

Form 39.08

2025



Hfx. No. 539955

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:

**DOURO CAPITAL LIMITED, GRAYSBROOK 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 Charles Ackerman

I make oath and give evidence as follows:

1. I am the President and Director of Douro Capital Limited, formerly 4518276 Nova Scotia Limited ("DCL"), and as such I have personal knowledge of the evidence sworn to in this affidavit except where otherwise stated to be on information and belief.
2. 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.
3. This affidavit is delivered in support of an application brought by the Applicants for an appointment of a receiver pursuant to s.243 of the BIA and s. 43(9) of the *Judicature Act*.

I. OVERVIEW

4. DCL is a secured creditor of the CCAA Applicant 455 NSL by way of a mortgage (the "**Mortgage**") against title to the "**Sonic Building**" and a general assignment of rents and leases (the "**Assignment of Rents and Leases**"), which is one of three buildings upon which there is a proposed multi-residential real estate development construction project situate between Barrington and Hollis Street in Halifax, Nova Scotia (the "**Halifax Club Site**").
5. In addition to the Mortgage and Assignment of Rents and Leases, DCL holds the following security:
 - (a) A loan agreement dated 16 October 2023 (the "**Loan Agreement**");
 - (b) A term promissory note in the amount of \$1,800,000.00 dated 16 October 2023 (the "**Note**");
 - (c) A general security agreement dated 16 October 2023 executed by 455 NSL in favour of DCL (the "**DCL GSA**");
 - (d) A general security agreement dated 16 October 2023 executed by Annapolis in favour of DCL (the "**Annapolis GSA**");
 - (e) A general security agreement dated 16 October 2023 executed by Ruby in favour of DCL (the "**Ruby GSA**");
 - (f) An assignment of insurance dated 16 October 2023 executed by 455 NSL in favour of DCL (the "**Assignment of Insurance**");
 - (g) A guarantee of indebtedness from Stephen Caryi for the full balance of the outstanding Loan (the "**Caryi Guarantee**"); and
 - (h) Corporate guarantees from each of Ruby LLP (the "**Ruby Guarantee**") and Annapolis Management Inc. (the "**Annapolis Guarantee**") for the full balance of the outstanding Loan.

(The Loan Agreement, Mortgage, Assignment of Rents and Leases, DCL GSA, Annapolis GSA, Ruby GSA, Assignment of Insurance, the Caryi Guarantee, the Ruby Guarantee, and the Annapolis Guarantee are collectively referred to in this affidavit as the "**DCL Security**").
6. The documents comprising the DCL Security are attached hereto as **Exhibits "A" to "J"**.

7. Pursuant to the DCL Security, DCL has the contractual right to appoint a receiver over the assets and undertakings of 455 NSL in an event of default. As noted herein, 455 NSL, Caryi, Ruby, and Annapolis are currently in default of their obligations.
8. DCL opposes the CCAA Application and has the support of other secured creditors amongst the secured creditor group (the "**Lenders**") as described herein to advance a competing application to appoint an interim receiver pursuant to s.47(1) of the BIA.

II. BACKGROUND

9. DCL was incorporated in May 2023 under the Nova Scotia *Corporations Act*. Its registered address is 14 Hampton Court, Fall River, Nova Scotia B2T 1E7.
10. DCL operates across Canada and is a federally registered corporation, extra-provincially registered in Nova Scotia. Attached hereto as **Exhibit "K"** is a copy of the corporate profile for DCL as registered with the Nova Scotia Registry of Joint Stock Companies and Corporations Canada.
11. DCL is in the business of private real estate financing across Canada and provides loans to mid-market developers, most often in the nature of short-term bridge financing for construction projects that are predominantly residential.
12. My partner, Tim Gillis, and I each own 50% of DCL's shares and are jointly responsible for its management and day-to-day operations.
13. We are both Chartered Professional Accountants (CPA) by trade and have significant experience in real estate and private equity investment.

History of dealings with the Caryi Group

14. We were introduced to Steve Caryi through associates in the real estate financing industry. The Caryi Group owns various buildings in downtown Halifax and one in Charlottetown, Prince Edward Island. Most of the Caryi Group buildings are mid-construction although some are tenanted with residential and/or commercial tenants.
15. The Halifax Club is a historic building located in downtown Halifax and is operated by the Caryi Group as a private member social club.

16. In or about June 2023, Steve Caryi approached Tim and I to inquire about DCL financing his acquisition of the Sonic Building.
17. At the time, Steve Caryi already owned Granville Hall and the Halifax Club, two buildings adjacent to the Sonic Building, which he intended to redevelop the other two buildings into a multi-residential site.
18. DCL ultimately advanced a loan of \$1,800,000.00 for 455 NSL to acquire the Sonic Building in and around October 2023 (the "**DCL Loan**").
19. At the time the DCL Loan was advanced, DCL specifically negotiated with Steve Caryi that the borrower would have to be a single-purpose corporation insulated from the other entities in the Caryi Group, given our concerns about the seemingly complex corporate structure of the Caryi Group.
20. DCL required the Sonic Building to be acquired by a newly formed, standalone Nova Scotia corporation and not one integrated into the existing Caryi Group and exposed to the group's liabilities, primarily to ensure that there would be no issue enforcing against the collateral upon a default. In order to support the DCL Loan, we sought various personal and corporate guarantees which are described above.
21. The total amount outstanding to DCL is \$1,989,124.00, as reflected in the Statement of Funds dated 10 January 2025 attached hereto as **Exhibit "L"**.

DCL Loan is in Default

22. Steven Caryi, the principal of the Caryi Group, unexpectedly passed away in December 2023, less than 90 days after the DCL Loan was advanced.
23. When Mr. Caryi passed away, his family and close associates, acting for his estate and thus on behalf of the Caryi Group (the "**Estate**") advised me that their plan was to undertake an orderly liquidation of certain Caryi Group properties including the Halifax Club Site, which would see our loan paid out in full.
24. In early 2024, we were advised that the Caryi Group had engaged Cushman Wakefield, an international real estate brokerage, to assist with marketing certain properties, including the Halifax Club Site.

25. The Cushman Wakefield marketing materials prepared by Cushman Wakefield for the Halifax Club Site are attached hereto as Exhibit "M".
26. In the spring and summer of 2024, we had various discussions with the Estate's counsel, Marc Beaubien, at Cox & Palmer, and with Cushman Wakefield, during which we requested updates on the sale process.
27. Our objective throughout was to be amicable and patient given the situation with Mr. Caryi's passing given that the Estate's representatives were his widow and sister. We were not informed during this period of any significant progress or interest in purchasing the Halifax Club Site that had extended beyond due diligence.
28. At some point in 2024, we began to hear discussion amongst those in the Halifax real estate market that the lack of progress toward a sale was because the Estate had unrealistic price expectations.
29. This was confirmed by discussions with prospective buyers and real estate advisors, who indicated they found the Estate challenging to deal with on advancing sales prospects because of their unreasonable price expectations from legitimate potential purchasers interested in the Halifax Building Site.
30. The DCL Loan matured on October 16, 2024, and was not paid out as required pursuant to the Loan Agreement. Since that time the Caryi Group has ceased payments, causing further defaults under the DCL Security.
31. Leading up to the maturity date, we had continued corresponding with Mr. Beaubien, inquiring about having a conversation with the principals of the Estate, and inquiring about the Estate's intent with regard to the payout of the DCL Loan.
32. Discussions also took place between our counsel, Peter Zed at Cox & Palmer, and Mr. Beaubien, leading up to the loan maturity and subsequent thereto.
33. The Estate (via Mr. Beaubien) indicated that the Estate was continuing to work on things and trying to explore alternative options for a sale.

34. In an attempt to work with the Estate, we circulated a draft forbearance agreement in November 2024, which was never executed as the Estate did not ultimately agree to the terms.
35. Between November and December 2024, Steve Caryi's sister, Joanne Caryi, continued to give us the impression that the Estate was working toward a sale of the Halifax Club Site and other properties as an informal orderly liquidation.
36. We were aware that other lenders were also working cooperatively with the Caryi Group and Estate and had received similar messaging.
37. We were not alerted to any risk of an insolvency proceeding until after we had received communication indicating that Boyne Clarke LLP ("**Boyne Clarke**") and Deloitte were engaged by the Estate and Caryi Group on 04 December 2024, a copy of the correspondence from Josh Santimaw at Boyne Clarke is attached hereto as **Exhibit "N"**.
38. We were surprised to hear that the Estate and Caryi Group had retained restructuring professionals, as all indications prior had been that the Estate had been working on the liquidation of properties to pay out creditors.
39. It was not clear what the Estate and Caryi Group's restructuring plan was or could possibly be after the death of Steve Caryi, who to my knowledge had been solely responsible for managing the business prior to his death.
40. On 12 December 2024, I attended a virtual "Stakeholder Meeting" held by Boyne Clark as counsel for the Caryi Group.
41. Apart from DCL, I believe all other key secured lenders attended the virtual meeting: Graysbrook Capital, Assumption Life, Atlantic Credit Union League Savings and Mortgage and 3046475 Nova Scotia Limited, collectively holding mortgages of approximately \$45.7 million (96%) against the Caryi Group's real property.
42. During the Stakeholder Meeting, Deloitte and Boyne Clarke advised that they were interested in working with the Lenders.

43. Following that Stakeholder Meeting, we received correspondence from Boyne Clarke on 18 December 2024, indicating that the Caryi Group was proposing to file for CCAA protection and to run a Sales and Investment Solicitation Process ("**SISP**").
44. The purported need for a CCAA proceeding was puzzling to DCL given how recently we had been working toward a forbearance agreement and orderly plan to sell the properties, or at least the Halifax Club Site, and we had been told that other Lenders had similarly been cooperating with the Estate and Caryi Group and were also working toward an informal sale of the properties.
45. After the Stakeholder Meeting referred to above, I became aware through discussions with other secured creditors of the Caryi Group that the Lenders as a whole had concerns about the significant cost of the CCAA proceeding as they were projected in the December 2024 letter (which only projected costs for the first 90 days) and the lack of transparency and consultation by Deloitte and Boyne Clarke with the Lenders in developing the recommendation that the Caryi Group enter CCAA proceedings.
46. According to the Proposed Monitor's Pre-Filing Report, the Caryi Group currently has outstanding mortgages of approximately \$46.7 million secured primarily by real property in Atlantic Canada.
47. The loans secured against the Halifax Club Site amount to approximately \$10.9 million (approximately 25% of the total secured debt outstanding), owed to DCL the other lenders on the Halifax Club Site.
48. I received notice of the CCAA Application filing by email on 08 January 2025. Notwithstanding that the Caryi Group had the ears of the Lenders and their cooperation, the Applicants filed a precipitous CCAA Application.
49. The Estate and Caryi Group had been in discussions with DCL since before the maturity of the DCL Loan, and certainly DCL had offered forbearance and had not served demands or Notices of Intention to Enforce under Section 244 of the *Bankruptcy and Insolvency Act*, in a gesture of good faith and cooperation with the Estate and Caryi group.

50. Upon receipt of the CCAA Application, on January 11, 2025, DCL prepared and served Notices of Intention to Enforce under Section 244 of the *BIA*, copies of which are attached as **Exhibit "O"**.
51. The CCAA Application was set to be heard on January 14, 2025. I did not have confidence in the ability of the current management of the Caryi Group to carry out a debtor-driven CCAA restructuring process, so I instructed counsel to oppose the CCAA and bring a motion to appoint an interim receiver instead.
52. My concerns and my reasons for opposing the CCAA were expressed in my previous affidavit as follows:
- a. The Estate representatives, Mr. Caryi's widow, Laurie Caryi, and sister, Joanne Caryi, who are managing the Caryi Group, are unsophisticated and do not have relevant backgrounds or experience to run the affairs of the Caryi Group.
 - b. As far as I am aware, neither of these individuals had a role in the businesses when Mr. Caryi was alive.
 - c. Before we connected with them via the Estate's legal counsel in the fall of 2024, I had no prior dealings with either of them in the course of our dealings with the Caryi Group (which were singularly through Mr. Caryi).
 - d. I understand that Joanne Caryi has no construction development experience or direct familiarity with the Caryi Group operations and properties, and that Laurie Caryi may have had only superficial, indirect knowledge of the business through Mr. Caryi.
 - e. In addition, I have reviewed the cost projections associated with the CCAA Proceeding from the 18 December 2024 correspondence, the Proposed Monitor's Pre-Filing Report and the CCAA Application materials.
 - f. As noted above, Tim Gillis and I are both very experienced in this area and it is our opinion that the proposed costs are excessive for what amounts to a liquidation of real estate.
 - g. The professionals listed in the Pre-Filing Report include:

- Deloitte as proposed monitor;
 - Steward McKelvey as counsel to the proposed monitor;
 - a Chief Restructuring Officer earning a “success fee”; and
 - counsel to the Caryi Group.
- h. Based on rough calculations, it appears as though the cost of a CCAA proceeding vs. a receivership proceeding will be at least \$500,000.00 higher in a CCAA proceeding during the first 13 weeks. It is our expectation that this cost difference will track over the course of the proceeding such that for the full 40-week sale period the additional cost of a CCAA proceeding over a receivership proceeding will be a minimum of \$1,500,000.00.
- i. The assets of the Caryi Group are real estate, many of which are vacant and pre-development.
- j. The Caryi Group has no ability to support the cost of a CCAA proceeding without DIP financing, which is described in the Pre-Filing Report as being used mainly to pay professional fees and “capex”, which is not clearly defined in the Pre-Filing Report.
- k. Accordingly, it appears to me that the Caryi Group is borrowing at high rates of interest and seeking large court-ordered charges that prime existing secured creditors in order to conduct a liquidation, which is what DCL and other secured creditors can do themselves more cheaply and efficiently.
- l. Based on the materials submitted by the Caryi Group, including the draft Cashflow, it appears that the Caryi Group will not be able to service its debts during the proposed sale period, meaning the Lenders security position will continue to be eroded during the 40-week period.
- m. In addition, based on the Cashflow, it appears as though the Caryi Group intend on borrowing to advance this proceeding, and priming all assets of the Caryi Group under the terms of a proposed Debtor in Possession Loan (“**DIP Loan**”). The Term Sheet for this proposed DIP Loan has not been provided to the Lenders, despite our request that a copy be sent to us.

- n. It appears as though the Caryi Group are intending to prime all assets of the Estate, including our secured property, to pay outstanding claims against other properties in which we do not have an interest.
- o. Based on my experience, the lack of information from the Caryi Group, and discussion from prospective buyers over the past six months, I do not believe that significant equity exists in the real estate and potentially some secured creditors may suffer shortfalls upon liquidation of the real estate.
- p. The Caryi Group claim they have a "liquidity crisis" but I do not accept that as an adequate explanation of their current financial troubles. Even if the Caryi Group was totally liquid, it does not appear that they would have enough funds to subsidize property operations and repay all their secured debt.
- q. The Caryi Group has not provided any evidence of the value of their properties, including that no appraisals have been provided to demonstrate what their liquidity position would be following a sale of the properties.
- r. Furthermore, the Caryi Group has not provided us with any financial statements as required by the CCAA, so therefore we are unable to obtain a full picture of what their financial position is.
- s. The lack of appraisals and full transparency on the financial statements only adds to our serious concerns about the lack of transparency displayed by the current management of the Caryi Group.
- t. Accordingly, the Estate (in its capacity as direct and indirect shareholder of the Caryi Group) does not have any economic interest in the real property.
- u. As such it is unclear why it benefits any secured party to have the Estate control a restructuring process under the leadership of inexperienced individuals, with the assistance of a bloated professional team at such a significant financial detriment to the Lenders given the erosion to their security.
- v. It appears to me that the only persons who stand to benefit from a CCAA proceeding are those professionals who are earning fees in the proceeding. There

does not appear to be any benefit for the Estate, and it is clear there is no restructuring proposed here, just a straight liquidation.

- w. It is therefore my view that the granting of the relief sought by the CCAA Applicants would cause considerable unnecessary expense and inconvenience to DCL and the other secured creditors for no benefit.

- 53. Following our opposition, the CCAA Application was withdrawn on the evening of 13 January 2025 and we proceeded to court on the Interim Receivership Motion.

14 January 2025 Hearing

- 54. I attended at the hearing with DCL's counsel. We did not receive an order for Interim Receivership. It was my understanding that the parties agreed that DCL would withdraw that Motion and that the Applicants now listed as parties would bring this Receivership Application, to be heard on 24 January 2025.
- 55. Between the date of the hearing and 20 January 2025, our counsel and counsel for other creditors collaborated on preparing their s. 244(1) Notices and our Receivership Application and supporting materials.
- 56. I learned from my counsel on 20 January 2025 that 455 NSL had filed a Notice of Intention under s. 50.4 and that this was done just before our s. 244(1) Notices became effective. I also learned that there were numerous errors contained within the Form 78 and other aspects of the NOI. I learned on 21 January 2025 that the other members of the Caryi Group subject to this Application had also filed NOIs. The forms that we received from the OSB confirming this are attached as **Exhibits "P", "Q", "R", "S" and "T"**.
- 57. This action confirms my concerns about the Caryi Group's actions and intentions – being that they are not acting in good faith or with due diligence and for some inexplicable reason are attempting to obstruct this proceeding. It is my understanding that these concerns and beliefs are shared by the other Applicants.

Proposed Receivership

- 58. DCL and the other Applicants are seeking the appointment of a receiver and proposes that Grant Thornton Limited ("**GTL**") be appointed as receiver (the "**Proposed Receiver**") over

the assets of the Caryi Group pursuant to section 243(1) of the BIA. The Proposed Receiver's Pre-Filing and Supplemental Reports are attached as **Exhibits "U" and "V"**.

59. It is our opinion that the Proposed Receiver is qualified and capable of running a cost effective and efficient process which will maximize value for the Applicants and broader group of creditors and stakeholders, and that this is preferable to any alternative option, including administration within a bankruptcy.

III. CONCLUSION

60. I make this affidavit in support of DCL and the broader Applicant group's Receivership Application, and for no improper purpose.

