

DISTRICT OF: NOVA SCOTIA

DIVISION NO: 01 – HALIFAX

COURT NO: 46008/46006/46009/46007/46005

ESTATE NOs: 51-3176190/51-376175/51-317229/51-3176186/51-3175914

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ANNAPOLIS MANAGEMENT INC., BSL HOLDINGS INC., RUBY LLP, 3337151
NOVA SCOTIA LIMITED, AND 4551650 NOVA SCOTIA LIMITED (EACH A "DEBTOR" AND
COLLECTIVELY THE "DEBTORS" OR THE "CARYI GROUP")**

JANUARY 23, 2025

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INTRODUCTION

1. The Caryi Group had previously commenced an application before the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") to initiate proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**" and the "**CCAA Proceedings**"). Deloitte was the Proposed Monitor under the proposed CCAA Proceedings and on January 10, 2025, filed a report (the "**Pre-Filing Report**") with the Court that contains an overview of the Caryi Group and its proposed restructuring. Enclosed as **Appendix A** is a copy of the Pre-Filing Report which should be read in conjunction with this first report of the proposal trustee (the "**First Report**").
2. The initial hearing in the proposed CCAA Proceedings was scheduled for January 14, 2025 (the "**Initial Court Date**"). On January 20, 2025, legal counsel to the Caryi Group wrote to the Court advising that the CCAA Proceedings were being discontinued arising from opposition from some of the Caryi Group's secured creditors to the CCAA Proceedings. Opposition first arose from legal counsel to Douro Capital on the afternoon of January 13, 2025, the day before the Initial Court Date (the "**January 20 Letter**"). Enclosed as **Appendix B** is a copy of the January 20 Letter.
3. On January 20, 2025 (the "**NOI Filing Date**"), Annapolis Management Inc. ("**AMI**"), BSL Holdings Inc. ("**BSL**"), Ruby LLP ("**Ruby**"), 333715 Nova Scotia Limited ("**333**") and 4551650 Nova Scotia Limited ("**455**") filed notices of intention to make a proposal (together, the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**") with the Office of the Superintendent of Bankruptcy (the "**OSB**").
4. Deloitte Restructuring Inc. ("**Deloitte**") has consented to act as the Licensed Insolvency Trustee (the "**Proposal Trustee**") under each of the NOI. Enclosed as **Appendix C** are the Certificates of Filing for each of the NOI issued by the OSB.
5. Pursuant to section 69.(1) of the BIA, the effect of the NOI is an automatic stay of proceedings against the Debtors for an initial period of 30 days (the "**Stay of Proceedings**").
6. The Proposal Trustee understands a hearing is scheduled for January 24, 2025, to address a motion brought forward by certain lenders of the Caryi Group (the "**Lenders**") to have a receiver (the "**Receiver**") appointed by the Court. The Proposal Trustee understands that the Lenders are also seeking to lift the Stay of Proceedings arising from the filing of the NOI

together with the appointment of a Receiver (the “**Lender Requested Relief**”). The Proposal Trustee understands that the notice period required under BIA section 243 has not yet expired for all Lenders, which is mandatory under the BIA absent the rare circumstances where a Court can exercise its discretion to abridge the timelines in circumstances where a lender would otherwise be prejudiced and a debtor would accordingly not be prejudiced by the circumscribed notice period.

PURPOSE

7. The purpose of this first report (the “**First Report**”) is to provide information to the Court with respect to:
 - i. an overview of the Debtors’ activities since the NOI Filing Date;
 - ii. an overview of the Proposal Trustee’s activities since the NOI Filing Date; and
 - iii. the Proposal Trustee’s views on the Lender Requested Relief.
8. In addition to the Pre-Filing Report, additional background information relating to these NOI is set out in the affidavit of Joanne Caryi (the “**Caryi Affidavit**”), a copy of which has been filed with this Court. The Caryi Affidavit should be read in conjunction with this First Report.

TERMS OF REFERENCE

9. In preparing this First Report, the Proposal Trustee has been provided with, and has relied upon, unaudited, draft and/or internal financial information and information from third-party sources (collectively, the “**Information**”). Except as described in this First Report:
 - i. The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Audit Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
 - ii. Deloitte has prepared this First Report in its capacity as Proposal Trustee to provide background to the Court for its consideration of the relief being sought. Parties using

this First Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.

10. Unless otherwise indicated, the Proposal Trustee's understanding of the factual matters expressed in this First Report concerning the Debtors and their businesses is based on the Information and not independent factual determinations made by the Proposal Trustee.
11. Capitalized terms not defined herein have the meaning ascribed to them in the Pre-Filing Report and the Caryi Affidavit.
12. Materials filed with the Court in these NOI proceedings can be found on the Proposal Trustee's website at <https://www.insolvencies.deloitte.ca/caryigroup> (the "**Proposal Trustee Website**").

ACTIVITIES OF THE DEBTORS

13. Since the Initial Court Date, the Debtors' activities have included, but were not limited to:
 - i. participating in discussions with their external advisors, including BoyneClarke LLP, Resolve Advisory Services ("**Resolve**"), and the Proposal Trustee regarding optionality for a restructuring based on the Lenders' opposition to the proposed CCAA Proceedings;
 - ii. working with the BoyneClarke LLP and the Proposal Trustee to complete the statutory documents required to file the NOIs;
 - iii. reviewing the affidavits and filing materials of the Lenders;
 - iv. filing the Caryi Affidavit;
 - v. continuing to manage the assets of the Caryi Group in the normal course, including but not limited to:
 - a. dealing with tenant matters;
 - b. ensuring critical repairs and maintenance were completed; and
 - c. maintaining insurance coverage.
 - vi. submitting disbursement requests (including supporting documentation) to the Proposal Trustee for review prior to any payments being made; and
 - vii. working with the Proposal Trustee to revise the Cash Flow Forecast originally contained within the Pre-Filing Report to reflect structural changes between the proceedings.

ACTIVITIES OF THE PROPOSAL TRUSTEE

14. Since the Initial Court Date, the Proposal Trustee's activities have included, but were not limited to:
- i. participating in discussions with the Debtors, BoyneClarke LLP and Resolve Advisory Services regarding options available to the Caryi Group which resulted in the NOI being filed;
 - ii. working with the Debtors to file the NOI with the OSB;
 - iii. providing the creditor package to the known creditors of the Debtors in excess of \$250 as statutorily required by the BIA;
 - iv. setting up and maintaining the Proposal Trustee's Website;
 - v. opening and monitoring the Proposal Trustee's hotline and email account;
 - vi. reviewing the various Court materials filed by the Debtors and the Lenders;
 - vii. attending a meeting with the real estate broker formerly engaged by the Caryi Group about a proposed realization strategy;
 - viii. holding discussions with the BoyneClarke LLP regarding a real estate agent to list the residential property owned by the Caryi Group;
 - ix. working with the Debtors to revise the Cash Flow Forecast;
 - x. reviewing proposed disbursements of the Debtors;
 - xi. participating in discussions with the Debtors and Resolve regarding a SISP under the NOI process; and
 - xii. filing this First Report with the Court.

