Supreme Court of Nova Scotia

IN THE MATTER OF THE RECEIVERSHIP OF ANNAPOLIS MANAGEMENT, INC. RUBY, LLP, BSL HOLDINGS LIMITED, 3337151 NOVA SCOTIA LIMITED and 4551650 NOVA SCOTIA LIMITED

Between:

DUORO CAPITAL LIMITED, GRAYSBOOK CAPITAL LIMITED, LEAGUE SAVINGS AND MORTGAGE COMPANY, ATLANTIC CREDIT, ASSUMPTION MUTUAL LIFE INSURANCE COMPANY, and 3046475 NOVA SCOTIA LIMITED

Applicants

-and-

ANNAPOLIS MANAGEMENT, INC., RUBY, LLP, BSL HOLDINGS LIMITED, 3337151 NOVA SCOTIA LIMITED and 4551650 NOVA SCOTIA LIMITED

Respondents

Affidavit of Joanne Caryi

I make oath and give evidence as follows:

- 1. I am the sister of deceased Steven Caryi, and the executor of his Canadian estate.
- 2. I have personal knowledge of the evidence sworn in this affidavit except where otherwise stated to be based on information and belief.
- 3. I state, in this affidavit, the source of any information that is not based on my own personal knowledge, and I state my belief of the source.
- 4. I have reviewed the Second Report prepared by Deloitte Restructuring Inc. in its capacity as the Proposal Trustee and agree with the activities of the Proposal Trustee.
- 5. I have been informed by James Foran who is a Senior Vice Presidents with the Proposal Trustee and verily believe to be true, that he has had various discussions with Lenders and their financial advisor, Liam Murphy, Partner, with Doane Grant Thornton Limited, and I am supportive of these discussions and believe there is alignment and a path forward with them.

- 6. During the initial stay period under the various Notices of Intention to Make a Proposal filed by the Caryi Group of Companies, I have been:
 - a. continuing to manage the assets of the Caryi Group of Companies in the normal course, including but not limited to:
 - i. dealing with tenant matters;
 - ii. maintaining insurance coverage;
 - iii. communicating with stakeholders; and
 - iv. ensuring critical repairs and maintenance were completed.
 - b. continuing discussions with real estate brokers engaged by the Caryi Group of Companies and sharing agreements of purchase and sale with the Proposal Trustee;
 - c. with the support of the affected Lenders, engaging Royal LePage Atlantic to list the residential property located at 545 Young Avenue in Halifax, Nova Scotia;
 - d. shutting down the operations at the Halifax Club, including the cigar lounge and shop;
 - e. responding to information requests from the Proposal Trustee in a timely fashion;
 - f. submitting disbursement requests (including supporting documentation) to the Proposal Trustee for review prior to any payments being made;
 - g. corresponding with Canada Revenue Agency to open a post-filing excise tax accounts for Ruby, BSL, 333 NSL and 455 NSL;
 - h. corresponding with Cox & Palmer regarding the collection of a corporate receivable;
 - working with the Proposal Trustee to prepare the initial cash flow statement filed with the Office of the Superintendent of Bankruptcy on January 29, 2025;
 - j. working with the Proposal Trustee to prepare the Second Cash Flow Statement; and
 - k. working with the Proposal Trustee and its counsel to develop the Sales and Investment Solicitation Process.
- 7. I do not, nor do anyone with the Respondents have the requisite insolvency experience to run a sales process in a proceeding without the assistance of the Proposal Trustee, but I do have the experience to continue managing the operations of the Caryi Group of Companies as set out herein.
- 8. I am supportive of the Proposal Trustee's active role in developing the sales and investment solicitation process and their overall activities to date.

- I am in the process of disclaiming the brokerage agreements with Cushman Wakefield Atlantic and Provincial Realty and expect that should be completed before the hearing on February 18, 2025.
- The brokerage agreement with Cushman Wakefield Atlantic effect the following properties: Halifax Club, Free Mason's Building, Granville Hall, Tramway Building and the Sonic Building.
- 11. The brokerage agreement with Provincial Realty effects the property at 165 Prince Street, Charlottetown, Prince Edward Island.
- 12. Attached hereto as **Exhibit "A"** is a true copy of the executed Debtor-in-Possession facility term sheet which is acceptable to the Caryi Group of Companies.