Sworn to before me
on January 21 2025,
at Halifax, Nova Scotia



Signature of authority

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia



Signature of Witness
Print Name: Charles Ackerman

INDEX

ITEM	TAB
October 16, 2023 Loan Agreement	A
October 16, 2023 Collateral Mortgage	B
October 16, 2023 General Assignment of Rents and Leases	C
October 16, 2023 General Security Agreement between 4551650 Nova Scotia Limited (“Debtor”) and 4518276 Nova Scotia Limited (“Secured Party”)	D
October 16, 2023 General Security Agreement between Annapolis Management Inc. (“Annapolis”) and 4518276 Nova Scotia Limited (“Secured Party”)	E
October 16, 2023 General Security Agreement between Annapolis Management Inc., in its capacity as general partner of Ruby, LLP (“Annapolis”) and 4518276 Nova Scotia Limited (“Secured Party”)	F
October 16, 2023 Insurance Assignment, Warranty and Undertaking to 4518276 Nova Scotia Limited (the “Lender”) re. Loan from Lender to 4551650 Nova Scotia Limited	G
October 16, 2023 Guarantee between Steven Caryi (the “Guarantor”) and 4518276 Nova Scotia Limited (the “Lender”)	H
October 16, 2023 Guarantee between between Annapolis Management Inc., in its capacity as general partner of Ruby, LLP (the “Guarantor”) and 4518276 Nova Scotia Limited (the “Lender”)	I
October 16, 2023 Guarantee between between Annapolis Management Inc. (the “Guarantor”) and 4518276 Nova Scotia Limited (the “Lender”)	J
Federal Corporation Information – 15281253-4 – Douro Capital Limited	K
January 10, 2025 – Statement of Funds – Douro Capital Limited	L
Cushman Wakefield Atlantic - Development Opportunity – For Sale Halifax Club Suites, Halifax, Nova Scotia	M
December 17, 2024 Letter of Joshua Santimaw re. Proposed <i>Companies’ Creditors Arrangements Act</i> proceeding 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 collectively the “Caryi Group”) (the “CCAA Proceedings”)	N
January 11, 2025 Demand Letter from O’Keefe Sullivan	O

ITEM	TAB
Government of Canada Bankruptcy and Insolvency Records Search (BIA) search results for Ruby LLP	P
Government of Canada Bankruptcy and Insolvency Records Search (BIA) search results for BSL Holdings Limited	Q
Government of Canada Bankruptcy and Insolvency Records Search (BIA) search results for Annapolis Management Inc.	R
Government of Canada Bankruptcy and Insolvency Records Search (BIA) search results for 4551650 Nova Scotia Limited	S
Government of Canada Bankruptcy and Insolvency Records Search (BIA) search results for 3337151 Nova Scotia Limited	T
January 13, 2025 – Pre-Filing Report to the Court submitted by Grant Thornton Limited in its capacity as proposed Interim Receiver	U
January 20, 2025 – Supplemental Pre-Filing Report to the Court submitted by Grant Thornton Limited in its capacity as proposed Receiver	V

This is Exhibit A to the affidavit of
Charles McLean sworn before me on the
21 day of JANUARY 2025.
Anthony W. Scott

EXHIBIT "A"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

THIS LOAN AGREEMENT made the 16th day of October, 2023 (the "Effective Date").

BETWEEN:

4518276 NOVA SCOTIA LIMITED, a body corporate, incorporated under the laws of the Province of Nova Scotia

(the "Lender")

- and-

4551650 NOVA SCOTIA LIMITED, a body corporate, incorporated under the laws of the Province of Nova Scotia

(the "Borrower")

- and-

ANNAPOLIS MANAGEMENT, INC., in its capacity as general partner of **RUBY, LLP**, a limited liability partnership formed under the laws of the State of Florida

("Ruby")

- and-

ANNAPOLIS MANAGEMENT, INC., a body corporate, incorporated pursuant to the laws of the State of Florida

("Annapolis")

STEVE CARYI, an individual resident of Winter Park, Florida

("Steve")

- and-

(Ruby, Annapolis and Steve are, individually each a "Guarantor" and are, collectively, the "Guarantors")

WHEREAS the Borrower has requested, and the Lender has agreed to establish, the Term Loan (as defined herein) in favour of the Borrower on and subject to the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

DEFINITIONS

1. In this Agreement, the following words and phrases shall have the following meanings:
 - (a) **"Affiliate"** means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term **"control"** (including the terms **"controlled by"** and **"under common control with"**) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
 - (b) **"Assignment of Insurance"** means the assignment of insurance dated October 16, 2023 executed by Borrower in favour of the Lender
 - (c) **"Business Day"** means a day on which the major commercial banks in Halifax, Nova Scotia are ordinarily open for business but excludes Saturday, Sunday and any other day which is a statutory holiday in the Province of Nova Scotia.
 - (d) **"Change of Control"** means an event whereby any Person or group of Persons acting jointly or in concert (within the meaning of such phrase in the *Securities Act* (Nova Scotia)):
 - (i) shall beneficially own or control, directly or indirectly, Equity Interests in the capital of any Person which have or represent more than fifty percent (50%) of the votes that may be cast to elect the directors or other persons charged with the management and direction of any Person; or
 - (ii) succeed in having a sufficient number of nominees elected to the board of directors of any other Person that such nominees, when added to any existing director remaining on the board of directors of such other Person after such election who is also a nominee of such Person or group of Persons, will constitute a majority of the board of directors of such other Person.
 - (e) **"Closing Date"** means October 16, 2023 or such other date for the closing of the transactions contemplated by this Agreement as determined in accordance with the provisions hereof, or by mutual agreement of the parties.
 - (f) **"Collateral Mortgage"** means the first collateral mortgage dated October 16, 2023 from the Borrower in favour of the Lender with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236.
 - (g) **"Dollars" or "\$"** means the lawful currency of Canada.
 - (h) **"Equity Interests"** means any and all shares, interests, participations or other equivalents (however designated) of shares in a corporation or company, any and all equivalent ownership (or profit) interests in a Person (including partnership, membership or trust interests therein), securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person, and any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

- (i) "Event of Default" has the meaning set forth in Section 8.
- (j) "GARL" means the general assignment of rents and leases dated October 16, 2023 from the Borrower in favour of the Lender with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236
- (k) "General Security Agreements" means collectively:
 - (i) the general security agreement dated October 16, 2023 executed by the Borrower in favour of the Lender;
 - (ii) the general security agreement dated October 16, 2023 executed by Ruby in favour of the Lender; and
 - (iii) the general security agreement dated October 16, 2023 executed by Annapolis in favour of the Lender,and "General Security Agreement" means any one of them.
- (l) "Guarantees" means collectively:
 - (iv) the guarantee dated October 16, 2023 executed by Ruby in favour of the Lender whereby Ruby guarantees the obligations of the Borrower under this Agreement in accordance with the terms set out therein;
 - (v) the guarantee dated October 16, 2023 executed by Annapolis in favour of the Lender whereby Annapolis guarantees the obligations of the Borrower under this Agreement in accordance with the terms set out therein and
 - (vi) the guarantee dated October 16 2023 executed by Steve in favour of the Lender whereby Steve guarantees the obligations of the Borrower under this Agreement in accordance with the terms set out therein,and "Guarantee" means any one of them.
- (m) "Improvements" means, collectively, all buildings and all other erections, structures, plants, improvements, equipment, machinery, apparatus, fittings, fixtures and other installations or accessories now or hereafter incorporated in or erected on the Mortgaged Property, and including all replacements thereof, improvements and additions thereto from time to time (excluding the movable property related to the operation of any business carried out therein or thereon).
- (n) "Lien" means any mortgage, charge, lien, trust, encumbrance, priority claim, pledge, hypothec, assignment, security interest, title retention, deposit or any other security arrangement of whatsoever nature or kind.
- (o) "Loan Documents" means, collectively, this Agreement, the Security Agreements, and all other agreements, documents and instruments required or contemplated to be delivered under this Agreement, now or hereafter, by the Borrower, Guarantors, and other Persons to the Lender, and any other document which, pursuant to the provisions of this Agreement, is stated to be a Loan Document, and all amendments thereto which may arise from time to time.

- (p) **"Maturity Date"** means October 16, 2024.
- (q) **"Mortgaged Property"** means the real property set out in Schedule "A" attached hereto;
- (r) **"Notices"** has the meaning set forth in Section 1.6.
- (s) **"Obligors"** means collectively, the Borrower and the Guarantors and **"Obligor"** means any one of them.
- (t) **"Outstanding Obligations"** means, at the time of determination and without duplication, the aggregate of: (i) any outstanding principal amount of the Term Loan, (ii) all accrued and unpaid interest and fees as provided in this Agreement or any other Loan Document required to be paid by the Obligors to the Lender, (iii) any amount paid by the Lender to payout or take assignment of a prior ranking loan, (iv) all accrued and unpaid interest and fees as provided in this Agreement or any other Loan Document required to be paid by the Obligors to the Lender, (v) any and all other indebtedness, liabilities and obligations (including, without limitation, under any indemnities) and all other fees, charges and expenses required to be paid by the Obligors to the Lender under this Agreement or pursuant to any other Loan Document, including, without limitation the Term Note, and (vi) any and all expenses and charges, whether for legal expenses or otherwise, suffered or incurred by the Lender in collecting or enforcing any of such indebtedness, obligations and liabilities outlined in paragraphs (i) to (v) inclusive immediately above or in realizing on or protecting or preserving any security held therefor, including, without limitation, the Security Agreements.
- (u) **"Permitted Liens"** means the Liens set out in Schedule "B" attached hereto.
- (v) **"Person"** includes an individual, a corporation, a partnership, a joint venture, a trust, an unincorporated organization, a company, an association, any governmental authority and any other incorporated or unincorporated entity.
- (w) **"Property"** means the Mortgaged Property together with all Improvements.
- (x) **"Related Parties"** with respect to any Person, means such Person's Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates.
- (y) **"Security Agreements"** means, collectively, the following agreements, documents, and security instruments to be delivered by the Borrower or the Guarantors, as applicable, at or prior to the Time of Closing:
 - (i) Term Note;
 - (ii) Guarantees;
 - (iii) Assignments of Insurance;
 - (iv) General Security Agreements;
 - (v) Share Pledge Agreement;
 - (vi) GARL; and

- (vii) Collateral Mortgage.
- (z) "Share Pledge Agreement" means the pledge of shares in the Borrower provided by Steve.
- (aa) "Term" means the period commencing on the Effective Date and continuing until the Maturity Date.
- (bb) "Term Loan" has the meaning set forth in Section 2.
- (cc) "Term Loan Amount" means One Million, Eight Hundred Thousand Dollars (\$1,800,000).
- (dd) "Term Note" means the promissory note of the Borrower for the Term Loan Amount in favour of the Lender, in the form attached hereto as Schedule "C".
- (ee) "Time of Closing" means 11:00 am (Halifax time) on the Closing Date, or such other time as agreed to by the parties in writing.

TERM LOAN

2. Subject to the terms and conditions of this Agreement the Lender agrees to make a term loan to the Borrower on the Closing Date in an amount of the Term Loan Amount (the "Term Loan").
3. The Term Loan shall be used by the Borrower exclusively for the Borrower's purchase of the Mortgaged Property of the Borrower. For the avoidance of doubt, the Term Loan shall not be used for the repayment of any third-party debts or Related Parties transactions, dividends, distributions or for any other purpose or by any other Person without the consent of the Lender.
4. The Term Loan shall be evidenced by the Term Note, and shall be subject to the following terms:
 - (a) All Outstanding Obligations under this Agreement shall become due and payable on the Maturity Date, without the Lender having to make demand therefor.
 - (b) The Borrower agrees to pay interest to the Lender on the unpaid Term Loan Amount at a rate equal to 14.0% per annum (as applicable, the "Interest Rate"), calculated daily and payable monthly, in arrears, on the last Business Day of each month.
 - (c) Amounts of principal and interest that are past due or default under the Term Note shall bear interest at a rate of twenty four percent (24%) per annum, payable on demand, from the date of such non-payment until such amount is paid in full.
 - (d) Commencing seven months following the Effective Date of the Term Note, the Borrower shall make monthly interest only payments in accordance with Sections 4(b) and 4(c) above. In addition to the Interest Rate and default rate set out above, the Borrower shall be subject to a penalty equal to 2% of the then outstanding Term Loan Amount, for any late monthly payments of interest, which is payable immediately upon the occurrence of such a default. Monthly interest payments are to be made via pre-authorized debit to be facilitated by the Borrower immediately following the Closing.

- (e) Notwithstanding the foregoing, the first six months of interest, being \$126,000.00, shall be considered fully earned and paid in advance out of the Term Loan Amount. Beginning on the seventh month, and continuing monthly until the Maturity Date, the Borrower shall make interest only payments in accordance with Sections 4(d) above.
 - (f) The Note may not be prepaid before first six months of the Term, provided that thereafter it may be prepaid at any time upon full payment of the principal amount and all interest then outstanding, plus a pre-payment fee equal to 1% of the original Term Loan Amount.
5. If any payment contemplated under this Agreement is due on a day that is not a Business Day, payment shall be due on the first Business Day thereafter.

REPRESENTATIONS AND WARRANTIES

6. Each of the Obligors, jointly and severally, covenant and agree with and represent and warrant to the Lender (and acknowledge and confirm that the Lender is relying on such covenants, agreements, representations and warranties in connection with entering this Agreement and in connection with the Term Loan to be provided pursuant hereto by the Lender to the Borrower) that as of the date of this Agreement, and as of the Closing Date, and upon any advance by the Lender to the Borrower, and throughout the period during which there are any Outstanding Obligations, as follows:
- (a) The Borrower, Annapolis and Ruby (the "Corporate Entities") have the capacity to enter into this Agreement, the Security Agreements and other Loan Documents, and to consummate the transactions contemplated hereby. The entering into of this Agreement, the Security Agreements and Loan Documents, and the carrying out of the transactions contemplated hereby will not result in the violation of any constating documents, by-laws, shareholders agreement, directors resolution, shareholders resolution, or other agreement, written or oral, to which the Corporate Entities may be a party or otherwise bound.
 - (b) This Agreement, the Security Agreements and Loan Documents have been duly executed by the Obligors, as applicable, and constitute legal and binding obligations of the Obligors, enforceable against the Obligors in accordance the terms hereof and thereof.
 - (c) The Obligors shall take or cause to be taken all necessary or desirable actions, steps, and corporate proceedings to approve or authorize validly and effectively the security interests contemplated by the Security Agreements and the execution and delivery of this Agreement, the Security Agreements and all other Loan Documents and shall cause all necessary meetings of directors and shareholders of the Borrower to be held for such purpose.
 - (d) The Obligors will perform and observe all of the obligations and conditions to be performed or observed by the Obligors under the Loan Documents.
 - (e) The Borrower covenants that they shall not, without consent of the Lender, breach or cause any entity to breach the any of the negative covenants under the Loan Documents.

- (f) There are no actions, suits or proceedings pending or to the knowledge of the Obligors threatened against or adversely affecting the Obligors, which might materially affect the financial condition of the Obligors or title to their property or assets.
- (g) The Obligors will duly and punctually pay or cause to be paid to the Lender all Outstanding Obligations on or before the applicable Maturity Date.
- (h) All balance sheets, net worth statements, sales reports, earnings statements, and other financial data, which have been or shall hereafter be furnished to the Lender by the Obligors do or will fairly represent the financial condition of the Obligors as of the date of such statements.
- (i) The Obligors have good and marketable title to all of the assets which are now, or will in the future be, subject to the charge of any of the Security Agreements, free and clear of all Liens except for the Permitted Liens.
- (j) The Borrower will not sell, lease, exchange or otherwise dispose of any Property or other assets subject to the Security Agreements, and will not grant, permit or suffer any further Lien in respect of such Property and assets.
- (k) The Borrower will diligently maintain, use, and operate or cause to be maintained, used or operated the property and assets which are mortgaged or charged by the Security Agreements and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the property, assets, earnings, incomes, rents, issues and profits thereof..
- (l) All material information, including financial statements and other financial information, provided or to be provided from time to time to the Lender is true and correct and none of the documentation provided to the Lender contains or will contain any untrue statement of material fact or misleading information or omits a material fact necessary to make the statements contained therein not misleading.
- (m) The business and assets of the Obligors are insured and will continue to be insured with financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies or persons engaged in similar businesses and owning similar properties in localities where the applicable Obligor operates and in accordance with good industry practice. All insurance (including, property insurance and general liability insurance) maintained by or on behalf of the Obligors as of the Closing Date has been provided to the Lender. Each such insurance policy is in full force and effect and all premiums in respect thereof that are due and payable have been paid.
- (n) The Obligors have been operating in compliance with, and continue to operate in compliance with all applicable federal, provincial, territorial and local laws applicable to its business, properties or assets.
- (o) All taxes due or payable, including property taxes due with respect to the Mortgaged Property, by the Obligors for any period on or before the Closing Date have been paid or will be paid by the applicable Obligor. The Obligors have paid all taxes which are due and payable within the time required by applicable law and have paid all assessments and reassessments they have received in respect of all taxes. The Obligors have made full and adequate provisions in its financial statements, as applicable, for all taxes

which are not yet due and payable, but which relate to periods ending on or before the Closing Date. The Obligors have withheld or collected on account of such taxes and have remitted all such amounts to the appropriate governmental authority within the time prescribed under applicable law.

- (p) The Borrower shall not issue or transfer any debt or Equity Interests to any Person, or declare any dividend, return any capital, or make any other distribution to its shareholders, without the prior written consent of the Lender which consent shall not be unreasonably withheld.
 - (q) The Obligors shall not repay any amounts owing from the Obligors to any Related Parties or shareholders of the Borrower in priority to the Lender, so long as there are any Outstanding Obligations, without the prior written consent of the Lender.
 - (r) The Obligors shall provide to the Lender such financial reporting including financial statements, appraisals and quantity surveys, as may be requested by the Lender from time to time.
7. The representations and warranties contained in this Agreement, in any schedule hereto, in any document to be executed and delivered pursuant to this Agreement, and in any documents executed and delivered in connection with the completion of the transaction contemplated herein shall survive the closing of such transaction notwithstanding any investigations made by or on behalf of the parties hereto.

DEFAULT

8. Notwithstanding anything to the contrary contained herein, the monies payable hereunder shall, at the option of the Lender, become immediately due and payable and any security held by the Lender for payment thereof shall, at the option of the Lender, become immediately enforceable in each and every of the following events (each, an "Event of Default"):
- (a) The Borrower fails to pay, when due, any amount of principal or interest owing under pursuant to the Loan Agreement and such failure continues for 10 days;
 - (b) If any Obligors makes any default in the payment of any indebtedness or obligation to the Lender or defaults in repayment of the amounts required to be paid under this Agreement or the Security Agreements;
 - (c) If any Obligors fails to perform or observe any covenant or obligation contained in this Agreement or in any of the Loan Documents or there is otherwise a default under a Loan Document by any Obligor;
 - (d) Any representation, warranty, certification or other statement of fact made or deemed made by or on behalf of any Obligors herein or in any Security Agreement or other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, proves to have been false or misleading in any material respect on or as of the date made or deemed made;
 - (e) If there is a Change of Control with respect to any Obligor without the prior written consent of the Lender;

- (f) If any Obligor becomes insolvent or bankrupt or subject to provisions of the *Bankruptcy and Insolvency Act* (Canada) or goes into liquidation, either voluntarily or under an order by a court of competent jurisdiction, or makes a general assignment for the benefit of its creditors or otherwise acknowledges itself insolvent;
 - (g) If any Obligor abandons its undertaking and property and assets or any part thereof or ceases or threatens to cease to carry on business or threatens to commit any act of bankruptcy;
 - (h) If any execution of court becomes enforceable against any Obligor;
 - (i) Any transfer, sale or refinancing of the Mortgaged Property pledged by the Obligors as collateral security for the Note and this Agreement or any transfer, sale or refinancing of any real property owned by the Obligors;
 - (j) If any Security Agreement ceases for any reason to be valid, binding and in full force and effect or any Lien created by any Security Agreement ceases to be enforceable and of the same effect and priority purported to be created thereby, other than as expressly permitted hereunder or thereunder; or
 - (k) In the event of an event of default or breach of any credit facilities held by the Borrower or Guarantors.
9. Following the occurrence and during the continuance of an Event of Default, the Borrower shall pay additional interest on the unpaid Term Loan Amount in an amount equal to twenty four percent (24%) per annum, calculated daily and payable monthly, and all outstanding obligations under this Agreement, including unpaid interest, shall continue to accrue such additional interest from the date of such Event of Default until the date such Event of Default is cured or waived.