PROPOSAL TRUSTEE'S VIEWS ON THE LENDER REQUESTED RELIEF

15. The Proposal Trustee finds the Lender Requested Relief to be premature at this juncture and is of the view that no lender is materially prejudiced by the continued Stay of Proceedings for the following reasons:

Asset Preservation

16. Since the Initial Court Date, the Caryi Group has:
- i. managed the properties under normal operating procedures;
 - ii. maintained insurance coverage over the properties; and

- iii. responded and resolved issues that have arisen at the properties in an efficient and cost-effective manner.

Court Ordered Charges

- 17. As at the date of the First Report, the Caryi Group is not requesting any Court Ordered Charges that would form a priority claim ahead of any of the Lenders' collateral. The Proposal Trustee understands there will likely be a request for Court Ordered Charges as part of the comeback motion to be scheduled with the Court.

Proposed SISP

- 18. Since the Initial Court Date, the Caryi Group, in conjunction with the Proposal Trustee, continued to refine its proposed SISP to address concerns brought forward by the Lenders, which concerns were never formally brought to the attention of the Caryi Group until the CCAA Proceedings were scheduled, despite two separate meetings being held with the Lenders and a formal memo outlining the Caryi Group restructuring plan being shared with the Lenders.
- 19. The Proposal Trustee understands that the proposed Receiver's SISP will not commence until 30 days after the granting of an order from the Court, should the Court choose to exercise its discretion. The proposed SISP being developed by the Caryi Group proposes to commence under a similar or even shorter time frame.
- 20. The proposed Receiver's SISP envisions the SISP concluding within 130 days of the commencement of the SISP. The Proposal Trustee's understanding of the unique characteristics of the properties and the due diligence timelines previously sought by prospective purchasers would suggest the proposed Receiver's timeline may be optimistic.

Existing Management

- 21. As contained within the Caryi Affidavit, Ms. Caryi has run the day-to-day operations of the Caryi Group since the untimely passing of Steven Caryi in December 2023. The Proposal Trustee understands that none of the Lenders raised any concerns about Ms. Caryi's actions until the day before the Initial Court Hearing, although a Lender is now suggesting concerns in his affidavit.
- 22. The Proposal Trustee understands that between Ms. Caryi and Laurie Caryi, they have injected in excess of \$150,000 into the Caryi Group on an unsecured basis and have not been remunerated by the Caryi Group for their services.

23. The Proposal Trustee has been working closely with the Caryi Group since the Fall of 2024 and during this period has been impressed with Ms. Caryi's knowledge as it relates to tenant matters, the corporate structure of the Caryi Group, the state of ongoing construction of the properties, the potential redevelopment agreements that exist within the properties, the various contractual arrangements between the Caryi Group and third parties, and an understanding of the tax structure of Ruby and AMI.

Advantages of a debtor-led process

24. The Proposal Trustee is of the opinion that based on the characteristics of the Caryi Group assets, the flexibility provided under a debtor-led BIA restructuring may provide more opportunity to maximize returns for all stakeholders.
25. The Proposal Trustee is also of the opinion that the continued involvement of Ms. Caryi in the restructuring process, along with other key contractors, will be cost effective and improve realizations for all stakeholders.
26. The Proposal Trustee is of the view that the Caryi Group have acted and continues to act in good faith and with due diligence.

PROPOSAL TRUSTEE'S RECOMMENDATION

27. Based on the foregoing, the Proposal Trustee recommends the following:

- i. the Court deny the Lender Requested Relief, allowing the Debtors' NOI to continue for the initial 30-day period as provided for in Section 50.4 of the BIA (and with creditor and other stakeholder concerns to be addressed at the comeback hearing); and
- ii. provide direction to the parties for the comeback hearing, to be held on or before February 20, 2025.

All of which is submitted on January 23, 2025.

DELOITTE RESTRUCTURING INC.

Acting solely in its capacity as
Proposal Trustee in the Notice of Intention to Make a Proposal of the Caryi Group
and not in its personal capacity

Per:



James Foran, CPA, CA, CIRP, LIT
Senior Vice President



Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX A: PRE-FILING REPORT

DISTRICT OF: NOVA SCOTIA

DIVISION NO: 01 – HALIFAX

COURT NO:

ESTATE NOs:

REPORT OF DELOITTE RESTRUCTURING INC.

**IN ITS CAPACITY AS PROPOSED MONITOR OF ANNAPOLIS MANAGEMENT INC., BSL
HOLDINGS INC., COMVEST COMMERCIAL REAL ESTATE INC., RUBY LLP, 3337151 NOVA
SCOTIA LIMITED, AND 4551650 NOVA SCOTIA LIMITED (EACH A “DEBTOR” AND AN
“APPLICANT”)**

JANUARY 10, 2025

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INTRODUCTION AND BACKGROUND

1. Deloitte Restructuring Inc. ("**Deloitte**" or the "**Proposed Monitor**") understands that the entities set out in Appendix "**A**" (each an "**Applicant**" and collectively the "**Applicants**" or the "**Debtors**") intend to bring an application before the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") to commence proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* , R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and seek an initial order (the "**Proposed Initial Order**") granting certain relief including, among other things:
 - a. a stay of proceedings until January 24, 2025, or such other date as may be ordered by the Court (the "**Stay Period**");
 - b. appointing Deloitte as monitor of the Applicants (the "**Monitor**");
 - c. Appointing Resolve Advisory Services Ltd. ("**Resolve**") as the Chief Restructuring Officer of the Applicants (the "**CRO**");
 - d. granting a charge (the "**Administration Charge**") against the Applicants' property to a maximum amount of \$300,000 as security for professional fees and disbursements incurred by counsel to the Applicants, the Monitor and its counsel, and the CRO (the parties taken together, the "**Professionals Group**");
 - e. granting a charge (the "**D&O Charge**", together with the Administration Charge and the DIP Charge as defined below, the "**Court Ordered Charges**") against the Applicants' property to a maximum amount of \$100,000 as security for an indemnity granted in favour of the directors and officers of the Applicants (the "**D&O**") in respect of obligations and liabilities that the D&Os may incur in such capacity after the commencement of the CCAA Proceedings; and
 - f. approving a debtor-in-possession credit facility and related charge (the "**DIP Charge**") in the amount of \$250,000 (the "**DIP Facility**") with a further increase to be sought by the Applicants at a later date.
2. In the event the Proposed Initial Order is granted, the Applicants intend to return to Court within ten days (the "**Comeback Hearing**") to seek the Court's approval of amended and restated Proposed Initial Order (the "**ARIO**") that would, among other things:

- a. extend the Stay of Proceedings until March 31, 2025;
 - b. increase the amount of the Court Ordered Charges granted by the Proposed Initial Order and/or seek further Court Ordered Charges as deemed necessary;
 - c. increase the authorized amount of the DIP Facility to \$1,500,000 from the current request of \$250,000.
3. The Proposed Monitor files this report (the "**Pre-Filing Report**") prior to and in contemplation of its appointment as Monitor in these CCAA Proceedings to provide information to this Court for its consideration in respect of the Applicants' CCAA application. Deloitte has consented to act as Monitor in these CCAA Proceedings should this Court grant the Proposed Initial Order.
4. Capitalized terms not defined in this Pre-filing Report are as defined in the Affidavit of Joanne Caryi sworn on January 8, 2025 (the "**Caryi Affidavit**") in support of the application filed by the Applicants in connection with these CCAA Proceedings and in support of the Proposed Initial Order.

PURPOSE

5. The purpose of this Pre-Filing Report is to provide the Court with information in respect of:
 - a. Deloitte's qualifications to act as Monitor;
 - b. background information with respect to the Applicants, including an overview of the security granted by the Applicants and the background on the Applicant's decision to commence these CCAA Proceedings;
 - c. details regarding the Applicants' cash management system;
 - d. an overview of the Applicants' 12-week cash flow forecast (the "**Cash Flow Forecast**") through to March 30, 2025 (the "**Cash Flow Period**") and the reasonableness thereof in accordance with section 23(1) of the CCAA;
 - e. the Applicants engagement of a CRO;
 - f. an overview of the Applicants proposed sale and investment solicitation process (the "**SISP**"); and
 - g. the Proposed Monitor's comments on the proposed Court Ordered Charges, in addition to the other relief being sought by the Applicants as part of the Proposed Initial Order.
6. Additional background information leading to the need for these CCAA Proceedings is set out in the Caryi Affidavit.

TERMS OF REFERENCE

7. In preparing this Pre-Filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicants, discussions with and information from the Applicants' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this Pre-Filing Report:
 - a. The Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *CPA Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. Some of the Information referred to in this Pre-Filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
8. Future oriented financial information referred to in this Pre-Filing Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.
9. Unless otherwise indicated, the Proposed Monitor's understanding of the factual matters expressed in this Pre-Filing Report concerning the Applicants and their businesses is based on the Information and not independent factual determinations made by the Proposed Monitor.
10. Unless otherwise stated, all dollar amounts contained in this Pre-Filing Report are expressed in Canadian dollars.

EXECUTIVE SUMMARY

11. The Proposed Monitor is of the view that:

- a. the proposed Court Ordered Charges are appropriate and reasonable in the circumstances;
- b. the Applicants are forecast to have sufficient cash to cover necessary expenses during the Stay Period, assuming that the Court authorizes a post-filing credit facility (in the amount of \$250,000) with an increase to be sought at a later date; and
- c. the Proposed Monitor recommends that the Court grant the Applicants' other requested relief.

DELOITTE'S QUALIFICATIONS TO ACT AS MONITOR

- 12. Deloitte is a Licensed Insolvency Trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. Deloitte has provided its consent to act as Monitor.
- 13. Deloitte has been acting as financial advisor to the Applicants and is familiar with its business and operations, certain of its personnel, the key issues and the key stakeholders in these CCAA Proceedings. Deloitte was engaged by the Applicants in this capacity on November 13, 2024, for the purposes of assisting the Applicants in reviewing all available options and in preparing the Cash Flow Forecast in order to commence these CCAA Proceedings.
- 14. Deloitte has not provided accounting or auditing services to the Applicants. Fees payable to Deloitte pursuant to its financial advisory role are based on hours worked multiplied by normal hourly rates. Deloitte is not entitled to any success-based or other contingency-based fee.
- 15. The Proposed Monitor has retained Stewart McKelvey to act as its independent legal counsel.

Resources Available Should Deloitte be Appointed Monitor

- 16. Should Deloitte be appointed Monitor by the Court, the following resources will be available on a website (the "**Monitor's Website**"), which address will be <https://www.insolvencies.deloitte.ca/caryigroup>:
 - a. a telephone hotline will be available to contact the Monitor. The number is 902 422 5155; and
 - b. an email inbox, at caryicca@deloitte.ca, will be available for stakeholders to make

written inquiries of Deloitte, should the Court appoint the Proposed Monitor as Monitor.

BACKGROUND OF THE APPLICANTS

17. The Caryi Affidavit details certain particulars of the operations of the Applicants and this Pre-Filing Report should be read together therewith.

THE APPLICANTS' CASH MANAGEMENT SYSTEM

18. Given the nature of the Applicants' operations, they do not have a complex cash management system. The Proposed Monitor has been advised that the Applicants maintain the following banking arrangements (beyond those credit facilities set out in the Caryi Affidavit):
 - a. Two active commercial bank accounts with the Bank of Montreal and the Toronto-Dominion Bank;
 - b. The Applicants do not maintain any further accounts or credit cards.
19. The Proposed Monitor anticipates that the Applicants will continue to utilize their current bank accounts in the normal course during the CCAA Proceedings.

THE APPLICANTS' CASH FLOW FORECAST

20. The Applicants have prepared the Cash Flow Forecast, with the assistance of the CRO and Proposed Monitor, and it is attached hereto as Appendix "B" along with certain of the documents required by section 10(2)(b) of the CCAA. The Cash Flow Forecast is presented weekly and projects the Applicants' cash flows for the 12-week period to March 30, 2025. A summary of the Cash Flow Forecast is included in the table below:

Caryi Group 12 Week Cash Flow Forecast (CAD) For the period Jan 6, 2025 to March 30, 2025	
	Total
RECEIPTS	
Collection of Rent	189,212
Halifax Club Revenue	61,500
DIP Financing	650,000
Total Receipts	900,712
DISBURSEMENTS	
Utilities	(128,827)
Insurance	(25,447)
Operations	(17,451)
Capex	(67,850)
Property Management	(24,000)
Halifax Club Expenses	(136,238)
Professional Fees	(316,925)
Property Tax	-
Corporate	(200,000)
Interest	(24,500)
HST Refund (Due)	(3,144)
Total Disbursements	(944,381)
Net Inflow/ (Outflow)	(43,670)
Opening Balance	231,068
Cash Flow	(43,670)
Closing Balance	187,399

21. 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.”
22. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 9, the Proposed Monitor hereby reports as follows:
 - a. the Cash Flow Forecast has been prepared by Management of the Applicants for the purpose of forecasting their liquidity through the forecast period using the probable assumptions and the hypothetical assumptions set out in the notes thereto;
 - b. the Proposed Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management and the CRO of the Applicants. Since hypothetical assumptions need not be supported,

the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor has also reviewed the support provided by Management 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 Proposed 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 Pre-Filing Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Applicants 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;

d. since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report, or relied upon by the Proposed Monitor in preparing this Pre-Filing Report; and

e. the Cash Flow Forecast has been prepared solely for the purpose described in Note 1 on the face of the Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

23. As set out in the Cash Flow Forecast, the Applicants project that they will have sufficient liquidity to fund their operations during the Stay Period provided that the requested portion of the DIP Facility is approved, until such time as they schedule a hearing (the "**Comeback Hearing**") to seek approval of a larger debtor-in-possession credit facility that is currently being negotiated.