Sworn to before me on February 13, 2025 at Dartmouth, NS

Signature of authority

JOSHUA J. SANTIMAW A Barrister of the Supreme Court of Nova Scotia Signature of witness

Print name: Joanne Caryi

Exhibit Stamp

Hfx No. 539955

This is Exhibit, "A" referred to in the affidavit of Joanne Caryi, sworn to before me on February 17, 2025

Signature/

JOSHUA J. SANTIMAW A Barrister of the Supreme Court of Nova Scotia



INTERIM CREDIT FACILITY TERM SHEET

WHEREAS Annapolis Management Inc., BSL Holdings Limited., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited (the "Borrowers") have initiated proceedings in the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "Court") pursuant to notices of intention to make a proposal ("NOI") under section 50.4(1) of the Bankruptcy and Insolvency Act (the "NOI Proceeding");

AND WHEREAS the Borrowers have requested that the DIP Lender (as defined below) provide interim financing to fund certain cash requirements of the Borrowers during the pendency of the NOI Proceeding;

AND WHEREAS the DIP Lender is willing to provide the DIP Loan herein to the Borrowers in accordance with the terms and conditions set out in this Interim Credit Facility Term Sheet:

NOW THEREFORE in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Annapolis Management Inc., BSL Holdings Borrowers:

Limited., Ruby LLP, 3337151 Nova Scotia Limited

and 4551650 Nova Scotia Limited.

League Savings & Mortgage Company (the "DIP Lender:

Lender").

February , 2025. **Effective Date:**

A super-priority, debtor-in-possession interim, non-Type of DIP Loan:

revolving credit facility up to a maximum principal amount of \$750,000 (the "DIP Loan") subject to and

in accordance with the terms herein.

Except as otherwise expressly provided herein, all Currency:

dollar amounts herein are in Canadian Dollars. All

payments made hereunder shall be made in the

Availability:

such payment arose.

currency in respect of which the obligation requiring

Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein (including, without limitation, the Court's approval of the DIP Charge as defined below); and the Borrowers' adherence to the Borrowers' Cash Flow dated as of February 10, 2025, and ending July6, 2025, (the "Approved Cash Flows") being satisfactory to each of the Proposal Trustee (as defined below) and the DIP Lender; and provided that no Event of Default (as defined below) has occurred and is then continuing, then the DIP Loan shall be advanced by the DIP Lender.

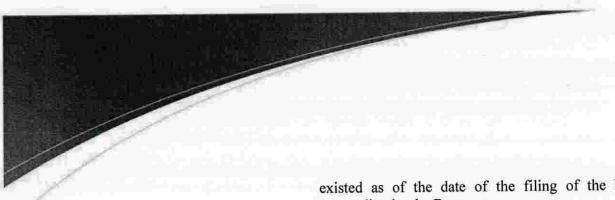
Advances under the DIP Loan (collectively "Advances" and individually an "Advance") shall be deposited into the Deposit Account and utilized by the Borrowers in accordance with the terms hereof. "Deposit Account" means the account(s) maintained by the Borrowers to which payments and transfers under this Term Sheet are to be deposited by the Borrowers, which are specified in writing by the Borrowers to the DIP Lender or such other account or accounts as the Borrowers may from time

The proceeds of the DIP Loan will be used to fund cash flow requirements of the Borrowers on a going concern basis provided that the same is, unless approved by the DIP Lender and the Proposal Trustee, (i) in accordance with the Approved Cash Flows, and (ii) not on account of a liability that

to time designate by written notice to the DIP Lender.

Advances:

Purpose, Use of Proceeds:



Court Officer:

Termination Date:

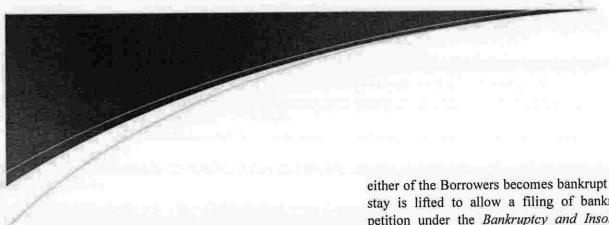
existed as of the date of the filing of the NOI Proceeding by the Borrowers.

No portion of the DIP Loan proceeds shall be paid to any of the shareholders of the Borrowers or related parties or entities unless approved in writing by the DIP Lender and the Proposal Trustee.

The Proposal Trustee of the Borrowers for the purposes of the NOI Proceeding, as confirmed by appointment certificates with the Office of Superintendent of Bankruptcy. The Proposal Trustee shall be authorized to have direct discussions with the DIP Lender, and the DIP Lender shall be entitled to receive information from the Proposal Trustee as may be requested by the DIP Lender from time to time.

