

MITTLEMAN BROTHERS

INVESTMENT MANAGEMENT

August 21, 2018

Mittleman Brothers LLC statement on sale of Aeroplan to Air Canada et al..

We believe that our acquiescence in agreeing to sell Aeroplan for C\$450M in cash was the best available outcome for all Aimia stakeholders. We appreciate the Board's efforts in pushing for a vastly improved valuation from the initial C\$250M offered, a conditional figure that would have likely been decimated by adjustments.

The outcome should leave Aimia Inc. with just over C\$1B in cash to invest in other opportunities, a significant tax loss carry-forward in Canada and the U.S. to facilitate such, and an NAV that we now calculate at C\$7.50 per share.

Our revised sum of the parts valuation for Aimia is C\$7.50 (USD 5.73), which is 95% higher than yesterday's closing price of C\$3.84:

Aeroplan (Canada): C\$450M cash from sale, no tax leakage as proceeds far below tax cost basis est. C\$1.1B

PLM Premier (Mexico): (48.9%), fair value = US\$489M, 10x US\$100M EBITDA est. 2019 = US\$3.21 per share
5.7M members in fast growing coalition loyalty program anchored by Aeromexico, Mexico's flagship airline. Aimia invested US\$124M for 48.9% stake between 2010-2012, and since then received US\$84M in cash dividends. At last financing round in 2012, PLM total enterprise was valued at US\$518M, and it grew a lot since then. Comps: Smiles Fidelidade S.A. (SMLS3 BZ) and Multiplus S.A. (MPLU3 BZ) trade about 7.5x EBITDA, down sharply in emerging market sell-off, fair value likely closer to 10x EBITDA for both.

Cardlytics (CDLX): ownership (2.978M shares), price on 8/20/18= \$18.43 = USD 55M = US\$0.36 per share

Think BIG Digital – Air Asia: (20%), est. fair value = USD 50M, US\$16 x 16M members = US\$0.33 per share

Fractal Analytics (USA): (5%), est. fair value = US\$18M (5% of \$360M (=6x \$60M sales) = US\$0.12 per share

Assets (excluding cash) = C\$1.254B = C\$8.23 / US\$6.28 per share

(+ cash & bonds C\$576M – C\$330M debt – C\$323M preferred – C\$34M accrued interest) = -C\$111M

NAV: = C\$1.143B / US\$873M / 152.3M shares = C\$7.50 / US\$5.73 per share (CAD/USD = 1.31 as of 6/30/18)

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