24. Prior to the Comeback Hearing the Applicants are forecasting only those disbursements that are necessary in the circumstances to fund normal course operations. The Applicants are not forecasting any cash receipts out of the ordinary course.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

25. The Proposed Initial Order provides for the appointment Resolve as CRO to oversee the interim businesses of the Applicants, to assist with stakeholder communication as well as the implementation of the proposed SISP. The Proposed Initial Order authorizes and empowers the CRO to exercise the duties, services and powers set out in the engagement letter between the Debtors and Resolve dated January 5, 2024 (the "**CRO Engagement Letter**").
26. The principle of Resolve is Mr. David Boyd. In the view of the Proposed Monitor, Mr. Boyd has the necessary background and qualifications to act as CRO of the Debtors. Prior to founding Resolve, Mr. Boyd spent approximately 28 years with a national restructuring firm, has previous experience in restructuring mandates under the CCAA, and has acted as CRO in the CCAA proceedings of the South Shore Seafoods Group and the Saltwire Network/Chronicle Herald. Mr. Boyd is a Fellow Chartered Professional Accountant, a Fellow Chartered Accountant, a Chartered Insolvency and Restructuring Professional, a Licensed Insolvency Trustee and a member of the Insolvency Institute of Canada.
27. The Proposed Monitor is aware of Mr. Boyd's qualifications, and the terms of his engagement provided for in the CRO Engagement Letter. The Proposed Monitor is of the view that the appointment of a CRO is necessary and just in the circumstances to ensure an orderly restructuring under these CCAA Proceedings. The Proposed Monitor is of the opinion that Mr. Boyd is well suited for the role based on his past qualifications.
28. The Proposed Monitor has reviewed the terms of the CRO Engagement Letter, which is attached as Appendix "**C**" and is of the view that, in the circumstances and having regard for CRO appointments in other CCAA Proceedings, they appear reasonable.
29. The Proposed Monitor supports the appointment of the CRO as contained within the Proposed Initial Orders.

SALE AND INVESTMENT SOLICITATION PROCESS

30. Given the nature of the Applicants' property (i.e. real estate development projects in various stages of completion) it will take some time for the Proposed Monitor and the CRO to develop the optimal process to realize upon the Applicants' assets for the benefit of all stakeholders.
31. For this reason, the Proposed Monitor has been advised that the Applicants will likely seek Court approval of a SISP to be developed in the next 45 to 60 days. This time will be used as a consultation period for Management, the CRO and the Proposed Monitor to determine the best path forward to realize upon the Applicants' assets as part of a Court-supervised process.

PROPOSED COURT ORDERED CHARGES

32. The Proposed Initial Orders provides for three Court Ordered Charges on the current and future assets, undertakings and properties of the Applicants, wherever located, including all proceeds thereof that rank in the following order (each as defined below):
 - a. first, the Administration Charge;
 - b. the DIP Charge; and
 - c. second, the Directors' Charge.
33. Based on the Proposed Initial Orders, each of the Court Ordered Charges shall constitute a charge on all property of the Applicants and the Court Ordered Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise in favour of any person, other than any existing secured creditors who have not been served with this CCAA application prior to this hearing. Each of the Court Ordered Charges are discussed in more detail below.

The Proposed Administration Charge

34. The Applicants are currently seeking the Court's approval of the proposed Administration Charge for the benefit of the Professionals Group. The proposed Administration Charge, in the amount of \$300,000, represents security for the Professionals Group's fees and disbursements incurred both before (in respect of preparing for this filing) and after the commencement of these CCAA Proceedings.
35. The proposed amount of the Administration Charge is \$300,000 in the Proposed Initial Order,

which represents the estimated billings of the Professionals Group through to the Comeback Hearing (as defined below). The Proposed Monitor has reviewed and considered the underlying assumptions that the Applicants have based the quantum of the proposed Administration Charge, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed scope and quantum of the Administration Charge is appropriate and reasonable in the circumstances.

36. Accordingly, the Proposed Monitor respectfully recommends that the Applicants' request for the Administration Charge be granted by the Court.

The Proposed D&O Charge

37. The Proposed Initial Order provides a D&O Charge in the amount of \$100,000 ranking second in priority behind the Administration Charge and any charge related to the DIP Facility.
38. The beneficiaries of the D&O Charge, if granted, would be the D&Os (of whom there are 2). It is the Proposed Monitor's view that the continued support and service of the existing D&Os during the CCAA Proceedings is critical to the Applicants' efforts to preserve and maximize value for stakeholders.
39. The quantum of the proposed D&O Charge is based on estimated amounts for which directors could potentially have statutory personal liability that could accrue in the ordinary course during the CCAA Proceedings and include items such as payroll, vacation pay and HST amounts owing to Canada Revenue Agency.
40. The D&Os do not have the benefit of D&O insurance. As such, the Proposed Monitor is of the view that providing the D&O Charge for the benefit of the D&Os will provide them the necessary comfort to continue to provide services to the Applicants during these CCAA Proceedings. The Proposed Monitor views the quantum and scope of the D&O Charge as appropriate and reasonable in the circumstances.
41. For the reasons set out above, the Proposed Monitor is supportive of the establishment of the D&O Charge and recommends that the Court grant the Applicants' requested relief in this regard.

THE PROPOSED DIP FACILITY

42. As detailed in the Cash Flow Forecast, the Applicants require additional liquidity to undertake the SISP for the purpose of realizing on their assets. The Applicants currently have minimal liquidity and have been deferring certain payments prior to commencing these CCAA Proceedings. Access to additional liquidity is especially important should any unforecast expenses arise.
43. The Applicants, with the assistance of the CRO, have arranged the DIP Facility to allow them to fund the CCAA Proceedings. The significant terms of the proposed DIP Facility, which is subject to Court approval and finalization between the parties, are set out in the table below. The DIP Facility has not been executed between the parties, but the Proposed Monitor has been advised that the terms of the DIP Facility are substantially similar with those set out below.