SECURITY AGREEMENTS

10. Contemporaneously with the execution and delivery of this Agreement, the Obligors shall execute and deliver the Security Agreements to the Lender as general and continuing security for the due payment of the amounts required to be paid hereunder and the performance by the Borrower of their obligations hereunder.
11. The Obligors acknowledge that the Security Agreements stand as security for all the indebtedness and all the liability of the Borrower hereunder and shall be deemed to be a continuing security which shall not be released or discharged in whole or in part until satisfaction in full of all such liability and indebtedness, and shall be a valid first charge on all the property and assets of the Borrower charged thereby, except with respect to the Collateral Mortgage which shall be a valid charge on the Mortgaged Property subject only to the Permitted Liens.

CLOSING ARRANGEMENTS

12. At the Time of Closing, the Obligors shall deliver to the Lender:
- (a) The Security Agreements, duly executed by the applicable Obligor(s);

- (b) A satisfactory certificate or certificates of insurance issued by the Borrower's insurance broker in respect of all policies maintained by the Borrower which are to name the Lender as additional insured and loss payee (in accordance with the Insurance Bureau of Canada's Standard Mortgage Clause), as applicable;
 - (c) Title insurance in respect of the Mortgaged Property in form and substance satisfactory to the Lender; and
 - (d) All other Loan Documents, properly executed.
13. The obligations of the Lender under this Agreement are subject to the following conditions:
- (a) That all of the representations and warranties of the Obligors under this Agreement, any Security Agreements and other Loan Documents are true and correct as of the Closing Date and each day of the Term;
 - (b) That no Obligor is in default in the performance or observance of any covenant or agreement to be performed or observed by it under this Agreement, the Security Agreements or other Loans Documents; and
 - (c) That the Security Agreements have been registered, recorded or filed in all jurisdictions deemed necessary or advisable by the Lender and its legal counsel to preserve the priority of the Liens intended to be created thereby.
14. If any such condition is not satisfied at or before the Time of Closing, the Lender may terminate this Agreement by notice to the Obligors and without any liability whatsoever to the Borrower and without any further obligations under this Agreement. If any such condition is not satisfied at the time any Advance is to be made, the Lender may refuse to make such Advance without any liability whatsoever to the Lender.
15. The closing of the transactions contemplated by this Agreement shall take place at the Time of Closing on the Closing Date at the offices of the Lender's counsel in Halifax, Nova Scotia or at such other place as may be agreed to in writing by the parties hereto.

GENERAL

16. All notices and other communications ("Notices") provided for herein shall be in writing and shall be sent electronically as follows: (i) in the case of the Obligors to SteveCory@me.com; and (ii) in the case of the Lender, to charles@novillo.ca or such other e-mail address as the Lender may provide from time to time. Each Notice shall be deemed to have been given and received on the date and time the Notice is sent electronically by e-mail by the sender to the recipient's e-mail address. Each party may change its electronic mail address for Notices and other communications hereunder by notice to the other parties.
17. The Obligors will provide the same ongoing information required and provided to any other debtors of the Obligors.
18. It is understood and agreed that the Lender shall be entitled to an arrangement fee from the Borrower of Fifty Four Thousand Dollars (\$54,000), which shall be immediately earned and deducted from the Term Loan Amount. Except for the foregoing, no broker, agent, or other intermediary acted for any party in connection with the transaction contemplated herein and

each party agrees to indemnify and save harmless the others of them from and against any claims whatsoever for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted in connection with these transactions.

19. It is understood and agreed that the Borrower agrees to pay for all reasonable legal costs and expenses of the Lender in connection with the preparation and interpretation of this Agreement, the Security Agreements, and any other Loan Documents, which shall be invoiced at or following the Time of Closing and paid forthwith by the Borrower. Except for the foregoing or as otherwise provided in this Agreement or any Loan Documents, each party shall be responsible for its own legal and audit fees and other charges incurred in connection with the completion of the transaction contemplated herein and any post-closing matters in connection with the transaction contemplated herein.
20. This Agreement may not be assigned by any Obligor without the prior written consent of the Lender, which consent may be refused in the sole and absolute discretion of the Lender. The Lender may, at any time, assign its rights and obligations under this Agreement without the consent of the Obligors.
21. The provisions hereof, where the context permits, shall enure to the benefit of and be binding upon the successors and permitted assigns of the Obligors and Lender respectively.
22. This Agreement, except as otherwise specifically provided herein, represents the entire agreement between the parties with respect to the terms of the Term Loan. All prior agreements between the parties with respect to the subject matter hereof are repeated and replaced with this Agreement. This Agreement may not be amended except by further agreement made in writing between the parties.
23. In the event of any conflict between the provisions of this Agreement and the provisions of any Security Agreement or Loan Document delivered in accordance herewith, the provisions of this Agreement shall prevail.
24. This Agreement shall be interpreted and applied in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein and shall be binding upon and enure to the benefit of the parties and their respective heirs, administrators, successors and permitted assigns.
25. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.
26. The Obligors each acknowledge, confirm and agree in favour of the other parties that it has had the opportunity to seek and was not prevented nor discouraged by any party hereto from seeking independent legal advice prior to the execution and delivery of this Agreement and every other documents executed and provided in connection herewith and that, in the event that each did not avail himself or itself with that opportunity prior to the signing of such documents, he or it did so voluntarily without any undue pressure and agrees that his or its failure to obtain independent legal advice should not be used by him or it as a defence to the enforcement of his or its obligations under this Agreement or other such document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

4518276 NOVA SCOTIA LIMITED

Per: Charles Ackerman
Title: President

I have authority to bind the Borrower

4551650 NOVA SCOTIA LIMITED

Per: Steven Caryi
Title: President

I have authority to bind Ruby

ANNAPOLIS MANAGEMENT INC., in its
capacity as general partner of RUBY, LLP

Per: Steven Caryi
Title: President

I have authority to bind Ruby

ANNAPOLIS MANAGEMENT INC.

Per: Steven Caryi
Title: President

I have authority to bind Annapolis

Steven Caryi

SCHEDULE "A"

MORTGAGED PROPERTY

PID 00003236

ALL that certain lot, piece or parcel of land and premises thereon, lying on the western side of Hollis Street in the City and County of Halifax and being the southern moiety or half part of Lot Number 13, Block Letter B, Gallands Division and the northern quarter part of Lot Number 12 in the said Block and Division before mentioned, and which said land may be more particularly described as follows:

BEGINNING at a point on the western side line of Hollis Street distant measured in a southerly direction 142 feet from the intersection formed by the said western side line of Hollis Street with the southern side line of Prince Street, said point of beginning being also the southwestern angle of the stone and masonry building now occupied and known as the Halifax Club;

THENCE to run westerly along the southern face of the southern wall of the said Halifax Club and the prolongation westerly thereof 62 feet;

THENCE southerly parallel to Hollis Street 30.5 feet;

THENCE easterly parallel to the first described line 62 feet to Hollis Street;

AND THENCE northerly by the same 30.5 feet to the place of beginning.

THE street lines herein referred to are those now laid down on the City Official Plan.

Subject to a Notice of Heritage Designation as recorded in the Halifax Registry of Deeds in Book 3531 at Page 1162.

Subject to an Agreement registered in 2011 Document Number 98291249.

The parcel was created by a subdivision that predates subdivision control or planning legislation or by-laws in the municipality and therefore no subdivision approval was required for creation of this parcel.

SCHEDULE "B"

PERMITTED LIENS

1. The benefits and burdens appearing on the parcel register attached hereto as Schedule B.1;
and
2. The second mortgage in favour of 3046475 Nova Scotia Limited to registered on title to the
Mortgage Property;

SCHEDULE "C"

TERM NOTE

See attached.

TERM PROMISSORY NOTE

Halifax, Nova Scotia

CAD \$1,800,000.00

DATED October 16, 2023 (the "Effective Date")

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "Note"), 4551650 Nova Scotia Limited (the "Borrower"), hereby unconditionally promises to pay to the order 4518276 Nova Scotia Limited (the "Lender"), in immediately available funds, at such location as the Lender shall designate in writing, One Million, Eight Hundred Thousand Dollars (\$1,800,000.00) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in lawful currency of Canada.

1. The aggregate unpaid principal amount of this Note together with all accrued interest (as defined in the Loan Agreement) hereon shall be due and payable in full on the Maturity Date, as such term is defined in the loan agreement between the Borrower and Steven Caryi, Annapolis Management, Inc., in its capacity as general partner of Ruby, LLP and in its own capacity (collectively, the "Guarantors") and the Lender with the effective date of October 16, 2023 (the "Loan Agreement").
2. Interest and penalties for the late payment of interest shall be calculated and payable as set out in the Loan Agreement.
3. Upon the occurrence and continuance of any Event of Default, as such term is defined in the Loan Agreement, the Lender may, at its option and by written notice to the Borrower, declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable.
4. Following the occurrence and during the continuance of an Event of Default, the Borrower shall pay additional interest on the unpaid principal of this Note in an amount equal to twenty four percent (24%) per annum, calculated daily and payable monthly, and all outstanding obligations under the Loan Agreement, including unpaid interest, shall continue to accrue such additional interest from the date of such Event of Default until the date such Event of Default is cured or waived.
5. The Note may not be prepaid before first six months of the Term, provided that thereafter it may be prepaid at any time upon full payment of the principal amount and all interest then outstanding, plus a pre-payment fee equal to 1% of the original Term Loan Amount.
6. The books and records of the Lender shall constitute prima facie evidence of the amount of principal and interest outstanding under this Note from time to time.
7. The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest, and notice of protest of this Note. No failure on the part of the holder hereof to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.
8. The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the

sole discretion of the Lender. Any such assignment of this Note must be made in accordance with applicable securities laws.

9. This Note shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.
10. This Note is given in relation to the Loan Agreement. To the extent of any inconsistency between the Loan Agreement and this Note, the terms of the Loan Agreement shall prevail.

[SIGNATURE PAGE FOLLOWS]

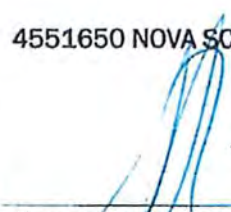
IN WITNESS WHEREOF the undersigned have executed this Note as of the date first written above.

4551650 NOVA SCOTIA LIMITED



Witness

Per:


Name: Steven Caryi
Title: President

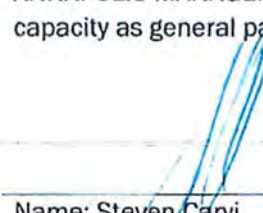
I have authority to bind the Borrower.

Acknowledged by the Guarantor:


STEVEN CARYI

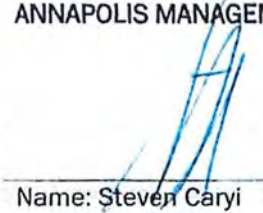
ANNAPOLIS MANAGEMENT, INC., in its
capacity as general partner of RUBY, LLP

Per:


Name: Steven Caryi
Title: President

ANNAPOLIS MANAGEMENT, INC.

Per:


Name: Steven Caryi
Title: President

TERM PROMISSORY NOTE

Halifax, Nova Scotia

CAD \$1,800,000.00

DATED October 16, 2023 (the "Effective Date")

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "Note"), 4551650 Nova Scotia Limited (the "Borrower"), hereby unconditionally promises to pay to the order 4518276 Nova Scotia Limited (the "Lender"), in immediately available funds, at such location as the Lender shall designate in writing, One Million, Eight Hundred Thousand Dollars (\$1,800,000.00) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in lawful currency of Canada.

1. The aggregate unpaid principal amount of this Note together with all accrued Interest (as defined in the Loan Agreement) hereon shall be due and payable in full on the Maturity Date, as such term is defined in the loan agreement between the Borrower and Steven Caryl, Annapolis Management, Inc., in its capacity as general partner of Ruby, LLP and in its own capacity (collectively, the "Guarantors") and the Lender with the effective date of October 16, 2023 (the "Loan Agreement").
2. Interest and penalties for the late payment of Interest shall be calculated and payable as set out in the Loan Agreement.
3. Upon the occurrence and continuance of any Event of Default, as such term is defined in the Loan Agreement, the Lender may, at its option and by written notice to the Borrower, declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable.
4. Following the occurrence and during the continuance of an Event of Default, the Borrower shall pay additional interest on the unpaid principal of this Note in an amount equal to twenty four percent (24%) per annum, calculated daily and payable monthly, and all outstanding obligations under the Loan Agreement, including unpaid interest, shall continue to accrue such additional interest from the date of such Event of Default until the date such Event of Default is cured or waived.
5. The Note may not be prepaid before first six months of the Term, provided that thereafter it may be prepaid at any time upon full payment of the principal amount and all interest then outstanding, plus a pre-payment fee equal to 1% of the original Term Loan Amount.
6. The books and records of the Lender shall constitute prima facie evidence of the amount of principal and interest outstanding under this Note from time to time.
7. The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest, and notice of protest of this Note. No failure on the part of the holder hereof to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.
8. The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the

sole discretion of the Lender. Any such assignment of this Note must be made in accordance with applicable securities laws.

9. This Note shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.
10. This Note is given in relation to the Loan Agreement. To the extent of any inconsistency between the Loan Agreement and this Note, the terms of the Loan Agreement shall prevail.


[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the undersigned have executed this Note as of the date first written above.

4551650 NOVA SCOTIA LIMITED




Witness

Per: 

Name: Steven Caryi
Title: President

I have authority to bind the Borrower.

Acknowledged by the Guarantor:



STEVEN CARYI

ANNAPOLIS MANAGEMENT, INC., in its
capacity as general partner of RUBY, LLP

Per: 

Name: Steven Caryi
Title: President

ANNAPOLIS MANAGEMENT, INC.

Per: 

Name: Steven Caryi
Title: President

This is Exhibit B to the affidavit of
CHARLES
PERKINS sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

EXHIBIT "B"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

COLLATERAL MORTGAGE

THIS COLLATERAL MORTGAGE made as of October 16, 2023.

BETWEEN:

4551650 NOVA SCOTIA LIMITED, a corporation incorporated under the laws of the Province of Nova Scotia,

(the "Mortgagor")

-and-

4518276 NOVA SCOTIA LIMITED, a corporation incorporated under the laws of the Province of Nova Scotia

(the "Mortgagee")

1. Definitions. In this Collateral Mortgage, the following terms shall have the following meanings:
 - (a) "Bankruptcy Legislation" means any present or future laws relating to bankruptcy or insolvency reorganization, or compromise of debts or other similar laws, including without limitation the *Companies' Creditors Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada).
 - (b) "Borrower" means Annapolis Management Inc.
 - (c) "Business Day" means any day except Saturday, Sunday, or a statutory holiday in the Province of Nova Scotia.
 - (d) "Chattels" has the meaning ascribed to it in clause (y) of Section 6 of this Collateral Mortgage.
 - (e) "Claims" has the meaning ascribed to it in clause (z) of Section 6 of this Collateral Mortgage.
 - (f) "Collateral Mortgage" means this Collateral Mortgage to which the Mortgagor and the Mortgagee are parties, and any amendments from time to time made hereafter by the Mortgagor and Mortgagee in writing in accordance with the provisions hereof.
 - (g) "Costs" means all reasonable fees, costs, charges, and expenses of the Mortgagee of and incidental to:
 - (i) the negotiation, preparation, execution, subordination, postponement and registration of the Collateral Mortgage and any other instruments connected herewith and every renewal or discharge thereof;
 - (ii) the collection of any amounts payable hereunder, enforcement of any covenants contained herein and the realization of the security herein contained;

- (iii) procuring or attempting to procure payment of any Indebtedness or any other amounts due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Mortgagee or any other party;
- (iv) any inspection required to be made of the Mortgaged Premises, or review of plans, specifications and other documentation which may require the approval or consent of the Mortgagee;
- (v) all repairs and replacements required to be made to the Mortgaged Premises;
- (vi) the Mortgagee having to go into possession of the Mortgaged Premises and secure, complete and equip the building or Improvements in any way in connection herewith;
- (vii) the Mortgagee's renewal of any leasehold interest;
- (viii) the exercise of any of the powers of a Receiver contained herein; and
- (ix) all solicitor's costs, charges and expenses relating to any of the foregoing and any necessary examination of title to the Mortgaged Premises.

For greater certainty, Costs shall:

- (i) extend to and include reasonable legal costs incurred by the Mortgagee as between solicitor and his own client;
 - (ii) be payable forthwith by the Mortgagor;
 - (iii) bear interest at the Interest Rate; and
 - (iv) be a charge on the Mortgaged Premises.
- (h) "Event of Default" has the meaning ascribed to it in the Loan Agreement.
- (i) "Fixtures" includes all fixtures, buildings, erections, appurtenances, plants and Improvements, fixed or otherwise, now or hereafter put on the Lands, including without limitation all fences, elevators, furnaces, boilers, oil burners, water heaters, electric light fixtures, window blinds, screen and storm doors and windows, and all air-conditioning, plumbing, cooling, ventilating, cooking, refrigeration and heating equipment and all other apparatus and equipment appurtenant to the Mortgaged Premises.
- (j) "Financing Documents" means collectively the Loan Agreement and any and all security and other documents delivered in accordance with the terms thereof, including without limitation: (i) the Note; (ii) the Guarantee(s); (iii) any other documents related to the Loan Agreement, Note, or Guarantee(s); (iv) any other promissory notes, guarantees or indemnities executed by the Mortgagor in favour of the Mortgagee; (v) this Collateral Mortgage; and (vi) any other security delivered to the Mortgagee by the Mortgagor from time to time.

- (k) **"Guarantees"** means collectively:
- (i) the guarantee executed by Steven Caryi in favour of the Mortgagee whereby Steven Caryi guarantees the obligations of the Borrower under the Loan Agreement; and
 - (ii) the guarantee executed by Annapolis Management, Inc., in its capacity as the general partner Ruby, LLP and in its own right in favour of the Mortgagee whereby Annapolis Management, Inc., in its capacity as the general partner Ruby, LLP and in its own right guarantees the obligations of the Borrower under the Loan Agreement;

and **"Guarantee"** means any one of them.