The maturity of the DIP Loan (the "Termination Date") shall be the earliest of:

- (a) Six (6) months following the initial Advance hereunder or such other date agreed to by the DIP Lender in its sole discretion;
- (b) the effective date of any merger, amalgamation, reorganization, consolidation, arrangement, recapitalization, sale or any other transaction affecting the assets or operations or resulting in the change of ownership or control of the Borrowers confirmed by the Court and satisfactory to the DIP Lender (any of the foregoing being a "Transaction");
- (c) the date on which the stay of proceedings as ordered by the Court in the NOI Proceeding is dismissed or terminated or the date on which



either of the Borrowers becomes bankrupt or the stay is lifted to allow a filing of bankruptcy petition under the *Bankruptcy and Insolvency Act*, receivership or similar insolvency proceeding is not otherwise stayed; and

(d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default hereunder (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts owing under this Term Sheet shall be payable in full on the Termination Date.

Interest Rate:

All amounts outstanding under the DIP Loan will bear interest at the rate of 12% **per annum**, on the daily balance outstanding under the DIP Loan. Interest shall be due and payable on the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Commitment Fee:

\$18,750

Repayment:

Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid on the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Mandatory Prepayments:

Unless otherwise consented to by the DIP Lender in its sole discretion, the DIP Loan shall be repaid in full from the net proceeds of any Transaction involving the Borrowers.

Representations and Warranties: The Borrowers represents and warrants to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan that:

- (a) the Borrowers is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required;
- (b) the execution, delivery and performance, as applicable, of this Term Sheet has been duly authorized by all actions, if any, required on the part and by the Borrowers' directors, and constitutes a legal, valid and binding obligation of the Borrowers enforceable against it in accordance with its terms, subject to applicable reorganization, insolvency, bankruptcy, arrangement, winding-up, moratorium and other similar laws of general application that limit the enforcement of creditors' rights generally and to general equitable principles;
- (c) the Approved Cash flows represent the Borrowers' best estimate as at each applicable date of the likely results of the operations of the Borrowers during the period applicable hereto and, to the Borrowers' knowledge, such results are achievable as provided therein; and

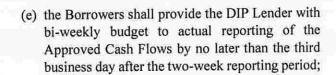
(d) except in respect of periods preceding the date of the filing of NOI Proceeding by the Borrowers, all employee wages and other amounts owing to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and

Covenants:

The Borrowers covenants and agrees that:

arrangements of the Borrowers.

- (a) the Borrowers shall pay all amounts and satisfy all obligations in respect of the DIP Loan;
- (b) the Borrowers shall not make or permit to be made any payment on account of obligations owing as of the date of the filing of the NOI Proceeding by the Borrowers without the prior consent of the Proposal Trustee and the DIP Lender or pursuant to an Order of the Court;
- (c) the Borrowers shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrowers or the Collateral (as defined below);
- (d) the Borrowers shall promptly provide the DIP Lender with any additional financial information reasonable requested by the DIP Lender, to the extent that such information is readily available;



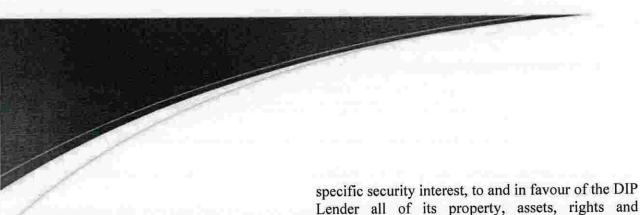
- (f) prior to accepting any offer or bid in a Court approved sales processes for the Borrowers' Collateral, the Borrowers shall provide all offers received and a summary thereof for the DIP Lenders' consideration.
- (g) the Borrowers shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated hereby or permitted in writing by the DIP Lender;
- (h) the Borrowers shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of the date of the filing of the NOI Proceeding by the Borrowers or permitted by the DIP Lender in its sole discretion, and (ii) the DIP Charge (defined below);
- (i) the Borrowers shall not enter into any other credit facility or loan arrangements that would be secured in priority to or *pari passu* with the DIP Loan;
- (j) without the prior written consent of the DIP Lender, the Borrowers shall not: (i) declare or pay any dividends on, or make any other payments or distributions (whether by reduction of capital or otherwise) with respect to any of its respective

issued and outstanding shares or other equity interests, or (ii) make any loans;

- (k) the Borrowers shall not sell any of its assets outside of the ordinary course of business without the prior written consent of the DIP Lender;
- the Borrowers shall promptly pay all DIP Expenses (as defined below), including all legal and advisory fees and expenses, of the DIP Lender as such DIP Expenses are incurred and invoiced to the Borrowers;
- (m) no portion of the DIP Loan proceeds shall be paid to any of the shareholders of the Borrowers or related parties or entities without the written consent of the DIP Lender and the Proposal Trustee; and
- (n) the Borrowers shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender together with a comparison to the prior version for the DIP Lender's approval, it being understood that such updated Approved Cash Flows, if approved, become the Approved Cash Flows for the purposes hereof.