Item	Details
Lender	<ul style="list-style-type: none"> Private lender to be disclosed
Borrowers	<ul style="list-style-type: none"> The Applicants set out in Appendix "A"
Amount	<ul style="list-style-type: none"> Initial request of \$250,000 rising to \$1.5 million after additional Court approval to be subsequently drawn in \$100,000 increments
Repayment	<ul style="list-style-type: none"> The DIP Facility is a non-revolving, multiple draw credit facility If a payment is made such amount may not be re-borrowed and the DIP Facility is reduced by the amount of any payment
Security and priority	<ul style="list-style-type: none"> Senior secured facility in priority to all claims with the exception of the Administration Charge Shall be in priority to all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any nature
Purpose	<ul style="list-style-type: none"> Use consistent with the Cash Flow Forecast May be used to pay the reasonable fees of the CRO, the Monitor and the general corporate and working capital purposes of the Applicants
Advance conditions	<ul style="list-style-type: none"> Delivery of an advance request to the DIP Lender The Court shall have approved the DIP Term Sheet and the DIP Facility Commitment fee of \$15,000 is paid
DIP Lender rights	<ul style="list-style-type: none"> All draft orders of the Court shall be acceptable to the DIP Lender The CRO shall have been appointed by the Court The DIP Lender is provided access to information it requests No events of default shall have occurred
Representations and warranties	<ul style="list-style-type: none"> Limited, but shall be true and correct in all material respects Representations are standard for credit facilities of this type
Costs and expenses	<ul style="list-style-type: none"> The Applicants shall pay the costs and expenses of the DIP Lender
Repayment	<ul style="list-style-type: none"> Shall be payable in full (including interest and fees) upon the earlier of (the "Maturity Date"): <ul style="list-style-type: none"> The date by which the DIP Lender demands repayment after an event of default; The date on which these CCAA Proceedings are terminated; The date on which the stay is lifted within the CCAA Proceedings; The date on which the collateral has been sold; and Six months after the granting of an amended Proposed Initial Order

	<ul style="list-style-type: none"> • The Maturity Date may be extended upon written agreement of the parties
Interest rate	<ul style="list-style-type: none"> • 12%, calculated on a daily basis and payable monthly in arrears
Events of default	<ul style="list-style-type: none"> • The following are “Events of Default” under the DIP Facility: <ul style="list-style-type: none"> ○ If the Applicants fail to pay the DIP Lender any amounts when due; ○ The Applicants seek any Court order to which the DIP Lender does not support; ○ There are unremedied breaches of affirmative or negative covenants that are not cured within three days; ○ If the DIP Lender reasonably determines that there has been a material adverse change; ○ If the initial order, as amended, obtained in the CCAA Proceeding is varied without the consent of the DIP Lender; ○ If the order approving the DIP Facility is challenged and such challenge is not dismissed by the Court within 15 days; ○ If there is no prospect of repayment as determined by the DIP Lender, acting in a commercially reasonable basis; ○ The CCAA Proceeding is converted into bankruptcy or receivership proceedings or if the stay is lifted; and ○ Any collateral is sold without the DIP Lender’s consent.

44. The Proposed Monitor has the following comments in respect of the proposed DIP Facility:
- without the proposed DIP Facility, the Applicants lack the liquidity necessary to commence and administer these CCAA Proceedings. As such, it is critical to the Applicants’ efforts to realize upon their assets;
 - the Proposed DIP Lender’s rights are consistent with other debtor-in-possession financing arrangements;
 - the interest rate contained in the DIP Term Sheet is within market rates for other debtor-in-possession financing arrangements;
 - advance conditions are consistent with similar credit facilities; and
 - the Events of Default are reasonable in the circumstances.
45. The Applicants are projecting that approximately \$1,500,000 of post-filing financing will be required but they are only seeking authorization to borrow \$250,000 at this time. The Proposed Monitor understands that this larger amount will be sought by the Applicants at a later date.
46. The Proposed Monitor also notes that the need for DIP financing has been widely canvassed with the Applicants’ senior lenders since at least December 12, 2024. The Proposed Monitor is not aware of any party objecting to the Applicants entering into the DIP Term Sheet with the DIP Lender.

47. Based on the foregoing, the Proposed Monitor recommends that the Court authorize the DIP Facility in the amount of \$250,000.

CONCLUSION

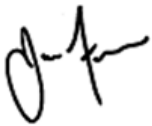
48. The Proposed Monitor has reviewed the Applicants' materials and has consented to act as Monitor of the Applicants in these CCAA Proceedings should this Court grant the Proposed Initial Orders.
49. For the reasons contained herein, the Proposed Monitor believes it is appropriate for the Debtors to be granted protection under the CCAA and respectfully requests the Court grant the relief sought under the Proposed Initial Order.

All of which is respectfully submitted this 10th day of January, 2025.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Proposed Monitor of the Applicants set out in Appendix "A", and not in its personal or corporate capacity

Per:



James Foran, CPA, CA, CIRP, LIT
Senior Vice-President



Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix "A"
List of Applicants

Annapolis Management Inc.
BSL Holdings Inc.
Comvest Commercial Real Estate Inc.
Ruby LLP
3337151 Nova Scotia Limited
4551650 Nova Scotia Limited