- (l) **"Guarantors"** means collectively, Steven Caryi and Annapolis Management, Inc., in its capacity as the general partner Ruby, LLP and in its own right and **"Guarantor"** means any one of them.
- (m) **"Improvements"** include any construction, installation, alteration, addition, repair, or demolition to any part of the Mortgaged Premises now existing or hereafter constructed or to be constructed on the Lands.
- (n) **"Indebtedness"** means all moneys and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, now or at any time hereafter owing or incurred, by the Mortgagor, or the Borrower, or any Guarantor to the Mortgagee, including pursuant to the Note, Loan Agreement, the Guarantees, any document delivered in connection with the Loan Agreement, Note, or Guarantees, any other term sheet, this Collateral Mortgage, or any other Financing Document, and all interest, damages and Costs, and all premiums of insurance upon any Fixtures, Taxes or other amounts paid by the Mortgagee in accordance with the provisions of this Collateral Mortgage.
- (o) **"Interest Rate"** means the highest rate chargeable by Mortgagee from time to time on the Obligations.
- (p) **"Lands"** means the lands and premises described in Schedule "A" annexed hereto.
- (q) **"Loan Agreement"** means the loan agreement dated with effect as of October 5, 2023 among the Mortgagee as lender, and the Borrower, and guaranteed by the Guarantors.
- (r) **"Monitor"** has the meaning ascribed to it in Section 12 of this Collateral Mortgage.
- (s) **"Mortgaged Premises"** means the Lands and all Fixtures.
- (t) **"Note"** means the term promissory note dated with effect as of October 5, 2023, executed by the Borrower in favour of the Mortgagee and acknowledged by each of the Guarantors in connection with the Loan Agreement.
- (u) **"Obligations"** means all present and future Indebtedness and obligations of the Mortgagor, the Borrower, and the Guarantors to the Mortgagee, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal, guarantor, or as surety, alone or with others, of whatsoever nature or kind, in any currency or

otherwise, under or in respect of agreements or dealings between the Mortgagor and/or Borrower and/or any Guarantor and the Mortgagee or agreements or dealings between the Mortgagor and/or Borrower and/or any Guarantor and others by which the Mortgagee may be or become in any manner whatsoever a creditor of the Mortgagor and/or the Borrower, and/or any Guarantor, including, without limitation, all of the Mortgagor's and/or the Borrower's and/or any Guarantor's obligations under the Note, Loan Agreement, any Guarantee, any other documents related to the Loan Agreement, and any other current or future Financing Documents.

- (v) "Permitted Liens" means any liens or encumbrances specifically consented to by the Mortgagee in the Loan Agreement or any Financing Document other than this Collateral Mortgage.
 - (w) "Receiver" shall include one or more of a receiver and a receiver and manager of all or any portion of the Mortgaged Premises appointed by the Mortgagee pursuant to this Collateral Mortgage or by a court of competent jurisdiction.
 - (x) "Taxes" means all taxes, rates, and other impositions whatsoever which are now or may hereafter be imposed, charged, or levied by any authority creating a lien or charge on the Mortgaged Premises or any part thereof.
- 2. Successors. The word "successor" as used in this Collateral Mortgage shall include an heir, executor, administrator, personal representative, or successor.
 - 3. Collateral Mortgage. As security for the payment and performance of all Obligations by the Mortgagor and the Borrower, the Mortgagor hereby charges, mortgages, and grants a security interest in the Mortgaged Premises to and in favour of the Mortgagee.
 - 4. Defeasance. Provided this Collateral Mortgage to be void upon payment in full on demand of all Indebtedness, Costs and Taxes and the performance in full of all other Obligations.
 - 5. Demand. In the event that the Mortgagor is called upon to pay any Indebtedness in accordance with the terms under which the same is or becomes payable or in the event of the default which is continuing by the Mortgagor in the performance of any of the covenants of the Mortgagor under any Financing Document, the Mortgagor shall be obligated to pay and the Mortgagee shall be entitled to forthwith make demand for payment of all such Indebtedness and any other monies secured hereby.
 - 6. Covenants of Mortgagor. The Mortgagor hereby covenants, agrees and declares as follows:
 - (a) The Mortgagor shall pay to the Mortgagee the Indebtedness at the time or times and in the manner applicable thereto including as provided in any Financing Document.
 - (b) The Mortgagor is the sole legal and beneficial owner of, and has good title in fee simple to the Mortgaged Premises free of all encumbrances other than the Permitted Liens.
 - (c) The Mortgagor has the right to charge the Mortgaged Premises to the Mortgagee and to give this Collateral Mortgage to the Mortgagee upon the covenants contained herein.
 - (d) On default, the Mortgagee shall have quiet possession of the Mortgaged Premises, free from all encumbrances other than the Permitted Liens.

- (e) The Mortgagor will execute at the Mortgagor's expense such further assurances of the Mortgaged Premises as may be requisite.
- (f) The Mortgagor has done no act to encumber the Mortgaged Premises, except the Permitted Liens.
- (g) The Mortgagor shall pay as they fall due all Permitted Liens and Taxes and shall not suffer any construction, statutory or other liens or rights of retention, other than Permitted Liens, to remain outstanding upon any of the Mortgaged Premises. The Mortgagor shall, within one (1) month from the date fixed for payment of the last instalment of Taxes in each year, furnish the Mortgagee, if requested by it, with receipted tax bills showing all such Taxes for the year have been paid in full.
- (h) The Mortgagor shall not remove, destroy, lease, sell or otherwise dispose of any of the Mortgaged Premises or portion thereof or any interest therein. In the event the Mortgaged Premises or any part thereof are sold or disposed of prior to the full discharge of this Collateral Mortgage in any manner not authorized by this Collateral Mortgage, then all proceeds of such sale or disposition received by the Mortgagor shall be held by the Mortgagor as trustee for the Mortgagee until the Mortgagor has been fully released from this Collateral Mortgage by the Mortgagee.
- (i) The Mortgagor shall place or cause to be placed and keep in force insurance in respect of the said Lands, Improvements and Fixtures to its full insurable value or in such amounts as the Mortgagee may reasonably require against all risks, with insurers approved by the Mortgagee and under policies satisfactory in form to the Mortgagee; and the loss clause in all such policies will be made payable to the Mortgagee and no insurance will be carried on the said Lands, Improvements and Fixtures other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph; and the Mortgagor will not do or omit or cause or suffer anything to be done or omitted whereby the policy or policies of insurance may be voided or become void; and will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due; and will forthwith assign and deliver to the Mortgagee the policy or policies of insurance and all renewal receipts thereto appertaining; and will deliver evidence of renewal to the Mortgagee at least seven days prior to the expiration of any policy; and in the event of any breach of the foregoing covenants respecting insurance the Mortgagee, without prejudice to its other rights hereunder, may, at its option effect such insurance as it may deem necessary on behalf of the Mortgagor and any amount paid thereof by the Mortgagee shall be payable forthwith to the Mortgagee and shall be a charge upon the Mortgaged Premises and shall bear interest at the highest rate charged in the Indebtedness from the time of such payments until paid.
- (j) The Mortgagor shall forthwith on the happening of any loss or damage furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys; and any such insurance moneys received by the Mortgagee may, at the option of the Mortgagee, be applied in repairing or rebuilding the damaged or destroyed Improvements or Fixtures, or be applied to the payment of the moneys hereby secured in such manner as the Mortgagee may determine, or partly in one way and partly in another, and in the event of there being a surplus, if any, to pay the same to the Mortgagor or any person appearing to be entitled thereto.

- (k) The Mortgagor shall allow any employees or authorized agents of the Mortgagee at any reasonable time to enter the premises of the Mortgagor to inspect the Mortgaged Premises, including without limitation the right to undertake soil, ground water, environmental or other tests, measurements or surveys in, on or below the Mortgaged Premises, and to inspect the books and records of the Mortgagor and make extracts therefrom, and shall permit the Mortgagee prompt access to such other persons as the Mortgagee may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Mortgaged Premises or the books and records of the Mortgagor, provided that any information so obtained shall be kept confidential, save as required by the Mortgagee in exercising its rights hereunder. If an event of default shall have occurred and be continuing under this clause, the Mortgagor shall pay all costs and expenses of agents retained by the Mortgagee for purposes of inspection under this clause (k).
- (l) Without the prior written consent of the Mortgagee, the Mortgagor shall not create or suffer to exist any charge or encumbrance over all or any portion of the Mortgaged Premises ranking or purporting to rank prior to, *pari passu* with or subordinate to the charges hereof, other than Permitted Liens.
- (m) The Mortgagor shall not grant, create, assume, or permit to exist any conditional sale agreement, mortgage, pledge, charge, assignment, lease, or other security, except Permitted Liens, whether fixed or floating upon the whole or any part of the Mortgaged Premises. This covenant shall be a restrictive covenant for the benefit of the Mortgagee's interest as mortgagee of the Mortgaged Premises and the burden shall run with the interest of the Mortgagor as owners of the Mortgaged Premises.
- (n) All Fixtures are and shall, immediately on being placed upon the Mortgaged Premises, become fixtures and a part of the Mortgaged Premises and form a part of this security; and the Mortgagor hereby grants and releases to the Mortgagee all of its claims upon the Mortgaged Premises subject to the proviso for defeasance in Section 4 above.
- (o) The Mortgagee may distrain for arrears of interest and for overdue principal and any other sum payable hereunder. The Mortgagor waives the right to claim exceptions and agrees that the Mortgagee shall not be limited in the amount for which it may distrain.
- (p) The Mortgagee may make any payment or cure any default under any Permitted Encumbrance and may pay and satisfy the whole or any part of any liens, Taxes, charges or encumbrances now or hereafter existing in respect of the Mortgaged Premises. In the event of the Mortgagee making any such payment or curing a default or satisfying any such liens, Taxes, charges or encumbrances it shall be entitled to all the equities and securities of the person or persons so paid and is hereby authorized to retain any discharge thereof without registration for so long as it may think fit so to do.
- (q) The Mortgagor will keep the Mortgaged Premises in good condition and repair and shall not permit any act of waste to be committed upon the Mortgaged Premises. If the Mortgagor neglects to keep the Mortgaged Premises in good condition and repair or commits or permits any act of waste on the Mortgaged Premises (as to which the Mortgagee shall be sole judge), the Mortgagee may make such repairs and replacements as it deems necessary.

- (r) The Mortgagor shall diligently and continuously maintain, develop and construct the Improvements or cause the Improvements to be maintained, developed and constructed in accordance with plans and specifications previously approved by the Mortgagee, all in a good and workmanlike manner as first class buildings or Improvements and in the event that the Mortgagor shall fail to proceed diligently with any required work for a period of ten (10) consecutive days, the Mortgagee or its representatives may enter into the Mortgaged Premises and do any or all work which they may consider necessary or desirable to complete such Improvements or to protect the same from deterioration.
- (s) The Mortgagor shall not make any material improvement, whether financed by the Mortgagee or otherwise, without the prior written consent of the Mortgagee which consent will not be unreasonably withheld or delayed and except in accordance with contracts, plans and specifications approved by the Mortgagee in writing prior to the commencement of work on the Improvement.
- (t) The Mortgagor shall at all times comply with all of its Obligations.
- (u) Where any portion of the Improvements are to be constructed, they shall be constructed in a good and workmanlike manner using first class quality materials in accordance with the plans and specifications approved by the Mortgagee and shall comply with all restrictions, conditions, ordinances, codes, regulations and laws, regulations and the requirements of governmental departments and agencies having direction over, or an interest in the Lands or the Improvements.
- (v) All utility services necessary for the operation and use of the Mortgaged Premises for their intended purpose, including, but not limited to, water supply, storm and sanitary sewer facilities, gas, electric and telephone facilities, are available to the boundaries of the Lands.
- (w) The Lands are contiguous to publicly dedicated streets or roads or highways and vehicular and pedestrian access thereto is permitted or, if not, are the dominant tenement of an easement or easements creating the perpetual right of such access to any such publicly dedicated streets or roads or highways.
- (x) Any defects in the construction or variation in the construction of any of the Improvements shall be promptly corrected by the Mortgagor to the satisfaction of the Mortgagee.
- (y) Any and all of the personal property, elevators, furnaces, refrigerators, ranges, hot water tanks, dishwashers, carpeting, furniture, furnishings, fixtures, attachments and equipment (collectively the "Chattels") delivered upon, or attached to the Mortgaged Premises or intended to become a part thereof, will be kept free and clear of all chattel mortgages, conditional vendors' liens and all liens, encumbrances and security interests other than as may be granted to the Mortgagee and the Mortgagor will be the absolute owner of the Chattels and will, from time to time, furnish the Mortgagee with satisfactory evidence of such ownership, including searches of applicable public records. Upon the Mortgagee's request, the Mortgagor will forthwith execute and deliver a supplemental debenture or other security instrument upon the Chattels and such other supporting documents as the Mortgagee may require in connection therewith, including financing statements and searches of records under any applicable legislation.

- (z) The Mortgagor will pay or cause to be paid as soon as the same are due all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, workers compensation assessments or other charges of any nature or kind (the "Claims"), which could in any circumstances constitute a lien or charge on the Mortgaged Premises and the Mortgagor will from time to time on demand provide the Mortgagee with such books, payrolls, or other records, receipts, certificates and declarations as the Mortgagee may deem necessary to satisfy itself that such Claims have been paid as soon as the same are due.
- 7. Quiet Possession. Until default of payment or default in performance of its Obligations, the Mortgagor shall have quiet possession of the Mortgaged Premises.
- 8. Condominium. If the Mortgaged Premises or any part thereof is or becomes a unit or units in a condominium, the provisions of this section shall apply. The Mortgagor covenants with the Mortgagee that:
 - (a) The Mortgagor will promptly observe and perform all obligations imposed on the Mortgagor by the *Condominium Act* (Nova Scotia) or similar legislation and by the Declaration, the By-laws, and the Rules, as amended from time to time, of the Condominium Corporation, by virtue of the Mortgagor's ownership of the Mortgaged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under this Collateral Mortgage;
 - (b) Without limiting or restricting the generality of the foregoing:
 - (i) The Mortgagor will pay promptly when due any contributions to common expenses required of the Mortgagor as owner of the Mortgaged Premises;
 - (ii) The Mortgagor will transmit to the Mortgagee forthwith upon the demand of the Mortgagee satisfactory proof that all common expenses assessed against or in respect of the Mortgaged Premises have been paid as assessed;
 - (iii) The Mortgagee may pay out of and deduct from any advance of monies secured hereunder all contributions to the common expenses assessed against or in respect of the Mortgaged Premises which have become due and payable and are unpaid at the date of such advance; and
 - (iv) Whenever and so long as the Mortgagee so requires the Mortgagor shall on or before the date when any sum becomes payable by the Mortgagor in respect of common expenses pay such sum to the Mortgagee. The Mortgagee shall forthwith on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Mortgagor or as the Condominium Corporation may from time to time direct;
 - (c) The Mortgagee is hereby irrevocably authorized and empowered to exercise the right of the Mortgagor as the owner of the Mortgaged Premises, to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
 - (i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee revokes the said notice the Mortgagor may exercise the right to vote

or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the said right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Mortgagor; and

(iii) The exercise of the said right to vote or consent shall not constitute the Mortgagee a mortgagee in possession; and

(d) If the Mortgaged Premises or any part thereof shall become a unit or units in a condominium at any time after the execution and delivery of this Collateral Mortgage, the Mortgagor shall, whenever requested by the Mortgagee, execute and deliver any further and other charges, assurances or other instruments as the Mortgagee shall require in order to preserve, protect or perfect the security provided by this Collateral Mortgage and each of the provisions thereof, including without limitation a further charge covering all of the units in the said condominium and their appurtenant common interests.

9. Waivers. The Mortgagee may waive in writing any breach by the Mortgagor of any of the provisions contained in this Collateral Mortgage or any default by the Mortgagor in the observance or performance of any covenant or condition required to be observed or performed by the Mortgagor under any applicable Financing Document, provided that no such waiver by the Mortgagee shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

10. Performance of Covenants. If the Mortgagor shall fail to perform any covenant on its part contained in any Financing Document, the Mortgagee may in its absolute discretion perform any such covenant capable of being performed by it, but the Mortgagee shall be under no obligation to do so. If any such covenant requires the payment of money or if the Mortgaged Premises shall become subject to any encumbrance ranking in priority to the lien hereof other than a Permitted Encumbrance, the Mortgagee may in its absolute discretion make such payment and/or pay or discharge such encumbrance, but shall be under no obligation to do so. All sums so paid by the Mortgagee shall immediately be payable by the Mortgagor to the Mortgagee, shall bear interest at the Interest Rate until paid in full and shall constitute a charge upon the Mortgaged Premises. No such performance or payment shall relieve the Mortgagor from any default hereunder or any consequences of such default.

11. Appointment of Monitor. If in the opinion of the Mortgagee, acting reasonably, a material adverse change has occurred in the financial condition of the Mortgagor, or if the Mortgagee in good faith believes that the ability of the Mortgagor to pay any of their obligations to the Mortgagee or to perform any other covenant contained herein has become impaired, or if an event of default has occurred, the Mortgagee may by written notice to the Mortgagor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Mortgagor or its business and affairs for the purpose of reporting to the Mortgagee. The Mortgagor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Mortgagor and to their creditors, customers, contractors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Mortgagor nor shall it participate in the management of the Mortgagor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Mortgagor, its business and affairs or the Mortgaged Premises. The Monitor shall act solely on behalf of the Mortgagee and shall have no contractual relationship with the Mortgagor as a consultant or otherwise. The appointment

of a Monitor shall not be regarded as an act of enforcement of this Collateral Mortgage. All reasonable fees and expenses of the Monitor (including complete reimbursement for 100% of all legal fees and disbursements) shall be paid by the Mortgagor upon submission to it of a written invoice therefor. The Mortgagee at its option upon the occurrence of an event of default may appoint or seek to have appointed the Monitor or Receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Mortgagor or the Mortgaged Premises or any part thereof.