As continuing security (the "DIP Security") for the prompt payment of all amounts payable by the Borrowers to the DIP Lender under this Term Sheet and as continuing security for the due and punctual performance by the Borrowers of its existing and future obligations pursuant to this Term Sheet, the Borrowers hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and

Security:



specific security interest, to and in favour of the DIP Lender all of its property, assets, rights and undertaking, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, whatsoever locate, bother present and future, now or hereinafter owned or acquired (collectively, the "Collateral"), including, without limitation, all real and immovable property (including leasehold lands) now or hereafter owned or acquired by such Borrowers.

The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the "DIP Charge") over the Collateral, which shall rank in priority to any security interests, claims, trusts or deemed trusts (statutory or otherwise) without any other formality or requirement, such as without limitation under the *Personal Property Security Act* or registrations in land registration offices or otherwise, subject only to a Court-ordered Administration Charge.

Events of Default:

An "Event of Default" shall include, without limitation, the following:

- (a) the Borrowers defaults in the payments of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this Term Sheet;
- (b) any representations and warranties made by the Borrowers in this Term Sheet proves to be incorrect as of the date given;
- (c) the Borrowers fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in this Term

Sheet or any other document between the Borrowers and the DIP Lender;

- (d) the stay of proceedings provided for by virtue of the NOI Proceeding expires without being extended, the NOI Proceeding is dismissed or terminated or the Borrowers become subject to a bankruptcy proceeding under the Bankruptcy and Insolvency Act or a receivership or similar insolvency proceeding;
- (e) the entry of an order staying, amending, reversing, vacating or otherwise modifying, in each case without the prior written consent of the DIP Lender, the DIP Loan, the DIP Charge or the DIP Order (as defined below) or any other order granted by the Court in the NOI Proceeding; or
- (f) the Borrowers undertake any actions with respect to its assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrowers or the Collateral.

Upon the occurrence of an Event of Default, and in accordance with the notice terms of the DIP Order, all indebtedness of the Borrowers to the DIP Lender shall become immediately due and payable and the DIP Lender may take all steps necessary to enforce its security.

The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on all Collateral. Conditions Precedent, to Advance of DIP Loan The conditions precedent for making the DIP Loan available to the Borrowers, include, without limitation:

- (a) the representations and warranties made by the Borrowers in this DIP Loan Term Sheet being true and correct as of the date given;
- (b) no Event of Default has occurred;
- (c) issuance of an Order by the Court (the "DIP Order"), satisfactory in form and substance to the DIP Lender in its sole discretion, approving the DIP Loan, granting the DIP Charge with the priority contemplated herein and authorizing the payment by the Borrowers of all of the fees and expenses in respect of the DIP Loan unless otherwise agreed to by the DIP Lender in its sole discretion; and
- (d) the registration of the DIP Order or collateral mortgages, agreements or other documents as the DIP Lender may require, together with an opinion from Borrowers's counsel as to the due execution and delivery of this Interim Credit Facility Term Sheet and all related documents contemplated herein.

Illegality:

In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender's commitment will be cancelled.

Taxation:

All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Fees and Expenses:

The Borrowers shall pay all of the DIP Lender's outof-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan and the NOI Proceedings and the enforcement of any and all of its remedies at law (collectively, the "DIP Expenses").

Governing Law, Jurisdiction:

Laws of the Province of Nova Scotia and the federal laws of Canada applicable in the Province of Nova Scotia. The Borrowers agree to submit to the non-exclusive jurisdiction of the Court.

Amendments, Waivers, Etc.:

No amendment or waiver of any provisions of this Term Sheet or consent to any departure by the Borrowers from any provision thereof is effective unless it is in writing and signed by the DIP Lender (and in the case of amendments, the Borrowers). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

Notices:

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Proposal Trustee and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. Atlantic Standard Time or on a day other than a business day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following business day.

Entire Agreement:

This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the DIP Loan. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in this Term Sheet.

Counterparts and Facsimile Signatures:

This Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation "pdf email" or "DocuSign", each of which shall be deemed to be an original hereof.

[Remainder intentioned left blank; Signature page follows]

IN WITNESS HEREOF, the parties hereby execute this Interim Credit Facility Term Sheet as of February 13, 2025.

Annapolis Management Inc., BSL Holdings Limited., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited

By:

Name: Laurie Coryi

Title: For annapolis+ Ryby

By:

Name: San we Chri

Title: FOF BSC 333+455

Atlantic Central

Name: David D'Amours

Title: Senior Manager Lending Services