Appendix "B"
Cash Flow Forecast

Caryi Group 12 Week Cash Flow Forecast (CAD) For the period Jan 6, 2025 to March 30, 2025													
Week beginning	6-Jan-25	13-Jan-25	20-Jan-25	27-Jan-25	3-Feb-25	10-Feb-25	17-Feb-25	24-Feb-25	3-Mar-25	10-Mar-25	17-Mar-25	24-Mar-25	Total
Week ending	12-Jan-25	19-Jan-25	26-Jan-25	2-Feb-25	9-Feb-25	16-Feb-25	23-Feb-25	2-Mar-25	9-Mar-25	16-Mar-25	23-Mar-25	30-Mar-25	
Week #	1	2	3	4	5	6	7	8	9	10	11	12	
RECEIPTS													
Collection of Rent	-	-	-	95,158	-	-	-	94,054	-	-	-	-	189,212
Halifax Club Revenue	4,000	7,500	2,000	10,250	4,750	4,750	4,750	9,100	3,600	3,600	3,600	3,600	61,500
DIP Financing	-	250,000	150,000	150,000	-	-	-	100,000	-	-	-	-	650,000
Total Receipts	4,000	257,500	152,000	255,408	4,750	4,750	4,750	203,154	3,600	3,600	3,600	3,600	900,712
DISBURSEMENTS													
Utilities	(1,200)	(36,876)	(1,200)	(39,037)	(1,200)	(1,200)	(1,200)	(42,113)	(1,200)	(1,200)	(1,200)	(1,200)	(128,827)
Insurance	-	(3,187)	-	(11,130)	-	-	-	(11,130)	-	-	-	-	(25,447)
Operations	(803)	(3,854)	(1,403)	(4,277)	(726)	(726)	(726)	(2,229)	(678)	(678)	(678)	(678)	(17,451)
Capex	-	(60,500)	(2,450)	-	-	-	(2,450)	-	-	-	(2,450)	-	(67,850)
Property Management	-	(4,000)	-	(4,000)	-	(4,000)	-	(4,000)	-	(4,000)	-	(4,000)	(24,000)
Halifax Club Expenses	(29,891)	(15,866)	(1,080)	(27,413)	(1,455)	(14,255)	(1,455)	(25,605)	(1,205)	(3,355)	(13,455)	(1,205)	(136,238)
Professional Fees	(31,097)	(54,503)	(54,503)	(29,561)	(19,561)	(19,561)	(19,561)	(25,716)	(15,716)	(15,716)	(15,716)	(15,716)	(316,925)
Property Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate	-	(5,000)	(140,000)	(10,000)	(5,000)	-	(10,000)	(5,000)	(5,000)	(5,000)	-	(15,000)	(200,000)
Interest	-	(15,000)	-	(4,000)	-	-	-	(5,500)	-	-	-	-	(24,500)
HST Refund (Due)	-	-	-	5,180	-	-	-	(8,323)	-	-	-	-	(3,144)
Total Disbursements	(62,990)	(198,786)	(200,635)	(124,238)	(27,941)	(39,741)	(35,391)	(129,616)	(23,798)	(29,948)	(33,498)	(37,798)	(944,381)
Net Inflow/ (Outflow)	(58,990)	58,714	(48,635)	131,169	(23,191)	(34,991)	(30,641)	73,538	(20,198)	(26,348)	(29,898)	(34,198)	(43,670)
Opening Balance	231,068	172,078	230,791	182,156	313,325	290,134	255,143	224,502	298,040	277,842	251,494	221,596	231,068
Cash Flow	(58,990)	58,714	(48,635)	131,169	(23,191)	(34,991)	(30,641)	73,538	(20,198)	(26,348)	(29,898)	(34,198)	(43,670)
Closing Balance	172,078	230,791	182,156	313,325	290,134	255,143	224,502	298,040	277,842	251,494	221,596	187,399	187,399

Dated at Halifax, Nova Scotia this 10th day of January, 2025

As prepared by the Applicants detailed in Appendix “A”

On Behalf of the Cary Group of Companies:

Joanne Caryi

Signed (Ms. Joanne Caryi)

Caryi Group of Companies
Notes to Cash Flow Forecast
12 Weeks Ended March 30, 2025

The cash flow forecast ("CF") for the period January 6, 2025 to March 30, 2025 (the "**Cash Flow Period**") was prepared by the Applicants detailed in Appendix "A" (the "**Caryi Group**") with the assistance of Deloitte Restructuring Inc. ("**Deloitte**"). Deloitte relied on the Caryi Group's internal books and records, discussions with management of the Caryi Group ("**Management**") and forecast realizations during the Cash Flow Period to assist in the preparation of the CF. Deloitte notes that while the CF was prepared on a consolidated basis, each property owned by the Caryi Group has forecast its own cash flows.

Deloitte has not audited or otherwise attempted to verify the accuracy or completeness of the financial information in the CF in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the *CPA Canada Handbook* and, accordingly, Deloitte expresses no opinion or other form of assurance in respect of the financial information contained in the CF.

Some of the information referred to in the CF and these notes consists of financial forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *CPA Canada Handbook*, has not been performed.

Future oriented financial information referred to in the accompanying CF was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.

The information and assumptions contained in the CF and these notes is not intended to be relied upon by any prospective purchaser or investor in any transactions with the Caryi Group. All amounts referenced herein are in Canadian dollars unless otherwise noted.

RECEIPTS

Collection of Rent - \$189,212

This line item includes rental receipts from the Caryi Group's residential and commercial tenants that is forecast to be collected in the first week of each month. Management has made estimates regarding tenants whose leases expire during the Cash Flow Period.

Halifax Club Revenue - \$61,500

The Applicants operate the Halifax Club, which is a private member club in downtown Halifax. The Halifax Club operates a cigar lounge and hosts events. This amount includes revenue and rental charges for the tenants at this location.

DIP Financing - \$650,000

The CF assumes that the debtor-in-possession financing facility (the "**DIP**") will be approved by the Court and drawn in accordance with the latest version of the DIP term sheet.

Disbursements

Utilities - \$128,827

This amount represents utility costs at each of the Applicants' properties.

Insurance - \$25,447

The Applicants pay their insurance payments on a monthly basis.

Operations - \$17,451

These costs include payments for such items as maintenance and snow removal at each of the Applicants' properties. They are assumed to be paid over the course of each month.

Capex - \$67,850

The Applicants have a number of ongoing capital projects that require capital work. This includes amounts for sprinklers, furnace, wheelchair elevator, façade repair and related scaffolding.

Property Management - \$24,000

These costs represent those amounts assumed to be paid to contractors to manage the Applicants' properties in the Halifax area.

Halifax Club Expenses - \$136,238

These amounts represent operational costs incurred by the Halifax Club. These include, but are not limited to, equipment rental, staff costs, utilities and other miscellaneous supplies.

Professional Fees - \$316,925

Amounts assumed in this line item include professional costs for the Applicants' counsel, the CRO, the Monitor and its counsel.

Corporate Costs - \$200,000

These amounts represent costs that are not attributable to specific properties and to certain contractors currently performing work on the Applicants' properties.

Interest - \$24,500

Represents interest costs on the Applicants' DIP facility at a rate of 12%.

HST Refund/(Due) - \$(3,144)

Represents the net receivable/payable based on the Applicants' activities. Amounts are assumed to be paid/received at the end of the month following the relevant transactions.

Appendix "C"
CRO Engagement Letter

Resolve Advisory Services

January 5, 2025

Email: jocaryi5@gmail.com

Strictly Private & Confidential

Attention: Ms. Joanne Caryi
General Manager
Caryi Group of Companies
% Boyne Clarke LLP
99 Wyse Road
Dartmouth, NS
B3A 4S5

Dear Ms. Caryi:

Subject: Caryi Group of Companies- Chief Restructuring Officer

Introduction

This letter confirms that David Boyd, as a representative of Resolve Advisory Services Ltd. would retained as Chief Restructuring Officer ("CRO") under a proposed Companies Creditors Arrangement Act ("CCAA") filing for the Caryi Group of Companies ("Caryi" or the "Companies").

These Companies include Annapolis Management Inc., Ruby LLP, BSL Holdings Ltd., Comvest Commercial Real Estate Inc., 33371751 Nova Scotia Limited and 4551650 Nova Scotia Limited

This letter outlines the basis on which we are retained, services to be provided and the fees to be paid in respect of those services.