12. Continuing and Additional Security. The security hereby constituted is continuing security for the payment of all indebtedness and the fulfilment of all Obligations and such security is in addition to any other security now or hereafter held by the Mortgagee. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the obligations of the Mortgagor hereunder or under any Financing Document.
13. Remedies. Upon the happening of any Event of Default (as such term is defined in the Loan Agreement), whether such Event of Default is caused by the act or omission of the Mortgagor, the Borrower, or any other party, in addition to any other rights or remedies available to it hereunder or at common law or equity or pursuant to any statute, and to the extent that such remedies are available in the province in which the Mortgaged Premises is located, the Mortgagee shall have the following rights and powers:
 - (a) to enter upon and possess all or any part of the Mortgaged Premises;
 - (b) to hold, use, repair, preserve, maintain, complete, construct and build all or any part of the Mortgaged Premises and make such replacements thereof and changes or additions thereto as the Mortgagee shall deem advisable;
 - (c) on default of payment for at least fifteen (15) days the Mortgagee or its agents or representatives may enter on and/or lease the Mortgaged Premises or on default of payment for at least fifteen (15) days, subject to the laws conferred on mortgagees in the province or territory where the Mortgaged Premises are located, may on at least thirty (30) days' notice sell the Mortgaged Premises. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by giving it in accordance with paragraph 28 hereof; and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. The Mortgagee may sell the Mortgaged Premises or any part thereof by public auction or private sale, for such price as can reasonably be obtained therefor, and on such terms as to credit and otherwise, and with such conditions of sale and stipulations as to title or evidence or commencement of title or otherwise, as it shall in its discretion deem proper, and in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any moneys until actually received. The Mortgagee may rescind or vary any contract of sale and may buy in and resell the Mortgaged Premises or any part thereof without being answerable for loss occasioned thereby. No purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety of any kind; and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale or lease hereunder. The Mortgagee may sell or lease without entering into actual possession of the Mortgaged Premises and when it desires to take possession it may break locks

and bolts and while in possession or upon any sale or lease the Mortgagee shall be accountable only for moneys which are actually received by it. Sales may be made from time to time of parts of the Mortgaged Premises to satisfy any portion of the Indebtedness or other sums owing hereunder and leaving the Indebtedness or the residue thereof secured hereunder on the remaining Mortgaged Premises. The Mortgagor hereby appoints the Mortgagee its true and lawful attorney and agent to do all things and execute all documents to effectually complete such sale. The Mortgagee may lease or take sale proceedings hereunder notwithstanding that other mortgage proceedings have been taken or are then pending;

- (d) to appoint by instrument in writing any person or persons to be a Receiver of all or any portion of the undertaking, property and assets of the Mortgagor forming the Mortgaged Premises and all rents, issues, incomes and profits to be derived therefrom, to fix the Receiver's remuneration and from time to time to remove any Receiver so appointed and appoint another or others in his stead;
- (e) to apply to any court of competent jurisdiction for the appointment of a Receiver of all or any portion of the undertaking, property and assets hereby charged; and
- (f) to apply to any court of competent jurisdiction to foreclose the Mortgagor's right, title and equity of redemption to the Mortgaged Premises or any part or portion thereof, or any other action, suit, remedy, or proceeding authorized or permitted under this Collateral Mortgage or by law or equity.

14. Powers of Receiver.

- (a) Any Receiver shall have all of the powers of the Mortgagee set forth in this Collateral Mortgage and, in addition, subject to applicable laws in the province in which the Mortgaged Premises is located, shall have the following powers:
 - (i) to carry on the business of the Mortgagor and to enter into any compromise or arrangement on behalf of the Mortgagor;
 - (ii) with the prior written consent of the Mortgagee to borrow money in his name or in the Mortgagor's name, for the purpose of carrying on the business of the Mortgagor and for the preservation and realization of the undertaking, property and assets of the Mortgagor including, without limitation, the right to pay persons having prior charges or encumbrances on properties on which the Mortgagor may hold charges or encumbrances, with any amount so borrowed and any interest thereon to be a charge upon the Mortgaged Premises in priority to this Collateral Mortgage;
 - (iii) to make such arrangements, at such time or times as the Receiver may deem necessary without the concurrence of any other persons, for the repairing, finishing, adding to, or putting in order the Mortgaged Premises including without restricting the generality of the foregoing to complete, with such variations, additions and deletions as the Mortgagee may approve, the construction of the Mortgaged Premises, or award the same to others to complete, and in either of such cases, shall have the right to take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances on the Lands) and property of every kind and description;

(iv) to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Premises and in exercising the Receiver's foregoing power to sell or lease the Mortgaged Premises the Receiver may in his absolute discretion:

- (A) sell or lease the whole or any part of the Mortgaged Premises by public or private tender or by private contract;
- (B) grant options to purchase or lease or both;
- (C) grant rights of first refusal to purchase or lease or both;
- (D) complete any contract for sale, lease, option or right of first refusal;
- (E) enter into open, exclusive and multiple listing contracts for sale or lease;
- (F) sign and file subdivision, condominium, strata, consolidation or other plans, plats or declarations;
- (G) complete and file prospectuses, disclosure statements or affidavits in connection with any proposed disposition of the Mortgaged Premises or any portion or portions thereof;
- (H) effect a sale or lease by conveying in the name of or on behalf of the Mortgagor or otherwise;
- (I) make any stipulation as to title or conveyance or commencement of title;
- (J) rescind or vary any contract of sale, lease, option or right of first refusal;
- (K) resell or release without being answerable for any loss occasioned thereby;
- (L) sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any moneys until actually received; and
- (M) make any arrangements or compromises which the Receiver shall think expedient;

(b) Any Receiver appointed pursuant to the provisions hereof shall be deemed to be an agent of the Mortgagor for the purposes of:

- (i) carrying on and managing the business and affairs of the Mortgagor; and
- (ii) establishing liability for all of the acts or omissions of the Receiver while acting in any capacity hereunder and the Mortgagee shall not be liable for such acts or omissions,

provided that, without restricting the generality of the foregoing, the Mortgagor irrevocably authorizes the Mortgagee to give instructions to the Receiver relating to the performance of its duties as set out herein.

15. Attorney. The Mortgagor hereby irrevocably nominates, constitutes and appoints the Mortgagee and any person further designated by the Mortgagee as the true and lawful attorney of the Mortgagor for and in the name of the Mortgagor after an Event of Default has occurred and is continuing and this Collateral Mortgage or any other security held by the Mortgagee for the Indebtedness or other Obligations has become enforceable, to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Mortgagor is obliged to sign, execute or do hereunder and to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Mortgagor in the exercise of all or any of the powers hereby conferred on the Mortgagor and on any Receiver appointed hereunder.
16. Application of Moneys. All moneys actually received by the Mortgagee or the Receiver pursuant to Sections 13 and 14 of this Collateral Mortgage shall be applied:
 - (a) first, in payment of claims, if any, of creditors of the Mortgagor (including any claim of the Receiver pursuant to Section 14(a)), ranking in priority to the charges created by this Collateral Mortgage as directed by the Mortgagee or the Receiver;
 - (b) second, in or towards payment of all applicable Costs;
 - (c) third, in or towards payment or satisfaction of any remaining Indebtedness in such order as the Mortgagee in its sole discretion may determine;
 - (d) fourth, in or towards the payment of the obligation of the Mortgagor to persons, if any, with charges or security interests against the Mortgaged Premises ranking subsequent to those in favour of the Mortgagee; and
 - (e) fifth, subject to applicable law, any surplus shall be paid to the Mortgagor.
17. Release, Extensions, etc. The Mortgagee may in its sole discretion at all times release any part or parts of the Mortgaged Premises either with or without any consideration therefor, without responsibility therefor and without thereby releasing any other part of the Mortgaged Premises or any person from his obligations under any applicable Financing Document or from any of the covenants herein or therein contained and without being accountable to the Mortgagor for the value thereof or for any money except that actually received by the Mortgagee, it being expressly agreed that every part of the Mortgaged Premises into which it is or may hereafter be divided does and shall stand charged with the whole of the amount hereby secured. The Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take additional securities may give any securities up, may abstain from taking securities or from perfecting securities, may accept compositions, and may otherwise deal with the Mortgagor and all other persons and securities as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Collateral Mortgage.
18. No Change in Rights. No sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or the amount or terms of any Indebtedness or of any Financing Document.

19. No Merger. The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Mortgagor to perform its Obligations or to pay Indebtedness hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of the Mortgagee to interest at the Interest Rate in effect from time to time hereunder, and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Collateral Mortgage or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Mortgagor to the Mortgagee or under any Offer of Finance.
20. Assignment of Rents. Subject to the proviso for defeasance, and as additional and separate continuing security for the Mortgagor's Obligations, the Mortgagor hereby assigns to the Mortgagee subject to the rights of the holders of the Permitted Liens all present and future leases of the Mortgaged Premises or any part thereof, and all rents, issues, incomes and profits now or hereafter derived from the leases, sub-leases or the Mortgaged Premises or any part thereof, together with the benefit of all covenants, agreements and provisos contained in such leases or sub-leases as the case may be. The Mortgagor will execute and deliver to the Mortgagee, from time to time, upon the request of the Mortgagee and at the expense of the Mortgagor, assignments in registrable form in the Mortgagee's usual form of all leases and rents relating to the Mortgaged Premises and such other notices or documents as may be required by the Mortgagee. Until an Event of Default occurs the Mortgagor may demand, receive, collect and enjoy the rents only as the same fall due and payable and, except for the last month's rental, not in advance, but nothing shall permit or authorize the Mortgagor to collect or receive rents contrary to the covenants contained herein. Nothing in this Collateral Mortgage shall make the Mortgagee responsible for the collection of rents payable under any lease of the Mortgaged Premises or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease. The Mortgagee shall be liable to account only for such rents as actually come into its hands after the deductions of reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness and Costs.
21. Interpretation. Unless the context otherwise requires, words reporting the singular include the plural and vice-versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Mortgagee shall be equally secured to and exercisable by its successors and assigns; all covenants and liabilities entered into or imposed hereunder upon the Mortgagor shall be equally binding upon its heirs, executors, administrators and assigns or successors and assigns as the case may be; all such covenants, liabilities and obligations shall be joint and several; time shall be of the essence hereof; and all provisions hereof shall have effect notwithstanding any statute to the contrary.
22. Headings. The division of this Collateral Mortgage into separate sections, paragraphs and clauses and the insertion of headings are included for convenience of reference only and are not intended to affect the construction or interpretation of the Collateral Mortgage nor are they intended to be full or accurate descriptions of the contents.
23. No Obligation to Advance. Neither the execution nor registration of this Collateral Mortgage, nor the advance of any moneys of any amounts secured hereby shall bind the Mortgagee to advance any amounts pursuant to any Financing Document secured hereby or any part thereof, but nevertheless the charges created hereby shall take effect upon execution hereof.
24. Disclosure of Information. The Mortgagor acknowledges that pursuant to the provisions of applicable construction lien legislation, the *Personal Property Security Act* and other similar

legislation, the Mortgagee may be obliged to release information relating to any Offer of Finance, this Collateral Mortgage, the Indebtedness and any amounts advanced thereunder or secured hereby. The Mortgagor hereby authorizes the Mortgagee to release all such information and any other information it may, from time to time, be required to release by law to those entitled to such information.

25. Spousal Status. The Mortgagor shall forthwith notify the Mortgagee in writing of any change in the Mortgagor's spousal status and provide the Mortgagee with such further particulars as the Mortgagee may request.
26. Discharge. After payment in full of all Indebtedness and Costs and the performance of all Obligations, the Mortgagee shall within a reasonable period of time after receipt of a written request therefor from the Mortgagor, provide the Mortgagor with a discharge of the Collateral Mortgage or an assignment or transfer of the Collateral Mortgage if so required and directed by the Mortgagor; any such discharge, assignment or transfer shall be prepared by the Mortgagee at the expense of the Mortgagor.
27. Proper Law. This Collateral Mortgage shall be governed by and construed in accordance with the laws of the province where the Mortgaged Premises is located and the laws of Canada applicable therein.
28. Notice and Payments. Any payments not received by the Mortgagee by two o'clock p.m. on a Business Day shall be deemed to have been received on the next Business Day. All notices and other communications ("Notices") provided for herein shall be in writing and shall be sent electronically as follows: (a) in the case of the Mortgagor to stevecaryl@me.com and (b) in the case of the Mortgagee, to charles@novillo.ca or such other e-mail address as the Lender may provide from time to time. Each Notice shall be deemed to have been given and received on the date and time the Notice is sent electronically by e-mail by the sender to the recipient's e-mail address. Each party may change its electronic mail address for Notices and other communications hereunder by notice to the other parties.

[SIGNATURE PAGE FOLLOWS]

Witnessed by video conference

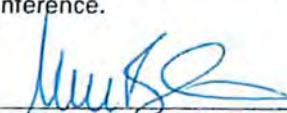
4551650 NOVA SCOTIA LIMITED

Per: _____
Name: Steven Caryi
Title: President

I have authority to bind the Mortgagor.

PROVINCE OF NOVA SCOTIA

I CERTIFY that on this 16th day of October, 2023, 4551650 NOVA SCOTIA LIMITED, one of the parties thereto, caused the foregoing Mortgage to be executed in its name and on its behalf by its proper officers duly authorized in that behalf in my presence by video conference.


Marc A. Beaubien

A Barrister of the Supreme Court
of Nova Scotia


PROVINCE OF NOVA SCOTIA

AFFIDAVIT

I, Steven Caryi, of Halifax Regional Municipality, Province of Nova Scotia, make oath and say as follows:

1. THAT I am the President of Annapolis Management Inc. (the "Company"), the mortgagor in the attached instrument, and as such have a personal knowledge of the matters herein deposed to and am authorized to bind the Company;
2. THAT the Company is not now, nor will it be upon delivery of the attached Mortgage, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
3. THAT this acknowledgment is made pursuant to s.31(a) of the Registry Act, R.S.N.S. 1989, c.392 or s. 79(1)(a) of the Land Registration Act as the case may be, for the purpose of registering the instrument.
4. THAT for the purpose of this my affidavit "Matrimonial Home" means a dwelling and real property occupied by a person and that person's spouse as their family residence; and
5. THAT the real property described in the attached Mortgage has never been occupied as a Matrimonial Home by any of the shareholders of the Company, nor does an interest in the Company entitle the owner or owners thereof to occupy the aforesaid property as a Matrimonial Home.

SWORN TO from Winter Park, Florida to)
Halifax, this 16th day of October, 2023,)
before me by video conference:)
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Marc A. Beaubien
A Barrister of the Supreme Court
of Nova Scotia


STEVEN CARYI

Schedule "A"

PID 00003236

ALL that certain lot, piece or parcel of land and premises thereon, lying on the western side of Hollis Street in the City and County of Halifax and being the southern moiety or half part of Lot Number 13, Block Letter B, Gallands Division and the northern quarter part of Lot Number 12 in the said Block and Division before mentioned, and which said land may be more particularly described as follows:

BEGINNING at a point on the western side line of Hollis Street distant measured in a southerly direction 142 feet from the intersection formed by the said western side line of Hollis Street with the southern side line of Prince Street, said point of beginning being also the southwestern angle of the stone and masonry building now occupied and known as the Halifax Club;

THENCE to run westerly along the southern face of the southern wall of the said Halifax Club and the prolongation westerly thereof 62 feet;

THENCE southerly parallel to Hollis Street 30.5 feet;

THENCE easterly parallel to the first described line 62 feet to Hollis Street;

AND THENCE northerly by the same 30.5 feet to the place of beginning.

THE street lines herein referred to are those now laid down on the City Official Plan.

Subject to a Notice of Heritage Designation as recorded in the Halifax Registry of Deeds in Book 3531 at Page 1162.

Subject to an Agreement registered in 2011 Document Number 98291249.

The parcel was created by a subdivision that predates subdivision control or planning legislation or by-laws in the municipality and therefore no subdivision approval was required for creation of this parcel.

This is Exhibit C to the affidavit of
CHARLES AUGERMAN sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

EXHIBIT "C"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

GENERAL ASSIGNMENT OF RENTS AND LEASES

THIS AGREEMENT made this 16th day of October, 2023.

BETWEEN:

4551650 NOVA SCOTIA LIMITED, a body corporate

(the "Assignor")

- and -

4518276 NOVA SCOTIA LIMITED, a body corporate

(the "Assignee")

WHEREAS the Assignor is the registered owner of the Property (hereinafter defined) and has agreed to enter into this Agreement with the Assignee as collateral security for the due payment of the Mortgage (hereinafter defined).

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the making of the loan represented by the Mortgage (hereinafter defined), the sum of Ten Dollars (\$10.00) and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Assignor), it is hereby covenanted and agreed and declared by the Assignor as follows:

1. In this Agreement, unless there is something in the subject matter or context inconsistent therewith:
 - (a) "Agreement" shall mean this agreement.
 - (b) "Leases" shall mean:
 - (i) each and every existing and future lease of, and agreement to lease of, the whole or any portion of the Property (hereinafter defined);
 - (ii) each and every existing and future tenancy agreement as to use or occupation and licence in respect of the whole or any portion of the Property (hereinafter defined), whether or not pursuant to any written lease, agreement or licence, and including any such lease, agreement or licence granting or permitting occupancy to any of the members of the Assignor;
 - (iii) each and every existing and future guarantee of all or any of the obligations of any existing or future tenant, user, occupier or licensee of the whole or any portion of the Property (hereinafter defined); and
 - (iv) each and every existing and future assignment and agreement to assume the obligations of tenants of the whole or any portion of the Property (hereinafter defined).

- (c) **"Mortgage"** shall mean a collateral charge of the Property (hereinafter defined) from the Assignor to and in favour of the Assignee and registered against the Property (hereinafter defined) at the Land Registration Office.
 - (d) **"Property"** shall mean the lands and premises described in Schedule "A" attached hereto, together with any buildings or structures now or hereafter erected thereon.
 - (e) **"Rents"** shall mean all rents, charges and other moneys (including, without limitation, any subsidies payable by any governmental bodies or agencies) now due and payable or hereafter to become due and payable and the benefit of all covenants of tenants, users, occupiers, licensees and guarantors under or in respect of the Leases.
2. The Assignor hereby assigns, transfers and sets over unto the Assignee, its successors and assigns (as security for payment of the principal, interest and other moneys secured by the Mortgage and for performance of the obligations of the Assignor thereunder and until the moneys due under and by virtue of the Mortgage having been fully paid and satisfied) all of the Assignor's right, title and interest in the Leases and the Rents, with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents and to enforce payment thereof in the name of the Assignor or the owner from time to time of the Property, and their respective heirs, executors, administrators, successors or assigns.
 3. The Assignor shall be permitted to collect and receive the Rents as and when they shall become due and payable according to the terms of each of the Leases, unless and until the Assignor is in default under any of the provisions of the Mortgage and, thereafter, the Assignee gives notice to the tenant, user, occupier, licensee or guarantor thereunder requiring the same to pay the Rents to the Assignee, which notice shall be binding upon the Assignor and may not be contested by it. It is further agreed that a statement of default purporting to be made by or on behalf of the Assignee shall be deemed to be, for all purposes, sufficient evidence of default having been made in the payment of principal moneys and interest or some part thereof secured by the Mortgage or in the observance, performance or keeping of any of the terms, covenants or agreements therein contained on the part of the Assignor to be observed, performed or kept and the continuance of such default, and notice of such default shall be deemed to be well and sufficiently given to the lessees named in the Leases if such notice is sent by mail addressed to the lessees.
 4. Provided further, and it is hereby expressly agreed, that nothing herein contained shall have the effect of making the Assignee, its successors or assigns, responsible for the collection of Rents or any of them or for the performance of any of the covenants, obligations, provisions or conditions under or in respect of the Leases or any of them to be observed or performed by the Assignor, and the Assignee shall not, by virtue of this Agreement or its receipt of the Rents or any of them become or be deemed a charge in possession of the Property or the charged premises and the Assignee shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the Rents or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them, and the Assignee shall be liable to account only for such moneys as shall actually come into its hands, less all costs and expenses, collection charges and other proper deductions and that such moneys may be applied on account of any indebtedness of the Assignor to the Assignee.
 5. In the event, however, that the Assignor shall reinstate the Mortgage completely in good standing, having complied with all the terms, covenants and conditions of the Mortgage, then the Assignee shall within one month after demand re-deliver possession of the Property to the Assignor and the Assignor shall remain in possession unless and until another default occurs, at

which time the Assignee may, at the Assignee's sole option, again take possession of the Property under authority of this Agreement.

