting, the Monitor may apply to the Court for direction as to their eligibility.
- f) If you receive more than one Voter Identification Form, please only complete and deliver one for each beneficial holder of Notes.

2. Supporting Evidence

- a) The Monitor must be able to determine the principal amount for each ISIN of Note that you hold. The Monitor will only be able to do this if your evidence clearly indicates holdings by Series and ISIN.
- b) Statements from your broker, investment dealer, bank, trust company or other nominee or custodian must be dated July 7, 2014 or must be accompanied by a sworn statement from you confirming there has been no change in your position from the date of the statement to July 7, 2014.
- c) If you do not have a statement indicating your holdings, you may provide a letter from your broker, investment dealer, bank, trust company or other nominee or custodian indicating your holdings as of that date. Such letter must be guaranteed by an Eligible Institution.
- d) An "Eligible Institution" that may guarantee a signature includes a Canadian Schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP), or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP), members of these programs usually being members of a recognized stock exchange in Canada or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers and/or banks and trust companies in the United States. Please ensure the letter provided includes the stamp of the issuing institution.
- e) Other documentation as you may have establishing your beneficial holdings including but not limited to any assignment or sale agreement which demonstrates the transfer of beneficial ownership. Pursuant to the Claims Procedure and Meeting Order, after the Record Date of July 7, 2014, such transfers of interest are not permitted and will not be recognized.

3. Direction for payments

All beneficial Noteholders are required to select a method for the payment of dividends and provide to the Monitor all necessary payment information. It is the responsibility of the beneficial Noteholder to communicate with the Monitor in the event that the beneficial Noteholder wishes to alter its payment information for any subsequent payments.

4. Privacy Notice

In order to ensure that only the votes of beneficial Noteholders with valid holdings as of July 7, 2014 are considered in determining the outcome of the vote on the Plan at the Meeting, the Monitor may be required to contact your broker, investment dealer, bank, trust company or other nominee or custodian or their agents in order to confirm your holdings. The Monitor will only attempt to confirm your holdings if there is a question as to the legitimacy and/or the principal amount claimed. By completing and returning this Voter Identification Form to the Monitor, you hereby authorize the Monitor to contact your broker, investment dealer, bank, trust company or other nominee or custodian or their agents for the purpose of so confirming. This Voter Identification Form shall also serve as your direction to such entity to provide the information requested by the Monitor. The Monitor, in its court-appointed role, will contact your broker, investment dealer, bank, trust company or other nominee or custodian only for the purpose of confirming your holdings and for no other reason.

In its role as the Monitor, the Monitor and its counsel will receive non-public personal information about you. Your information will be kept confidential and will not be shared with any other party. However, your information may be disclosed to the Court in the event that the aggregate number of votes marked "unconfirmed" or the aggregate principal amount of such votes would alter the outcome of any vote at the Meeting and as such the Monitor applies to the Court for direction with respect to such votes, or if the Court requests this information for some other purpose in connection with its consideration of the Plan.

Appendix E

In the Matter of a Plan of
Compromise and Arrangement
involving Metcalfe & Mansfield
Alternative Investments VII Corp., in
its capacity of Issuer Trustee of
Devonshire Trust
Court File No. CV-14-10609-00CL

PROXY FORM

IN RESPECT OF THE MEETING OF NOTEHOLDERS TO BE HELD IN ACCORDANCE
WITH THE CLAIMS PROCEDURE AND MEETING ORDER DATED JULY 8, 2014

TO: DELOITTE RESTRUCTURING INC., in its capacity as the Monitor

FROM: _____
(Insert Name of beneficial Noteholder)

Before completing this Proxy Form, please carefully read the accompanying instructions for information regarding the proper completion and delivery of this Proxy Form.

This Proxy Form should be read in conjunction with the Plan of Compromise and Arrangement proposed by Metcalfe & Mansfield Alternative Investments VII Corp. in its capacity as Issuer Trustee of Devonshire Trust and filed with the Court on July 8, 2014 and any amendments thereto (the "**Plan**"). All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Notice of Application, the Initial Order, the Plan, the Monitor's First Report and the Claims Procedure and Meeting Order.

DELIVERY INSTRUCTIONS

TO: DELOITTE RESTRUCTURING INC., Monitor
181 Bay Street, Suite 1400
Brookfield Place
Toronto, Ontario
M5J 2V1
Attention: Devonshire
Facsimile: 1-514-390-4103
Telephone: 1-855-990-7100
Email: CAMontrealDevonshire@Deloitte.ca

IF YOU WISH TO VOTE ON THE PLAN THIS PROXY FORM MUST
BE RECEIVED BY THE MONITOR NO LATER THAN 5:00 P.M.
(EASTERN TIME) ON AUGUST 6, 2014

IF THE UNDERSIGNED BENEFICIAL NOTEHOLDER INTENDS TO APPOINT AN OFFICER OF THE MONITOR OR ANY OTHER PERSON TO ACT AS THE UNDERSIGNED BENEFICIAL NOTEHOLDER'S PROXY, THIS PROXY FORM MUST BE COMPLETED AND SIGNED BY THE BENEFICIAL NOTEHOLDER AND RETURNED TO THE MONITOR AT THE ADDRESS SET OUT BELOW (I) NO LATER THAN 5:00 PM (EASTERN TIME) ON AUGUST 6, 2014 OR ANY ADJOURNMENT THEREOF, OR (II) AT THE DISCRETION OF THE MONITOR, TO THE CHAIR OF THE MEETING PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF.