Scope of Services

Based on the information provided, we understand that the Caryi Group will be making an Application under the CCAA.

The Companies were mainly in the redevelopment of Heritage related properties in Halifax NS. Mr. Steve Caryi, the principal of the Company, passed away in December 2023. Ms. Joanne Caryi, sister of Mr. Steve Caryi and Mrs. Laurie Caryi, assumed day to day management responsibilities and sought a sale of some or all of the properties.

The Companies have about \$47.0 million in total debts amongst eight ("8") different lenders.

Based on discussions with the Caryi's, given the current liquidity issues with the Companies and the sale process to date, the decision has been made for the Companies to file under the CCAA. The Companies, its advisors and legal counsel, met with the key lenders and informed them of the pending Application.

Based on feedback received we understand the Companies and Lender Group concur that a CCAA Application is appropriate to allow for a formal restructuring and sales process.

Proposed Scope of Services

Based on our understanding the proposed scope of services we are prepared to act as the CRO, under a CCAA Application, would be:

1. To assist the Companies in the completion of the CCAA Application documents, inclusive of meetings with the proposed Monitor, Companies management and representatives of the Court Appointed Monitor or any other Court Appointed Officers.
2. To directly address operational decisions for the Companies to ensure alignment with the Cash Flow projections and the restructuring plan as agreed to by the Stakeholders and/or the Court.
3. To attend Court and address matters raised by the stakeholders or the Court for the proposed CCAA Orders.
4. To provide comments/ context in the Monitors report to be filed with the Courts.
5. To review the Cash Flow(s) provided to the Stakeholders as part of the CCAA process, implement reporting processes for reporting on the Cash Flows and provide comments to the Monitor on adherence or variations.
6. Communications with the Monitor on the Sale(s) Process Documents and terms thereof.
7. Assist the Monitor in the Sale(s) Process for Information requirements/ site visits/ liaison with prospective purchasers.
8. To assist and address with the Companies, and relevant tax advisors, on matters related to Canada Revenue Agency ("CRA") and US Tax Authorities.
9. Any other matters that may arise in the above scope of services or directly requested by the Monitor or Stakeholder, upon approval by the Monitor.

The foregoing services are subject to modification by agreement or pursuant to Court Order.

Client Responsibilities

The Companies, Executors of the Estate of Steve Caryi, and Management shall provide complete cooperation and accurate information, including that specifically referenced in the above scope of work.

Reporting

The CRO shall address matters promptly when they arise. The CRO shall have regular communication with the Monitor, attend Court Hearings and Conference calls, whether Teams or telephone, with the stakeholders to address issues as they arise. The CRO would not prepare reports, except if requested by the Monitor or the Court to facilitate the CCAA process.

Fees

Our fees, based on our understanding of the current scope of work, are defined below

Hourly Rate:

The hourly rate shall be \$400.00, exclusive of out of pocket disbursements, and applicable HST. Based on the current scope of work, our estimated fee range, on the hourly rate basis, would be \$125,000 to \$150,000, plus applicable disbursements and HST.

Transaction Fee:

A success fee of \$100,000 plus HST (the "Success Fee" and together with the "CRO Fees"), which payment shall be triggered on the occurrence of a sale, transfer, or assumption, of all or substantially all of the Caryi Group assets to any person, group of persons, partnership, corporation or other entity.

Where the CRO requires legal counsel to address matters, the CRO shall notify the Monitor of such a requirement and confirm the retention of legal counsel. This would be outside of the fee schedule noted above, would be disclosed to the Court, and reflected on revised Cash Flows of the Companies.

If in the view of the CRO there is a material adjustment in the scope of work the CRO reserves

the right to notify the Companies and the Monitor of a change in the scope of work and fee scope.

Where the CRO, through discussions with the Companies and the Monitor, is of the opinion that the Companies require senior financial resources to aid in the CCAA process, and the Monitor is in agreement, Resolve shall bill separately for this service.

Standard Terms & Conditions

Outlined below are our Standard Terms & Conditions applicable to this Engagement Letter:

i) Limitation of Liability

Except to the extent finally determined to have resulted from our fraud, gross negligence or intentional misconduct, our aggregate liability for all claims, losses, liabilities or damages in connection with this agreement or the services, whether as a result of breach of contract, tort or otherwise, regardless of the theory of liability asserted, is limited to no more than the total amount of fees paid to us for the particular service giving rise to the liability under this agreement, and we shall only be liable for our proportionate share of any loss or damage, based on our contribution relative to others' contributions. In addition, we will not be liable in any event for lost profits, consequential, indirect, punitive, exemplary or special damages. Also, we shall have no liability arising from or relating to any third party hardware, software, information or materials selected or supplied by you. In no event shall we be liable to you or any third party for any claim, liability, loss, damage, cost or expense attributable to any act, omission or misrepresentation by you, your affiliates or your respective personnel;

ii) Restriction on claims

You agree that claims or actions relating to the services, deliverables and this agreement shall be brought against us alone, and not against any individual;

iii) Services and Deliverables

We are providing the services and/or deliverables solely for your use and benefit for the purpose set out in this agreement or relevant deliverable. Unless otherwise provided in this agreement or as required by law, you shall not disclose a deliverable or its contents to anyone else or make benefit of the services available to anyone else or authorize any other party to rely upon a deliverable or our services;

iv) Subcontractors and service providers

We may use service providers and subcontractors to provide the services and support service delivery.

v) Confidential information

Confidential Information means information or documents we receive or produce and which are marked confidential or are manifestly confidential, but does not include information which: a) is or becomes generally available to the public other than as a result of a breach of an obligation under this clause; b) is known to the receiving party prior to disclosure hereunder; or c) is received from a third party who owes no obligation or confidence in respect of the information. The parties subject to this engagement letter will use the others' confidential information only in relation to the services or for internal and administrative purpose, and the receiving party will not disclose confidential information except where required by law, professional obligation or as otherwise outlined in the engagement letter. You agree that we may give confidential information to third party service providers or subcontractors as long as they are bound by

reasonable confidentiality obligations; and

vi) Termination

Either party may terminate this agreement, for any reason, upon written notice of 30 days to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all services we perform and deliverables we provide up to the date of termination, including services performed, work-in-progress and expenses incurred.

Acknowledgement and Acceptance

We are pleased to have the opportunity to provide our Services to the Companies and appreciate your confidence in us.

If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please sign this letter in the space provided below and return it to us.