6. If the Assignee shall have exercised its rights under Section 3 and shall have received any of the Rents and if the Assignor shall cure the default under the Mortgage which gave rise to such exercise and shall have resumed collection of the Rents, the Assignee will provide the Assignor with details of all Rents received by it prior to such resumption.
7. The Assignee shall not be responsible or accountable for any failure to collect, realize, sell or obtain payment of the Rents or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of same or for the purpose of preserving any rights of the Assignee, the Assignor or any other person, firm or corporation in respect of the Rents or any part thereof.
8. The Assignee may grant extensions, take and give up securities, accept compositions, grant releases and discharges and, generally, deal with the Rents in its absolute discretion without the consent of or notice to the Assignor, but otherwise in accordance with the provisions hereof.
9. In furtherance of the foregoing assignment, the Assignor hereby authorizes the Assignee, by its employees or agents, at its option, after the occurrence of a default hereunder or under the Mortgage, to enter upon the Property and to collect in the name of the Assignor or in its own name as Assignee the Rents accrued but unpaid and in arrears at the date of such default, as well as the Rents thereafter accruing and becoming payable during the period of the continuance of the said default or any other default and, to this end, the Assignor further agrees that it will facilitate in all reasonable ways the Assignee's collection of said Rents and will, upon request by the Assignee, execute a written notice to each tenant under any of the Leases directing the tenant to pay rent to the said Assignee.
10. The Assignor also hereby authorizes the Assignee upon such entry, at its option, to take over and assume the management, operation and maintenance of the Property and, for such purpose, to retain such agents or employees as it may deem advisable and to perform all acts necessary and proper and to expend such sums out of the income of the Property, the Leases and the Rents as may be needful in connection therewith in the same manner and to the same extent as the Assignor theretofore might do, including the right to effect new Leases, to cancel or surrender existing Leases, to alter or amend the terms of existing Leases, to renew existing Leases or to make concessions to tenants. The Assignor hereby releases all claims against the Assignee arising out of such management, operation and maintenance.
11. The Assignee shall, after payment of all proper charges and expenses, including reasonable compensation to any agent or employee as it shall select and employ and after the accumulation of a reserve, to meet taxes, assessments, water rates and other public utility charges and fire and liability insurance in the requisite amounts, credit the net amount of income received by it from the Property by virtue of this Agreement and to any amounts due and owing to it by the Assignor under the terms of the Mortgage, but the manner of the application of such net income and what items shall be credited shall be determined in the sole discretion of the Assignee.
12. It is understood and agreed that this Agreement is being taken as collateral security for the due payment of any sum due under the Mortgage and that none of the rights or remedies of the Assignee under the Mortgage shall be delayed or in any way prejudiced by these presents and that following registration of a cessation of the whole of the Mortgage, this Agreement shall be of no further force or effect and, if requested by the Assignor, the Assignee will execute and deliver a separate reconveyance of this Agreement and the land registrar is hereby authorized to delete reference to this Agreement from the title to the Property. Following registration of a

cessation of the Mortgage, this Agreement shall be of no further force or effect only in respect of that part or parts of the Property in respect of which the Mortgage has been discharged.

13. The provisions of this Agreement shall be construed according to the laws of the province in which the Property is situated.
14. This Agreement and everything herein contained shall bind and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

[Signature Page Follows]

IN WITNESS WHEREOF the Assignor hereto has executed this Agreement effective as of the day and year first above written.



Witnessed by video conference

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4551650 NOVA SCOTIA LIMITED


Per: _____

Name: Steven Caryi
Title: President

I have authority to bind the Mortgagor.

PROVINCE OF NOVA SCOTIA

I CERTIFY that on this 16th day of October, 2023, 4551650 NOVA SCOTIA LIMITED, one of the parties thereto, caused the foregoing Assignment to be executed in its name and on its behalf by its proper officers duly authorized in that behalf in my presence by video conference.



Marc A. Beaubien
A Barrister of the Supreme Court
of Nova Scotia

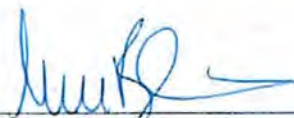
PROVINCE OF NOVA SCOTIA

AFFIDAVIT

I, Steven Caryi, of Halifax Regional Municipality, Province of Nova Scotia, make oath and say as follows:

1. THAT I am the President of 4551650 NOVA SCOTIA LIMITED (the "Company"), the assignor in the attached instrument, and as such have a personal knowledge of the matters herein deposed to and am authorized to bind the Company;
2. THAT the Company is not now, nor will it be upon delivery of the attached Assignment, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
3. THAT this acknowledgment is made pursuant to s.31(a) of the Registry Act, R.S.N.S. 1989, c.392 or s. 79(1)(a) of the Land Registration Act as the case may be, for the purpose of registering the instrument.
4. THAT for the purpose of this my affidavit "Matrimonial Home" means a dwelling and real property occupied by a person and that person's spouse as their family residence; and
5. THAT the real property described in the attached Assignment has never been occupied as a Matrimonial Home by any of the shareholders of the Company, nor does an interest in the Company entitle the owner or owners thereof to occupy the aforesaid property as a Matrimonial Home.

SWORN TO from Winter Park, Florida to
Halifax, this 16th day of October, 2023,
before me by video conference:



Marc A. Beaubien
A Barrister of the Supreme Court
of Nova Scotia



STEVEN CARYI

SCHEDULE "A"
Property

PID 00003236

ALL that certain lot, piece or parcel of land and premises thereon, lying on the western side of Hollis Street in the City and County of Halifax and being the southern moiety or half part of Lot Number 13, Block Letter B, Gallands Division and the northern quarter part of Lot Number 12 in the said Block and Division before mentioned, and which said land may be more particularly described as follows:

BEGINNING at a point on the western side line of Hollis Street distant measured in a southerly direction 142 feet from the intersection formed by the said western side line of Hollis Street with the southern side line of Prince Street, said point of beginning being also the southwestern angle of the stone and masonry building now occupied and known as the Halifax Club;

THENCE to run westerly along the southern face of the southern wall of the said Halifax Club and the prolongation westerly thereof 62 feet;

THENCE southerly parallel to Hollis Street 30.5 feet;

THENCE easterly parallel to the first described line 62 feet to Hollis Street;

AND THENCE northerly by the same 30.5 feet to the place of beginning.

THE street lines herein referred to are those now laid down on the City Official Plan.

Subject to a Notice of Heritage Designation as recorded in the Halifax Registry of Deeds in Book 3531 at Page 1162.

Subject to an Agreement registered in 2011 Document Number 98291249.

The parcel was created by a subdivision that predates subdivision control or planning legislation or by-laws in the municipality and therefore no subdivision approval was required for creation of this parcel.

This is Exhibit D to the affidavit of
CHARLES
SCESANA sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

EXHIBIT "D"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

GENERAL SECURITY AGREEMENT

This **GENERAL SECURITY AGREEMENT** dated October 16, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **4551650 NOVA SCOTIA LIMITED** (the "**Debtor**"), in favour of **4518276 NOVA SCOTIA LIMITED** (the "**Secured Party**").

WHEREAS the Secured Party, as lender, the Debtor as borrower, **ANNAPOLIS MANAGEMENT, INC.**, in its capacity as general partner of **RUBY, LLP** and **STEVEN CARYI** as guarantors (together with the Debtor, the "**Credit Parties**") entered into a loan agreement dated with effect as of October 16, 2023 (the "**Loan Agreement**");

NOW THEREFORE in consideration of the Secured Party establishing and maintaining credit facilities in favour of the Debtor under the Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby agrees as follows:

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), the Debtor hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of the Debtor's right, title and interest in and to all of the Debtor's present and after acquired personal property of any nature or kind including, without limiting the generality of the foregoing, the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**");

(a) **Goods:** all goods and equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not inventory, including consumer goods, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;

(b) **Inventory:** all inventory of the Debtor, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or that have been leased or furnished or consigned to the Debtor or to be furnished, leased or consigned to the Debtor under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing;

(c) **Accounts:** all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and choses in action or any part thereof;

(d) **Other Personal Property:** all of the Debtor's undertaking and all of the Debtor's other personal property and assets including, without limitation, all warehouse receipts, bills of lading and other documents of title whether negotiable or not, all chattel paper, instruments, securities, shares, warrants, bonds, debentures, debenture stock, letters of credit, cheques and money;

(e) **Intangibles:** all contractual rights, licenses, permits, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor, insurance claims, computer software, warranties, judgments, rights, franchises and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be due or owing to or owned by the Debtor, and all other intangible property of the Debtor; and

(f) all proceeds of every nature and kind arising from the Collateral referred to in this Security Agreement.

2. Attachment of Security Interest. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. The Debtor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Debtor acquires rights in such after-acquired Collateral.

3. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of the Debtor to the Secured Party from time to time including, without limitation, all present and future obligations of the Debtor arising under the Loan Agreement, this Agreement and the any document given pursuant to the Loan Agreement or this Agreement (collectively with this Agreement and the Loan Agreement, the "**Loan Documents**"), whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Debtor alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise together with all fees, costs, lawyers' fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 3 being herein collectively called the "**Secured Obligations**").

4. Representations and Warranties. The Debtor represents and warrants as follows:

(a) all of the Collateral is, or when the Debtor acquires any right, title or interest the Collateral will be, at the location or locations set out in Schedule "A" hereto (other than inventory in transit, sold or leased in the ordinary course of business).

(b) the Debtor is the sole legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and other encumbrances permitted by the Loan Agreement.

(c) This Agreement has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles.

(d) The Debtor has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained pursuant to the *Personal Property Security Act* (Nova Scotia) ("**PPSA**") and, to the extent applicable the *Securities Transfer Act* (Nova Scotia). No person other than the Secured Party has control or possession of all or any part of the Collateral. All certificated securities that the Debtor has have been delivered to the Secured Party.

5. Covenants. The Debtor covenants as follows:

(a) The Debtor will not, without providing at least 20 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation, province, or territory in which its registered office, chief executive office or its principal place of business is located, as applicable. The Debtor will, prior to any change described in the preceding sentence, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral will be kept at those locations listed in Schedule "A" and, except for Inventory in transit, sold or leased in the ordinary course of business, the Debtor will not remove the Collateral from such locations without the Secured Party's prior written consent. The Debtor will, before any change described in the preceding sentence, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) The Debtor will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Loan Agreement, in the ordinary course of business, or with the prior written consent of the Secured Party. The Debtor will not amend or terminate any chattel paper, document of title, instrument, security, investment property or intangible, without the prior written consent of the Secured Party.

(d) The Debtor will not grant, create, permit or suffer to exist any mortgage, hypothec, pledge, lien, security interest, option, right of first offer, right of first refusal, encumbrance, statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) or other restriction or limitation of any nature whatsoever on the Collateral except as expressly provided for in the Loan Agreement or with the prior written consent of the Secured Party.

(e) The Debtor will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(f) The Debtor will pay promptly when due all Debt, including without limitation taxes and contractual obligations, subject to the terms of the Loan Agreement.

(g) The Debtor will permit the Secured Party, or its representatives, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Debtor shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, the Debtor and its business, as the Secured Party may reasonably request, including access to the Debtor's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(h) The Debtor shall insure the Collateral against loss or damage by fire and such other risks and hazards, in such amounts, with the Secured Party as loss payee and upon such other terms as set out in the Loan Agreement or as the Secured Party may from time to time require. Any insurance proceeds received by the Secured Party may, at the option of the Secured Party, be applied against the Secured Obligations or released to the Debtor without prejudice to any rights or remedies of the Secured Party hereunder.

(i) The Debtor shall promptly, and within two (2) business days, provide the Secured Party with written notice of any event that occurs that would have a material adverse effect upon the Collateral or upon the financial condition of the Debtor.

(j) The Debtor shall at all times ensure that the representations and warranties given in this Agreement shall remain true and correct.

6. Investment Property. Unless an Event of Default (as hereinafter defined) shall have occurred and be continuing, the Debtor may, to the extent the Debtor has such right as a holder of the Collateral consisting of securities, shares, interests, units, trust units, partnership, members or other equity interests, participations or other equivalents of shares in a corporation or equivalent ownership interests in a person (collectively, "**Equity Interests**") or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in the Secured Party's reasonable judgment, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or be inconsistent with or result in any violation of any provision of the Loan Agreement or this Agreement. The Debtor may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other Equity Interests or indebtedness owed by any obligor. Where investment property is held in an account of a securities intermediary, the Debtor shall: (i) enter into, and use commercially reasonable efforts to cause any securities intermediary for any securities accounts or entitlements forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, the Debtor and said securities intermediary in a form and substance acceptable to the Secured Party; and (ii) enter into, and use commercially reasonable efforts to cause any issuer of uncertificated securities forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, the Debtor and said securities intermediary, in a form and substance acceptable to the Secured Party.

7. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or employee of the Secured Party as the Debtor's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time during the continuance of an Event of Default in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Debtor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Debtor any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Secured Party shall not be obligated to and shall have no liability to the Debtor or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Debtor hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

8. Receivables. Before or after an Event of Default, the Secured Party may, or at the request and option of the Secured Party, the Debtor shall: (i) notify account debtors of the Secured Party's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii)

direct that payment thereof is to be made directly to the Secured Party. The Secured Party may apply any such money to the satisfaction of the Secured Obligations.

9. Secured Party May Perform. If the Debtor fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor; provided that the Secured Party shall not be required to perform or discharge any obligation of the Debtor and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

10. Set-Off. The Secured Party may, without notice to the Debtor or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Debtor from the Secured Party or any of its affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

11. Remedies. Upon the occurrence of a default of any of the covenants, obligations, or representations of the Debtor or any of the Credit Parties under this Agreement, Loan Agreement, the Loan Documents, or any other agreement, instrument, security, covenant, or document delivered by the Debtor or any of the other Credit Parties in relation to the Loan Agreement (each, an "Event of Default") that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies including the following:

- (a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;
- (b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Secured Party can take possession of the Collateral by requiring the Debtor to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;
- (d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the land and premises, buildings, plant and undertaking owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of the Debtor or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;

(e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of the Debtor with respect to the Collateral, including collecting or compromising all or any of the Debtor's Accounts;

(g) the Secured Party may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "Receiver"), of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party;

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party;

(j) all rights of the Debtor to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 6; and (ii) receive the dividends and other distributions that it would otherwise be entitled to receive and retain pursuant to Section 6, shall immediately cease, and all such rights shall thereupon become vested in the Secured Party, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and

(k) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

12. Distribution of Proceeds. Any cash held by the Secured Party as Collateral and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect, in its sole discretion. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus. The Debtor shall remain liable for any deficiency if such cash and the cash proceeds of

any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Secured Party to collect such deficiency.

13. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Loan Agreement. Unless otherwise defined herein or in the Loan Agreement, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

14. Acknowledgement and Waiver. The Debtor acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, the Debtor hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

15. No Waiver and Cumulative Remedies. The Secured Party shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

16. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Debtor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Debtor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

17. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Loan Agreement and shall be given in the manner and become effective as set forth in the Loan Agreement.

18. Continuing Security Interest; Assignment. This Agreement creates a general and continuing security interest in the Collateral and (a) remains in full force and effect until payment and performance in full of the Secured Obligations, (b) is binding upon the Debtor, its successors and permitted assigns, and (c) enures to the benefit of the Secured Party and its successors, transferees and assigns; provided that the Debtor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Debtor.

19. Amalgamation. The Debtor acknowledges that, if it amalgamates with another person, the term Debtor, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to

the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

20. Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Nova Scotia and the laws of Canada applicable in that Province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Nova Scotia.

21. Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

22. Conflict with Loan Agreement. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Loan Agreement, the terms of the Loan Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

23. Further Assurances. The Debtor agrees that, at any time and from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Signature page follows]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first above written.

4551650 NOVA SCOTIA LIMITED



Per: 
Name: Steven Caryi
Title: President

I have authority to bind the Debtor.

SCHEDULE A

Location of the Collateral

1674 Hollis Street, Halifax, Nova Scotia

This is Exhibit E to the affidavit of
~~CHARLES~~
~~ALVARADO~~ sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

EXHIBIT "E"

GENERAL SECURITY AGREEMENT

This **GENERAL SECURITY AGREEMENT** dated as of October 16, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **ANNAPOLIS MANAGEMENT INC.**, in its own capacity ("**Annapolis**") in favour of **4518276 NOVA SCOTIA LIMITED** (the "**Secured Party**").

WHEREAS the Secured Party, as lender, 4551650 Nova Scotia Limited (the "**Debtor**"), as borrower, Annapolis; Annapolis in its capacity as general partner of **RUBY, LLP** and **STEVEN CARYI** as guarantors (together with the Debtor, the "**Credit Parties**") entered into a loan agreement dated with effect as of October 16, 2023 (the "**Loan Agreement**");

NOW THEREFORE in consideration of the Secured Party establishing and maintaining credit facilities in favour of the Debtor under the Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Annapolis hereby agrees as follows:

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), Annapolis hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of Annapolis's right, title and interest in and to all of the Annapolis's present and after acquired personal property of any nature or kind including, without limiting the generality of the foregoing, the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**");

(a) **Goods:** all goods and equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not inventory, including consumer goods, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;

(b) **Inventory:** all inventory of the Annapolis, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or that have been leased or furnished or consigned to the Annapolis or to be furnished, leased or consigned to the Annapolis under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing;

(c) **Accounts:** all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Annapolis and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and choses in action or any part thereof;

(d) **Other Personal Property:** all of Annapolis's undertaking and all of Annapolis's other personal property and assets including, without limitation, all warehouse receipts, bills of lading and other documents of title whether negotiable or not, all chattel paper, instruments, securities, shares, warrants, bonds, debentures, debenture stock, letters of credit, cheques and money;

(e) **Intangibles:** all contractual rights, licenses, permits, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of Annapolis, insurance claims, computer software, warranties, judgments, rights, franchises and all other choses in action

of Annapolis of every kind which now are, or which may at any time hereafter be due or owing to or owned by Annapolis, and all other intangible property of Annapolis; and

(f) all proceeds of every nature and kind arising from the Collateral referred to in this Security Agreement.