THE UNDERSIGNED BENEFICIAL NOTEHOLDER hereby revokes all proxies previously given and nominates, constitutes and appoints

_____ of _____
(Name of nominee) (Organization)

or, if no person is named, Pierre Laporte of Deloitte Restructuring Inc. in its capacity as the Monitor or failing him, Jean-François Nadon of Deloitte Restructuring Inc., in its capacity as the Monitor, or such other representative of the Monitor as it may designate, as nominee of the beneficial Noteholder, with power of substitution, to attend on behalf of and act for the beneficial Noteholder at the meeting of Noteholders to be held in connection with the Plan and at any and all adjournments thereof, and to vote on the beneficial Noteholder's behalf:

A. (mark one box only)

VOTE FOR approval of the Plan; or

Please include the total dollar amount of the Notes held by the beneficial holder _____

VOTE AGAINST approval of the Plan

Please include the total dollar amount of the Notes held by the beneficial holder _____

(if no specification is made, to VOTE FOR approval of the Plan)

-and-

B. vote at the nominee's discretion and otherwise act for and on behalf of the undersigned beneficial Noteholder with respect to any amendments or variations to the Plan and to any other matters that may come before the Meeting of Noteholders or any adjournment thereof.

DATED at _____ this _____ day of _____ 2014.

(Name of beneficial Noteholder)

(Address of beneficial Noteholder)

(Signature of beneficial Noteholder. If the beneficial Noteholder is a corporation, signature of an authorized signing officer of the corporation. If the corporation is signing by its attorney, signature of its attorney.)

(Title of authorized signing officer or attorney of the corporation, if applicable.)

I have authority to bind the corporation

INSTRUCTIONS FOR COMPLETION OF PROXY FORM

1. This Proxy should be read in conjunction with the Meeting Documents and the Plan.
2. Only beneficial Noteholders that have properly completed the Voter Identification Form and submitted such form to the Monitor, or their respective proxy holders, will be allowed to vote at the Meeting. However, beneficial Noteholders for which the Monitor is unable to obtain satisfactory confirmation of Note holdings, as indicated in such form, will have their votes marked "unconfirmed". In the event that the aggregate number of votes marked "unconfirmed" or the aggregate amount of such votes would alter the outcome of any vote at the Meeting, the Monitor may apply to the Court for direction as to their eligibility.
3. Beneficial Noteholders who hold several Notes through different entities or subsidiaries should fill out one Proxy Form for each entity or subsidiary.
4. The Monitor will not accept a Proxy Form if such Proxy Form is received from a person that has not submitted a Voter Identification Form.
5. Each beneficial Noteholder who has a right to vote at the Meeting has the right to appoint a person (who need not be a beneficial Noteholder) to attend, act and vote for and on behalf of the beneficial Noteholder and such right may be exercised by inserting in the space provided the name of the person to be appointed. If no name has been inserted in the space provided, the beneficial Noteholder will be deemed to have appointed Pierre Laporte of the Monitor, or Jean-François Nadon of the Monitor, or another nominee of the Monitor, as the beneficial Noteholder's proxy holder.
6. If an officer of the Monitor is appointed or is deemed to have been appointed as proxy holder and the beneficial Noteholder fails to indicate on this Proxy Form a vote for or against approval of the Plan, this Proxy Form will be voted FOR approval of the Plan.
7. This Proxy Form only appoints a proxy with respect to the vote on the Plan and any other matters that may properly come before the Meeting. The additional information is for information purposes only.
8. If this Proxy Form is not dated in the space provided therefore, it shall be deemed to be dated the date on which it was received by the Monitor.
9. This Proxy Form must be signed by the beneficial Noteholder or his or her attorney duly authorized in writing or, if the beneficial Noteholder is not an individual, by its duly authorized officer or attorney. A Proxy Form signed by a person acting as attorney, or in some other representative capacity, should indicate such person's capacity and should be accompanied by the appropriate instrument evidencing qualification and authority to act.
10. Proxies must be returned to the Monitor (i) at the address provided below by 5:00 p.m. (Eastern time) on the last Business Day prior to the date of the Meeting or any adjournment thereof or, (ii) at the Monitor's discretion, to the chair of a Meeting prior to the commencement of the Meeting or any adjournment thereof.
11. Valid proxies bearing or deemed to bear a later date will revoke this Proxy Form. If more than one valid proxy for the same beneficial Noteholder and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.