Yours very truly,

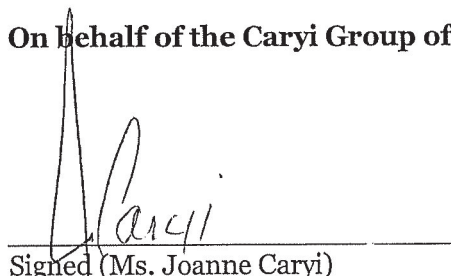


David A. Boyd, FCPA, FCA, CIRP, LIT
Resolve Advisory Services Ltd.
David.boyd@resolveadvisory.ca
(902) 448-6725

Confirmation of Terms of Engagement

Having read the above letter of engagement from Resolve Advisory Services Ltd. dated January 5, 2025, we agree to engage David Boyd of Resolve Advisory Services Ltd. upon the terms set out therein.

On behalf of the Caryi Group of Companies



Signed (Ms. Joanne Caryi)

APPENDIX B: JANUARY 20 LETTER

DELIVERY VIA:

Fax: 902.424.0524

FILE REFERENCE:

179571

Joshua J. Santimaw

Direct Dial: (902) 460-3451

Facsimile: (902) 463-7500

E-mail: jsantimaw@boyneclarke.ca

Halifax Regional
Municipality

99 Wyse Road, Suite 600
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A Worldwide Network
of Quality Law Firms

January 20, 2025

The Honourable Justice John A. Keith
Supreme Court of Nova Scotia
The Law Courts
1815 Upper Water Street
Halifax, NS
B3J 1S7

My Lord:

**Re: Annapolis Management, Inc., Ruby, LLP, BSL Holdings Limited, 3337151
Nova Scotia Limited and 4551650 Nova Scotia Limited
Hfx No. 539619 (discontinued)**

We act for the above-referenced parties which filed an application for protection under the *Companies' Creditors Arrangements Act*.

The application was returnable on January 14, 2025. The application has been discontinued.

On that return date, Darren O'Keefe, counsel for 4518276 Nova Scotia Limited, now known as Douro Capital Investments Inc. ("**Douro**") and 3046475 Nova Scotia Limited advised the Court that they would refile their interim receivership application on even date. I understand now it is a different application that is contemplated per his letter to your Lordship dated January 20, 2025.

On Saturday, January 11, 2025, at 6:35 pm Douro issued via email its demand letter and notices pursuant to section 244 of the Bankruptcy and Insolvency Act ("**BIA**"). Annapolis Management, Inc. and Ruby, LLP acknowledged receipt on Sunday, January 12, 2025, at 5:00 pm. The notice may expire on January 21, 2025.

On Wednesday, January 15, 2025, at 10:49 am, Alexis Couture, as counsel for Assumption Life issued via email its demand letters and notices pursuant to section 244 of the BIA to Annapolis Management, Inc. and BSL Holdings Limited. The notice may expire on January 25, 2025.

On Wednesday, January 15, 2025, at 1:14 pm, Marc Dunning, P. Eng., as counsel for League Savings and Mortgage and Atlantic Central, issued via email its demand letters and notices pursuant to section 244 of the BIA to Annapolis Management, Inc., Ruby,

LLP, BSL Holdings Limited and 3337151 Nova Scotia Limited. The notice may expire on January 25, 2025.

On Friday, January 17, 2025, at 2:11 pm, Mr. Dunning, as counsel for Graysbrook Capital Ltd., issued via email its demand letters and notices pursuant to section 244 of the BIA to Annapolis Management, Inc., Ruby, LLP, BSL Holdings Limited. The notice may expire on January 27, 2025.

On January 17, 2025, at 4:30 pm, Josh Hancott, who is an associate with O’Keefe & Sullivan as counsel for 3046475 Nova Scotia Limited, issued via email its demand letter and notice pursuant to section 244 of the BIA. The notice may expire on January 27, 2025.

Neither CIBC nor Saltwire Inc. issued any demand letters.

Mr. Dunning, counsel for League Savings and Mortgage, Atlantic Central and Graysbrook Inc. advised this Court that it would file an application for receivership. The parties are unaware if the relief sought is for a receivership or interim receivership.

Mr. Couture is counsel for Assumption Life and was not present on the return date.

On January 20, 2025, the parties herein filed with the Office of the Superintendent of Bankruptcy (“**OSB**”) a notice of intention to make a proposal (“**NOI**”) under section 50.4(1) of the BIA.

The OSB has returned as filed the NOI with respect to 4551650 Nova Scotia Limited. There is a statutory stay in place regarding that entity pursuant to section 69.1 of the BIA.

This is the statutory right of the parties pursuant to the BIA since none of the notices under section 244 have expired and the parties did not waive the 10-day notice period.

Once the parties receive the filed NOIs from the OSB, it will circulate them to the service list. A statutory stay will then exist for Annapolis, Management Inc., Ruby, LLP, BSL Holdings Limited and 3317151 Nova Scotia Limited pursuant to section 69.1 of the BIA.

As indicated on January 14, 2025, the parties did not intend to appear on January 24, 2025, and any relief sought by Mr. O’Keefe on behalf of his clients as indicated in his letter to Your Lordship dated January 20, 2025, can be determined by the Registrar in Bankruptcy at the comeback hearing.

In any event, the parties cannot respond to a new application with different relief prior to the return date.

All of which is respectfully submitted

BOYNECLARKE LLP



Joshua J. Santimaw
c. Service List

APPENDIX C: NOI CERTIFICATES OF FILING



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Nova Scotia
Division No. 01 - Halifax
Court No. 46008
Estate No. 51-3176190

In the Matter of the Notice of Intention to make a proposal of:

Annapolis Management Inc.

Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION DELOITTE

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 20, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 20, 2025, 15:45

E-File/Dépôt Electronique

Official Receiver

Canada

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Nova Scotia
Division No. 01 - Halifax
Court No. 46006
Estate No. 51-3176175

In the Matter of the Notice of Intention to make a proposal of:

BSL Holdings Limited

Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION DELOITTE

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 20, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 20, 2025, 15:32

E-File/Dépôt Electronique

Official Receiver

Canada

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Nova Scotia
Division No. 01 - Halifax
Court No. 46009
Estate No. 51-3176229

In the Matter of the Notice of Intention to make a proposal of:

Ruby LLP

Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION DELOITTE

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 20, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 20, 2025, 16:02

E-File/Dépôt Electronique

Official Receiver

Canada

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Nova Scotia
Division No. 01 - Halifax
Court No. 46007
Estate No. 51-3176186

In the Matter of the Notice of Intention to make a proposal of:

3337151 Nova Scotia Limited

Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION DELOITTE

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 20, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

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Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 20, 2025, 15:39

E-File/Dépôt Electronique

Official Receiver

Canada

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Nova Scotia
Division No. 01 - Halifax
Court No. 46005
Estate No. 51-3175914

In the Matter of the Notice of Intention to make a proposal of:

4551650 Nova Scotia Limited

Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION DELOITTE

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 20, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

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Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 20, 2025, 10:45

E-File/Dépôt Electronique

Official Receiver

Canada

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902