2. Attachment of Security Interest. Annapolis acknowledges that value has been given to the Debtor, that Annapolis has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. Annapolis acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that Annapolis acquires rights in such after-acquired Collateral.

3. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of Annapolis to the Secured Party from time to time including, without limitation, all present and future obligations of Annapolis arising under the Loan Agreement, this Agreement and the any document given pursuant to the Loan Agreement or this Agreement (collectively with this Agreement and the Loan Agreement, the "**Loan Documents**"), whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by Annapolis alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise together with all fees, costs, lawyers' fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 3 being herein collectively called the "**Secured Obligations**").

4. Representations and Warranties. Annapolis represents and warrants as follows:

(a) all of the Collateral is, or when Annapolis acquires any right, title or interest the Collateral will be, at the location or locations set out in Schedule "B" hereto (other than inventory in transit, sold or leased in the ordinary course of business).

(b) Annapolis is the sole legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and other encumbrances permitted by the Loan Agreement.

(c) This Agreement has been duly authorized, executed and delivered by Annapolis and constitutes a legal, valid and binding obligation of Annapolis enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles.

(d) Annapolis has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained

pursuant to the *Personal Property Security Act* (Nova Scotia) ("PPSA") and, to the extent applicable the *Securities Transfer Act* (Nova Scotia).

5. Covenants. Annapolis covenants as follows:

(a) Annapolis will not, without providing at least 20 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation, province, or territory in which its registered office, chief executive office or its principal place of business is located, as applicable. Annapolis will, prior to any change described in the preceding sentence, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral will be kept at those locations listed in Schedule "B" and, except for Inventory in transit, sold or leased in the ordinary course of business, Annapolis will not remove the Collateral from such locations without the Secured Party's prior written consent. Annapolis will, before any change described in the preceding sentence, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) Annapolis will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Loan Agreement, in the ordinary course of business, or with the prior written consent of the Secured Party.

(d) Annapolis will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(e) Annapolis will pay promptly when due all Debt, including without limitation taxes and contractual obligations, subject to the terms of the Loan Agreement.

(f) Annapolis will permit the Secured Party, or its representatives, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. Annapolis shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, Annapolis and its business, as the Secured Party may reasonably request, including access to Annapolis's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(g) Annapolis shall insure the Collateral against loss or damage by fire and such other risks and hazards, in such amounts, with the Secured Party as loss payee and upon such other terms as set out in the Loan Agreement or as the Secured Party may from time to time require. Any insurance proceeds received by the Secured Party may, at the option of the Secured Party, be applied against the Secured Obligations or released to Annapolis without prejudice to any rights or remedies of the Secured Party hereunder.

(h) Annapolis shall promptly, and within two (2) business days, provide the Secured Party with written notice of any event that occurs that would have a material adverse effect upon the Collateral or upon the financial condition of Annapolis.

- (i) Annapolis shall at all times ensure that the representations and warranties given in this Agreement shall remain true and correct.

6. Investment Property. Unless an Event of Default (as hereinafter defined) shall have occurred and be continuing, Annapolis may, to the extent Annapolis has such right as a holder of the Collateral consisting of securities, shares, interests, units, trust units, partnership, members or other equity interests, participations or other equivalents of shares in a corporation or equivalent ownership interests in a person (collectively, "**Equity Interests**") or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in the Secured Party's reasonable judgment, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or be inconsistent with or result in any violation of any provision of the Loan Agreement or this Agreement. Annapolis may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other Equity Interests or indebtedness owed by any obligor. Where investment property is held in an account of a securities intermediary, Annapolis shall: (i) enter into, and use commercially reasonable efforts to cause any securities intermediary for any securities accounts or entitlements forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, Annapolis and said securities intermediary in a form and substance acceptable to the Secured Party; and (ii) enter into, and use commercially reasonable efforts to cause any issuer of uncertificated securities forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, Annapolis and said securities intermediary, in a form and substance acceptable to the Secured Party.

7. Power of Attorney. Annapolis hereby irrevocably constitutes and appoints the Secured Party and any officer or employee of the Secured Party as Annapolis's true and lawful attorney, with full power of substitution and with full authority in the place and stead of Annapolis and in the name of Annapolis or otherwise, from time to time during the continuance of an Event of Default in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to Annapolis representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of Annapolis any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Secured Party shall not be obligated to and shall have no liability to Annapolis or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. Annapolis hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

8. Receivables. Before or after an Event of Default, the Secured Party may, or at the request and option of the Secured Party, Annapolis shall: (i) notify account debtors of the Secured Party's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Party. The Secured Party may apply any such money to the satisfaction of the Secured Obligations.

9. Secured Party May Perform. If Annapolis fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by Annapolis; provided that the Secured Party shall not be required to perform or discharge any obligation of Annapolis and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

10. Set-Off. The Secured Party may, without notice to Annapolis or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of Annapolis from the Secured Party or any of its affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

11. Remedies. Upon the occurrence of a default of any of the covenants, obligations, or representations of Annapolis or any of the Credit Parties under this Agreement, Loan Agreement, the Loan Documents, or any other agreement, instrument, security, covenant, or document delivered by Annapolis or any of the other Credit Parties in relation to the Loan Agreement (each, an "Event of Default") that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies including the following:

- (a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;
- (b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Secured Party can take possession of the Collateral by requiring Annapolis to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;
- (d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of Annapolis and may, to the exclusion of all others, including Annapolis, enter upon, occupy and use any of the land and premises, buildings, plant and undertaking owned, occupied or used by Annapolis and may use any of the tools, machinery, equipment and intangibles of Annapolis for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of Annapolis or to manufacture or complete the manufacture of inventory and to pack and ship finished products;
- (e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of Annapolis with respect to the Collateral, including collecting or compromising all or any of Annapolis's Accounts;

(g) the Secured Party may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "Receiver"), of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for Annapolis and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party;

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for Annapolis and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party;

(j) all rights of Annapolis to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 6; and (ii) receive the dividends and other distributions that it would otherwise be entitled to receive and retain pursuant to Section 6, shall immediately cease, and all such rights shall thereupon become vested in the Secured Party, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and

(k) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

12. Distribution of Proceeds. Any cash held by the Secured Party as Collateral and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect, in its sole discretion. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to Annapolis or to whomsoever may be lawfully entitled to receive such surplus. Annapolis shall remain liable for any deficiency if such cash and the cash proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Secured Party to collect such deficiency.

13. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Loan Agreement. Unless otherwise defined herein or in the Loan Agreement, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

14. Acknowledgement and Waiver. Annapolis acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, Annapolis hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

15. No Waiver and Cumulative Remedies. The Secured Party shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

16. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by Annapolis therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and Annapolis, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

17. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Loan Agreement and shall be given in the manner and become effective as set forth in the Loan Agreement.

18. Continuing Security Interest; Assignment. This Agreement creates a general and continuing security interest in the Collateral and (a) remains in full force and effect until payment and performance in full of the Secured Obligations, (b) is binding upon Annapolis, its successors and permitted assigns, and (c) enures to the benefit of the Secured Party and its successors, transferees and assigns; provided Annapolis may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of Annapolis.

19. Amalgamation. Annapolis acknowledges that, if it amalgamates with another person, the term Annapolis, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

20. Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Nova Scotia and the laws of Canada.

applicable in that Province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Nova Scotia.

21. Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

22. Conflict with Loan Agreement. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Loan Agreement, the terms of the Loan Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

23. Further Assurances. Annapolis agrees that, at any time and from time to time, at the expense of Annapolis, Annapolis will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Signature page follows]

IN WITNESS WHEREOF Annapolis has executed this Agreement as of the date first above written.



ANNAPOLIS MANAGEMENT INC.

Per:  _____

Name: Steven Caryi

Title: President

I have authority to bind the Annapolis.

SCHEDULE A

Location of the Collateral

This is Exhibit F to the affidavit of
CHARLES
ALLEGRA sworn before me on the
21 day of JAN 20 25
Anthony W. Scott

EXHIBIT "F"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

GENERAL SECURITY AGREEMENT

This **GENERAL SECURITY AGREEMENT** dated as of October 16, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **ANNAPOLIS MANAGEMENT INC.**, in its capacity as general partner of **RUBY, LLP** ("**Annapolis**") in favour of **4518276 NOVA SCOTIA LIMITED** (the "**Secured Party**").

WHEREAS the Secured Party, as lender, 4551650 Nova Scotia Limited (the "**Debtor**"), as borrower, Annapolis, Annapolis Management, Inc., in its own capacity and **STEVEN CARYI** as guarantors (together with the Debtor, the "**Credit Parties**") entered into a loan agreement dated with effect as of October 16, 2023 (the "**Loan Agreement**");

NOW THEREFORE in consideration of the Secured Party establishing and maintaining credit facilities in favour of the Debtor under the Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Annapolis hereby agrees as follows:

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), Annapolis hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of Annapolis's right, title and interest in and to all of the Annapolis's present and after acquired personal property of any nature or kind including, without limiting the generality of the foregoing, the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**");

(a) **Goods:** all goods and equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not inventory, including consumer goods, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;

(b) **Inventory:** all inventory of the Annapolis, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or that have been leased or furnished or consigned to the Annapolis or to be furnished, leased or consigned to the Annapolis under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing;

(c) **Accounts:** all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Annapolis and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and choses in action or any part thereof;

(d) **Other Personal Property:** all of Annapolis's undertaking and all of Annapolis's other personal property and assets including, without limitation, all warehouse receipts, bills of lading and other documents of title whether negotiable or not, all chattel paper, instruments, securities, shares, warrants, bonds, debentures, debenture stock, letters of credit, cheques and money;

(e) **Intangibles:** all contractual rights, licenses, permits, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of Annapolis, insurance claims, computer software, warranties, judgments, rights, franchises and all other choses in action

of Annapolis of every kind which now are, or which may at any time hereafter be due or owing to or owned by Annapolis, and all other intangible property of Annapolis; and

(f) all proceeds of every nature and kind arising from the Collateral referred to in this Security Agreement.

2. Attachment of Security Interest. Annapolis acknowledges that value has been given to the Debtor, that Annapolis has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. Annapolis acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that Annapolis acquires rights in such after-acquired Collateral.

3. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of Annapolis to the Secured Party from time to time including, without limitation, all present and future obligations of Annapolis arising under the Loan Agreement, this Agreement and the any document given pursuant to the Loan Agreement or this Agreement (collectively with this Agreement and the Loan Agreement, the "**Loan Documents**"), whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by Annapolis alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise together with all fees, costs, lawyers' fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 3 being herein collectively called the "**Secured Obligations**").

4. Representations and Warranties. Annapolis represents and warrants as follows:

(a) all of the Collateral is, or when Anapolis acquires any right, title or interest the Collateral will be, at the location or locations set out in Schedule "B" hereto (other than inventory in transit, sold or leased in the ordinary course of business).

(b) Annapolis is the sole legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and other encumbrances permitted by the Loan Agreement.

(c) This Agreement has been duly authorized, executed and delivered by Annapolis and constitutes a legal, valid and binding obligation of Annapolis enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles.

(d) Annapolis has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained

pursuant to the *Personal Property Security Act* (Nova Scotia) ("PPSA") and, to the extent applicable the *Securities Transfer Act* (Nova Scotia).

5. Covenants. Annapolis covenants as follows:

(a) Annapolis will not, without providing at least 20 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation, province, or territory in which its registered office, chief executive office or its principal place of business is located, as applicable. Annapolis will, prior to any change described in the preceding sentence, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral will be kept at those locations listed in Schedule "B" and, except for inventory in transit, sold or leased in the ordinary course of business, Annapolis will not remove the Collateral from such locations without the Secured Party's prior written consent. Annapolis will, before any change described in the preceding sentence, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) Annapolis will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Loan Agreement, in the ordinary course of business, or with the prior written consent of the Secured Party.

(d) Annapolis will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(e) Annapolis will pay promptly when due all Debt, including without limitation taxes and contractual obligations, subject to the terms of the Loan Agreement.

(f) Annapolis will permit the Secured Party, or its representatives, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. Annapolis shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, Annapolis and its business, as the Secured Party may reasonably request, including access to Annapolis's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(g) Annapolis shall insure the Collateral against loss or damage by fire and such other risks and hazards, in such amounts, with the Secured Party as loss payee and upon such other terms as set out in the Loan Agreement or as the Secured Party may from time to time require. Any insurance proceeds received by the Secured Party may, at the option of the Secured Party, be applied against the Secured Obligations or released to Annapolis without prejudice to any rights or remedies of the Secured Party hereunder.

(h) Annapolis shall promptly, and within two (2) business days, provide the Secured Party with written notice of any event that occurs that would have a material adverse effect upon the Collateral or upon the financial condition of Annapolis.

- (i) Annapolis shall at all times ensure that the representations and warranties given in this Agreement shall remain true and correct.

6. Investment Property. Unless an Event of Default (as hereinafter defined) shall have occurred and be continuing, Annapolis may, to the extent Annapolis has such right as a holder of the Collateral consisting of securities, shares, interests, units, trust units, partnership, members or other equity interests, participations or other equivalents of shares in a corporation or equivalent ownership interests in a person (collectively, "**Equity Interests**") or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in the Secured Party's reasonable judgment, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or be inconsistent with or result in any violation of any provision of the Loan Agreement or this Agreement. Annapolis may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other Equity Interests or indebtedness owed by any obligor. Where investment property is held in an account of a securities intermediary, Annapolis shall: (i) enter into, and use commercially reasonable efforts to cause any securities intermediary for any securities accounts or entitlements forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, Annapolis and said securities intermediary in a form and substance acceptable to the Secured Party; and (ii) enter into, and use commercially reasonable efforts to cause any issuer of uncertificated securities forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, Annapolis and said securities intermediary, in a form and substance acceptable to the Secured Party.

7. Power of Attorney. Annapolis hereby irrevocably constitutes and appoints the Secured Party and any officer or employee of the Secured Party as Annapolis's true and lawful attorney, with full power of substitution and with full authority in the place and stead of Annapolis and in the name of Annapolis or otherwise, from time to time during the continuance of an Event of Default in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to Annapolis representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of Annapolis any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Secured Party shall not be obligated to and shall have no liability to Annapolis or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. Annapolis hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

8. Receivables. Before or after an Event of Default, the Secured Party may, or at the request and option of the Secured Party, Annapolis shall: (i) notify account debtors of the Secured Party's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Party. The Secured Party may apply any such money to the satisfaction of the Secured Obligations.

9. Secured Party May Perform. If Annapolis fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by Annapolis; provided that the Secured Party shall not be required to perform or discharge any obligation of Annapolis and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

10. Set-Off. The Secured Party may, without notice to Annapolis or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of Annapolis from the Secured Party or any of its affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

11. Remedies. Upon the occurrence of a default of any of the covenants, obligations, or representations of Annapolis or any of the Credit Parties under this Agreement, Loan Agreement, the Loan Documents, or any other agreement, instrument, security, covenant, or document delivered by Annapolis or any of the other Credit Parties in relation to the Loan Agreement (each, an "Event of Default") that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies including the following:

- (a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;
- (b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Secured Party can take possession of the Collateral by requiring Annapolis to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;
- (d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of Annapolis and may, to the exclusion of all others, including Annapolis, enter upon, occupy and use any of the land and premises, buildings, plant and undertaking owned, occupied or used by Annapolis and may use any of the tools, machinery, equipment and intangibles of Annapolis for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of Annapolis or to manufacture or complete the manufacture of inventory and to pack and ship finished products;
- (e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of Annapolis with respect to the Collateral, including collecting or compromising all or any of Annapolis's Accounts;

(g) the Secured Party may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "Receiver"), of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for Annapolis and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party;

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for Annapolis and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party;

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(k) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

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13. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Loan Agreement. Unless otherwise defined herein or in the Loan Agreement, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

14. Acknowledgement and Waiver. Annapolis acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, Annapolis hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

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16. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by Annapolis therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and Annapolis, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

17. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Loan Agreement and shall be given in the manner and become effective as set forth in the Loan Agreement.

18. Continuing Security Interest; Assignment. This Agreement creates a general and continuing security interest in the Collateral and (a) remains in full force and effect until payment and performance in full of the Secured Obligations, (b) is binding upon Annapolis, its successors and permitted assigns, and (c) enures to the benefit of the Secured Party and its successors, transferees and assigns; provided Annapolis may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of Annapolis.

19. Amalgamation. Annapolis acknowledges that, if it amalgamates with another person, the term Annapolis, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

20. Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Nova Scotia and the laws of Canada

applicable in that Province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Nova Scotia.

21. Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

22. Conflict with Loan Agreement. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Loan Agreement, the terms of the Loan Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

23. Further Assurances. Annapolis agrees that, at any time and from time to time, at the expense of Annapolis, Annapolis will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Signature page follows]

IN WITNESS WHEREOF Annapolis has executed this Agreement as of the date first above written.



ANNAPOLIS MANAGEMENT INC., in its capacity as
general partner of RUBY, LLP

Per:  _____

Name: Steven Caryi

Title: President

I have authority to bind the Annapolis.

SCHEDULE A

Location of the Collateral

This is Exhibit E to the affidavit of
Charles
Anderson sworn before me on the
21 day of JAN 20 23.

Anthony W. Scott

EXHIBIT "G"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

INSURANCE ASSIGNMENT, WARRANTY AND UNDERTAKING

TO: 4518276 NOVA SCOTIA LIMITED (the "Lender")
RE: Loan from the Lender to 4551650 NOVA SCOTIA LIMITED
DATE: October 16, 2023

For valuable consideration, the undersigned hereby:

1. Represents and warrants that all insurable property of the Borrower charged from time to time by the Lender security has been insured against all losses or risks, that full particulars of the said policies of insurance are set forth in Schedule "A" attached hereto, and as loss payees as their interests may appear with respect to any real or personal property. The undersigned warrants that the attached Schedule is a complete and accurate list of all policies of insurance related to the property secured by the Lender security;
2. Assigns in favour of the Lender as a general and continuing collateral security, all its right, title and interest in and to the policies of insurance set forth in the Schedule hereto, together with all other existing or future insurance policies pertaining to any property or assets over which the Lender holds or may hold security. For greater certainty, this assignment shall include all benefit, power and advantage to be derived under such policies and all proceeds in any way arising therefrom;
3. Undertakes to maintain all policies in good standing and include in all policies such risk coverages and loss limits as may be acceptable to and required by the Lender from time to time; to order forthwith and deliver from time to time to the Lender upon receipt, a certified copy of all insurance policies set forth in the said Schedule; and at the Lender's request from time to time; to update the attached Schedule for the Lender within ten (10) days after any changes are made to the policies of insurance set forth in the attached Schedule; and do all acts and things and to provide such other instruments, documents, consents, directions and further assurances (including further specific assignments) as may be requisite to give full force and effect to the true purpose and intent hereof; and
4. Acknowledges that it makes these representations, statements and undertakings knowing that the Lender will be acting in reliance thereon in making advances to the Borrower upon the security of the Lender security.
5. This Assignment may be executed electronically via DocuSign or other similar electronic execution service. A signed copy of this Assignment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Assignment.