DELIVERY INSTRUCTIONS

TO: DELOITTE RESTRUCTURING INC., Monitor
181 Bay Street, Suite 1400
Brookfield Place
Toronto, Ontario
M5J 2V1
Attention: Devonshire
Facsimile: 1-514-390-4103
Telephone: 1-855-990-7100
Email: CAMontrealDevonshire@Deloitte.ca

**IF YOU WISH TO VOTE ON THE PLAN THIS PROXY FORM
MUST BE RECEIVED BY THE MONITOR NO LATER THAN
5:00 P.M. (EASTERN TIME) ON AUGUST 6, 2014**

Appendix F

In the Matter of a Plan of Compromise and
Arrangement involving Metcalfe & Mansfield
Alternative Investments VII Corp., in its capacity of
Issuer Trustee of Devonshire Trust
Court File No. CV-14-10609-00CL

INSTRUCTIONS TO NOTEHOLDERS

Reference is made to the Plan of Compromise and Arrangement proposed by Metcalfe & Mansfield Alternative Investments VII Corp. in its capacity as Issuer Trustee of the Devonshire Trust and filed with the Court on July 8, 2014 and any amendments thereto (the "**Plan**").

All capitalized terms not otherwise defined have the meaning ascribed to them in the Notice of Application, the Initial Order, the Plan, the Monitor's First Report and the Claims Procedure and Meeting Order.

The following forms accompany these instructions:

1. Voter Identification Form
2. Proxy Form

Please refer to the instructions accompanying the forms for more detailed directions on how to complete each form. Beneficial Noteholders must complete the Voter Identification Form and provide the supporting documentation in order to (1) be eligible to vote at the Meeting, and (2) be eligible to receive distributions.

Voter Identification Form:

To be eligible to vote, please properly complete and deliver the attached Voter Identification Form together with the required supporting information to the Monitor by no later than 5:00 p.m. on August 6, 2014 at the address provided below. If you receive more than one Voter Identification Form you should complete and deliver one Voter Identification Form for each entity or subsidiary beneficially holding the Notes.

Beneficial Noteholders who do not properly complete and deliver the Voter Identification Form by 5:00 p.m. on August 6, 2014 will not be entitled to vote at the Meeting. All beneficial Noteholders who submit the Voter Identification Form by the date and time noted above will be allowed to vote at the Meeting even if these forms are not, in the opinion of the Monitor, properly completed. However, such beneficial Noteholders will have their votes marked "unconfirmed" by the Monitor as to their legitimacy and/or the amount claimed. In the event that the aggregate number of votes marked "unconfirmed" or the aggregate amount of such votes would alter the outcome of any vote at the Meeting, the Monitor may apply to the Court for direction as to the eligibility of those votes.

To be eligible to receive a distribution, each beneficial Noteholder is required to submit to the Monitor at the address set out above by no later than two (2) years following the Plan Implementation Date the Voter Identification Form with the necessary supporting documentation. After this date, beneficial Noteholders that have not proven their noteholder claims shall be forever barred from making or enforcing a noteholder claim against the CCAA Parties and will not be entitled to any distributions.

To be eligible to receive the Initial Distribution, a beneficial Noteholder is required to submit to the Monitor at the address set out above by no later than the third Business Day before the appeal periods and any periods for leave to appeal with respect to the Sanction Order shall have expired without an appeal or application for leave to appeal of such Order having been commenced or, in the event of an appeal or application for leave to appeal, a final determination denying leave to appeal or dismissing such appeal and affirming the sanctioning of the Plan and recognizing the sanctioning of the Plan, as the case may be, shall have been made by the applicable appellate court, with no further right of appeal.

Proxy Form:

If the beneficial Noteholder intends to appoint an officer of the Monitor or any other person to act as the beneficial Noteholder's proxy at the Meeting, the accompanying Proxy Form must be properly completed and delivered to the Monitor (i) at the address provided below no later than 5:00 p.m. (Eastern Time) on the last Business Day before the Meeting, (ii) or, at the discretion of the Monitor, to the chair of the Meeting prior to the commencement of the Meeting or any adjournment thereof. If you receive more than one Proxy Form you should complete and deliver one Proxy Form for each entity or subsidiary beneficially holding the Notes.

DELIVERY INSTRUCTIONS

DELOITTE RESTRUCTURING INC., the Monitor

181 Bay Street, Suite 1400

Brookfield Place

Toronto, Ontario

M5J 2V1

Attention: Devonshire

Facsimile: 1-514-390-4103

Telephone: 1-855-990-7100

Email: CAMontrealDevonshire@deloitte.ca

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANEGMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT INVOLVING METCALFE & MANSFIELD
ALTERNATIVE INVESTMENTS VII CORP. IN ITS CAPACITY AS ISSUER TRUSTEE OF THE DEVONSHIRE TRUST

Court File No. CV-14-10609-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceedings commenced at
Toronto

**FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR**

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1 First Canadian Place
Toronto ON M5X 1B8

Mary Paterson (LSUC#51572P)
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*Counsel to Deloitte Restructuring Inc., in its capacity as
Proposed Monitor of Metcalfe & Mansfield Alternative
Investments VII Corp.*