A copy of the herein may be forwarded to any insurer, broker or agent and shall constitute the sole authority and instruction to amend any subsisting policy to note the Lender's interest as required, and to forward certified copies to the Lender or its solicitors.

[SIGNATURE PAGE FOLLOWS]

*10027822/00038/4948339/v1

IN WITNESS WHEREOF the undersigned has executed these presents as of the date first written above.



4551650 NOVA SCOTIA LIMITED

Per: _____

Name: Steven Caryl

Title: President

I have authority to bind the Company.

- 3 -

SCHEDULE "A"
INSURANCE CONFIRMATION
(Copy Attached)

This is Exhibit H to the affidavit of
Charles Anderson sworn before me on the
21 day of JAN 2023.

Anthony W. Scott

EXHIBIT "H"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

GUARANTEE

THIS GUARANTEE (the "Guarantee") is made as of October 16, 2023 between **STEVEN CARYI** (the "Guarantor"), and **4518276 NOVA SCOTIA LIMITED** (the "Lender").

WHEREAS pursuant to a loan agreement dated with an effective date of October 16, 2023 (the "Loan Agreement"), **4551650 NOVA SCOTIA LIMITED** (the "Borrower") has become indebted to the Lender;

AND WHEREAS the Guarantor has agreed to guarantee the obligations of the Borrower to the Lender under the Loan Agreement and any other instruments, documents, covenants, or agreements entered into by the Borrower in relation thereto (collectively with the Loan Agreement, the "Loan Documents").

NOW THEREFORE, THIS GUARANTEE WITNESSES that in consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

ARTICLE I Guaranteed Obligations

Section 1.01 Guaranteed Obligations. The Guarantor hereby absolutely, unconditionally and irrevocably guarantees payment to the Lender of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or not matured now or at any time, and from time to time, due or owing to the Lender from or by the Borrower or any successor to the Borrower, under or in connection with the Loan Agreement and any other Loan Documents, whether by lapse of time, by acceleration, at maturity or otherwise, including, without limitation, all principal, interest, fees, costs, and expenses (including, without limitation, the reasonable fees and expenses incurred by the Lender's counsel in enforcing any rights under this Guarantee or any other Loan Document), causes of action and indemnities (collectively, the "Obligations").

Section 1.02 Unlimited Liability Guarantee. The liability under this Guarantee is unlimited.

Section 1.03 Guarantee of Payment. The Guarantor's liability under this Guarantee shall arise immediately upon written demand for payment from the Lender to the Guarantor. The rate of interest payable by the Guarantor from the date of a demand for payment shall be the applicable default rate in the Loan Agreement.

ARTICLE II Waiver of Guarantor Defences

Section 2.01 Waiver of Guarantor Defences. The Guarantor agrees that its Obligations under this Guarantee are irrevocable, continuing, absolute and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantor hereby irrevocably waives any defences to enforcement it may have (now or in the future) by reason of one or more of the following:

- (a) Any illegality, invalidity or unenforceability of any Obligation, the Loan Agreement or any other Loan Document.

- (b) Any change in the amount, time, place or manner of payment or performance of, or in any other term of the Obligations, or any waiver, release, assignment, amendment or other modification of the Loan Agreement or any other Loan Document.
- (c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Obligations.
- (d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations.
- (e) Any default, failure or delay, wilful or otherwise, in the performance of the Obligations.
- (f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantor or the Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any Guarantor or its assets or any resulting restructuring, compromise, release or discharge of any Obligations.
- (g) Any merger, amalgamation, consolidation or other fundamental change of the Borrower or the Guarantor.
- (h) Any failure of the Lender to disclose to the Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower now or hereafter known to the Lender and the Guarantor hereby waives any duty of the Lender to disclose such information.
- (i) The failure of any other guarantor or third party to execute or deliver this Guarantee or any other guarantee or agreement, or the release or reduction of liability of the Guarantor or any other guarantor or surety with respect to the Obligations.
- (j) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Loan Agreement, the other Loan Documents or otherwise.
- (k) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrower against the Lender.
- (l) Any other circumstance, act, or omission that might vary the risk of the Guarantor or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantor.

ARTICLE III

Guarantor Acknowledgments

Section 3.01 Guarantor Acknowledgments.

- (a) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature, shall guarantee any ultimate balance owing to the Lender, and applies to all presently existing and future Obligations, until the complete, irrevocable and indefeasible payment and satisfaction in full of the Obligations.

- (b) This Guarantee is a guarantee of payment and performance and not of collection. The Lender shall not be obligated to enforce or exhaust its remedies against the Borrower or under the Loan Agreement before proceeding to enforce this Guarantee. The liability of the Guarantor to make payment under this Guarantee shall arise immediately upon delivery to the Guarantor of a written demand for payment by the Lender.
- (c) This Guarantee is a direct guarantee and independent of the obligations of the Borrower to the Lender. The Lender may resort to the Guarantor for payment and performance of the Obligations whether or not the Lender shall have resorted to any of its collateral or shall have proceeded against the Borrower or any other guarantors with respect to the Obligations. The Lender may, at the Lender's option, proceed against the Guarantor and the Borrower, jointly and severally, or against the Guarantor only without having obtained a judgment against the Borrower.
- (d) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonour and any other notice with respect to any of the Obligations and this Guarantee and any requirement that the Lender protect, secure, perfect or insure any encumbrance or any property subject thereto.
- (e) The Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is voided, rescinded or recovered or must otherwise be returned by the Lender upon the insolvency, bankruptcy, reorganization, dissolution or winding-up of the Borrower.
- (f) This Guarantee shall continue to apply to all Obligations owing to the Lender by any amalgamated corporation resulting from the Borrower amalgamating with one or more other corporations.

ARTICLE IV **Subordination and Postponement**

Section 4.01 Subordination and Postponement. All present and future indebtedness and liability of the Borrower to the Guarantor is hereby subordinated and postponed in right of payment to the prior payment in full of the Obligations. Any amounts received by the Guarantor in violation of this section shall be held by the Guarantor in trust for the benefit of the Lender and forthwith upon receipt paid over to the Lender without in any way reducing, lessening or limiting the obligations of the Guarantor under this Guarantee. This subordination and postponement is independent of the Guarantee and shall remain in force until all Obligations shall have been paid and discharged in full.

ARTICLE V **Subrogation; Contribution; Reimbursement; Indemnification**

Section 5.01 Subrogation; Contribution; Reimbursement; Indemnification. The Guarantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under this Guarantee until all Obligations shall have been paid and discharged in full. Subject to the foregoing, upon full and final payment and performance of all Obligations, the Guarantor shall be subrogated to the rights of the Lender against

the Borrower, and the Lender agrees to take such steps as the Guarantor may reasonably request, at the Guarantor's expense, to implement such subrogation.

ARTICLE VI Representations and Warranties

Section 6.01 Representations and Warranties.

To induce the Lender to enter into the Loan Agreement, the Guarantor represents and warrants that:

- (a) There are no conditions precedent to the effectiveness of this Guarantee that have not been satisfied or waived.
- (b) It has the full power and authority to enter into this Guarantee, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.
- (c) The execution and delivery of this Guarantee and performance of its obligations hereunder have been duly authorized by all required action.
- (d) This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

ARTICLE VII Indemnity

Section 7.01 Indemnity. The Guarantor hereby agrees to indemnify and hold harmless the Lender from any losses, damages, liabilities, claims and related expenses incurred by the Lender or asserted against the Lender by a person arising out of, in connection with or resulting from this Guarantee or any failure of any Obligations to be legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms.

ARTICLE VIII Set-Off

Section 8.01 Set-Off. To the maximum extent permitted by applicable law, the Lender may apply any amounts owing to, or sums standing to the credit of, the Guarantor to the payment when due of any amounts owing by the Guarantor under this Guarantee.

ARTICLE IX Miscellaneous

Section 9.01 Notices. All notices and other communication provided for hereunder (each, a "Notice") shall be completed in the manner provided for in the Loan Agreement.

Section 9.02 Successors and Assigns; Assignment. This Guarantee is binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Guarantor may not, without the prior written consent of the Lender, assign any of its rights, powers or obligations hereunder. The Lender may assign this Guarantee and its rights hereunder without the consent of the Guarantor. Any purported assignment in violation of this Section shall be null and void.

Section 9.03 Severability. If any term or provision of this Guarantee is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Guarantee or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 9.04 Governing Law. All matters arising out of or relating to this Guarantee are governed by and construed in accordance with the laws of the Province of Nova Scotia, and the federal laws of Canada applicable in that Province.


Section 9.05 Submission to Jurisdiction. Any action or proceeding arising out of or relating to this Guarantee will be instituted in the courts of the Province of Nova Scotia, and the Guarantor irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding.

Section 9.06 Cumulative Rights. The rights and remedies of the Lender under this Guarantee are cumulative and are in addition to and not in substitution for any other rights and remedies available at law, or in equity or otherwise.

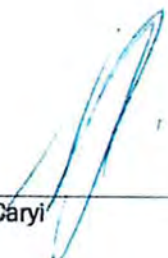
Section 9.07 Entire Agreement; Amendments; Headings; Effectiveness. This Guarantee constitutes the sole and entire agreement of the Guarantor and the Lender with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. No amendment or waiver of any provision of this Guarantee shall be valid and binding unless it is in writing and signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against which the waiver is to be effective. Section headings are for convenience of reference only and shall not define, modify, expand, or limit any of the terms of this Guarantee. A signed copy of this Guarantee delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Guarantee.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the day and year first above written.



Witness



Steven Cary

This is Exhibit I to the affidavit of
CHARLES
ALGERMAN sworn before me on the
21 day of JAN 2025.

Anthony W. Scott

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

EXHIBIT "I"

GUARANTEE

THIS GUARANTEE (the "**Guarantee**") is made as of October 16, 2023 between Annapolis Management, Inc. in its capacity as general partner of RUBY, LLP (the "**Guarantor**"), and **4518276 NOVA SCOTIA LIMITED** (the "**Lender**").

WHEREAS pursuant to a loan agreement dated with an effective date of October 16, 2023 (the "**Loan Agreement**"), **4551650 NOVA SCOTIA LIMITED** (the "**Borrower**") has become indebted to the Lender;

AND WHEREAS the Guarantor has agreed to guarantee the obligations of the Borrower to the Lender under the Loan Agreement and any other instruments, documents, covenants, or agreements entered into by the Borrower in relation thereto (collectively with the Loan Agreement, the "**Loan Documents**").

NOW THEREFORE, THIS GUARANTEE WITNESSES that in consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

ARTICLE I **Guaranteed Obligations**

Section 1.01 Guaranteed Obligations. The Guarantor hereby absolutely, unconditionally and irrevocably guarantees payment to the Lender of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or not matured now or at any time, and from time to time, due or owing to the Lender from or by the Borrower or any successor to the Borrower, under or in connection with the Loan Agreement and any other Loan Documents, whether by lapse of time, by acceleration, at maturity or otherwise, including, without limitation, all principal, interest, fees, costs, and expenses (including, without limitation, the reasonable fees and expenses incurred by the Lender's counsel in enforcing any rights under this Guarantee or any other Loan Document), causes of action and indemnities (collectively, the "**Obligations**").

Section 1.02 Unlimited Liability Guarantee. The liability under this Guarantee is unlimited.

Section 1.03 Guarantee of Payment. The Guarantor's liability under this Guarantee shall arise immediately upon written demand for payment from the Lender to the Guarantor. The rate of interest payable by the Guarantor from the date of a demand for payment shall be the applicable default rate in the Loan Agreement.

ARTICLE II **Waiver of Guarantor Defences**

Section 2.01 Waiver of Guarantor Defences. The Guarantor agrees that its Obligations under this Guarantee are irrevocable, continuing, absolute and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantor hereby irrevocably waives any defences to enforcement it may have (now or in the future) by reason of one or more of the following:

- (a) Any illegality, invalidity or unenforceability of any Obligation, the Loan Agreement or any other Loan Document.

- (b) Any change in the amount, time, place or manner of payment or performance of, or in any other term of the Obligations, or any waiver, release, assignment, amendment or other modification of the Loan Agreement or any other Loan Document.
- (c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Obligations.
- (d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations.
- (e) Any default, failure or delay, wilful or otherwise, in the performance of the Obligations.
- (f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantor or the Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any Guarantor or its assets or any resulting restructuring, compromise, release or discharge of any Obligations.
- (g) Any merger, amalgamation, consolidation or other fundamental change of the Borrower or the Guarantor.
- (h) Any failure of the Lender to disclose to the Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower now or hereafter known to the Lender and the Guarantor hereby waives any duty of the Lender to disclose such information.
- (i) The failure of any other guarantor or third party to execute or deliver this Guarantee or any other guarantee or agreement, or the release or reduction of liability of the Guarantor or any other guarantor or surety with respect to the Obligations.
- (j) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Loan Agreement, the other Loan Documents or otherwise.
- (k) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrower against the Lender.
- (l) Any other circumstance, act, or omission that might vary the risk of the Guarantor or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantor.

ARTICLE III

Guarantor Acknowledgments

Section 3.01 Guarantor Acknowledgments.

- (a) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature, shall guarantee any ultimate balance owing to the Lender, and applies to all presently existing and future Obligations, until the complete, irrevocable and indefeasible payment and satisfaction in full of the Obligations.

- (b) This Guarantee is a guarantee of payment and performance and not of collection. The Lender shall not be obligated to enforce or exhaust its remedies against the Borrower or under the Loan Agreement before proceeding to enforce this Guarantee. The liability of the Guarantor to make payment under this Guarantee shall arise immediately upon delivery to the Guarantor of a written demand for payment by the Lender.
- (c) This Guarantee is a direct guarantee and independent of the obligations of the Borrower to the Lender. The Lender may resort to the Guarantor for payment and performance of the Obligations whether or not the Lender shall have resorted to any of its collateral or shall have proceeded against the Borrower or any other guarantors with respect to the Obligations. The Lender may, at the Lender's option, proceed against the Guarantor and the Borrower, jointly and severally, or against the Guarantor only without having obtained a judgment against the Borrower.
- (d) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonour and any other notice with respect to any of the Obligations and this Guarantee and any requirement that the Lender protect, secure, perfect or insure any encumbrance or any property subject thereto.
- (e) The Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is voided, rescinded or recovered or must otherwise be returned by the Lender upon the insolvency, bankruptcy, reorganization, dissolution or winding-up of the Borrower.
- (f) This Guarantee shall continue to apply to all Obligations owing to the Lender by any amalgamated corporation resulting from the Borrower amalgamating with one or more other corporations.

ARTICLE IV

Subordination and Postponement

Section 4.01 Subordination and Postponement. All present and future indebtedness and liability of the Borrower to the Guarantor is hereby subordinated and postponed in right of payment to the prior payment in full of the Obligations. Any amounts received by the Guarantor in violation of this section shall be held by the Guarantor in trust for the benefit of the Lender and forthwith upon receipt paid over to the Lender without in any way reducing, lessening or limiting the obligations of the Guarantor under this Guarantee. This subordination and postponement is independent of the Guarantee and shall remain in force until all Obligations shall have been paid and discharged in full.

ARTICLE V

Subrogation; Contribution; Reimbursement; Indemnification

Section 5.01 Subrogation; Contribution; Reimbursement; Indemnification. The Guarantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under this Guarantee until all Obligations shall have been paid and discharged in full. Subject to the foregoing, upon full and final payment and performance of all Obligations, the Guarantor shall be subrogated to the rights of the Lender against

the Borrower, and the Lender agrees to take such steps as the Guarantor may reasonably request, at the Guarantor's expense, to implement such subrogation.

ARTICLE VI

Representations and Warranties

Section 6.01 Representations and Warranties.

To induce the Lender to enter into the Loan Agreement, the Guarantor represents and warrants that:

- (a) There are no conditions precedent to the effectiveness of this Guarantee that have not been satisfied or waived.
- (b) It has the full power and authority to enter into this Guarantee, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.
- (c) The execution and delivery of this Guarantee and performance of its obligations hereunder have been duly authorized by all required action.
- (d) This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

ARTICLE VII

Indemnity

Section 7.01 Indemnity. The Guarantor hereby agrees to indemnify and hold harmless the Lender from any losses, damages, liabilities, claims and related expenses incurred by the Lender or asserted against the Lender by a person arising out of, in connection with or resulting from this Guarantee or any failure of any Obligations to be legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms.

ARTICLE VIII

Set-Off

Section 8.01 Set-Off. To the maximum extent permitted by applicable law, the Lender may apply any amounts owing to, or sums standing to the credit of, the Guarantor to the payment when due of any amounts owing by the Guarantor under this Guarantee.

ARTICLE IX

Miscellaneous

Section 9.01 Notices. All notices and other communication provided for hereunder (each, a "Notice") shall be completed in the manner provided for in the Loan Agreement.

Section 9.02 Successors and Assigns; Assignment. This Guarantee is binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Guarantor may not, without the prior written consent of the Lender, assign any of its rights, powers or obligations hereunder. The Lender may assign this Guarantee and its rights hereunder without the consent of the Guarantor. Any purported assignment in violation of this Section shall be null and void.

Section 9.03 Severability. If any term or provision of this Guarantee is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Guarantee or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 9.04 Governing Law. All matters arising out of or relating to this Guarantee are governed by and construed in accordance with the laws of the Province of Nova Scotia, and the federal laws of Canada applicable in that Province.

Section 9.05 Submission to Jurisdiction. Any action or proceeding arising out of or relating to this Guarantee will be instituted in the courts of the Province of Nova Scotia, and the Guarantor irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding.

Section 9.06 Cumulative Rights. The rights and remedies of the Lender under this Guarantee are cumulative and are in addition to and not in substitution for any other rights and remedies available at law, or in equity or otherwise.

Section 9.07 Entire Agreement; Amendments; Headings; Effectiveness. This Guarantee constitutes the sole and entire agreement of the Guarantor and the Lender with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. No amendment or waiver of any provision of this Guarantee shall be valid and binding unless it is in writing and signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against which the waiver is to be effective. Section headings are for convenience of reference only and shall not define, modify, expand, or limit any of the terms of this Guarantee. A signed copy of this Guarantee delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Guarantee.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the day and year first above written.

ANNAPOLIS MANAGEMENT, INC. in its
capacity as general partner of RUBY, LLP



Witness

Per:



Name: Steven Caryi
Title: President

This is Exhibit J to the affidavit of
CHARLES
ACKERMAN sworn before me on the
21 day of JAN 2023.
Anthony W. Scott

EXHIBIT "J"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

GUARANTEE

THIS GUARANTEE (the "Guarantee") is made as of October 16, 2023 between Annapolis Management, Inc. (the "Guarantor"), and **4518276 NOVA SCOTIA LIMITED** (the "Lender").

WHEREAS pursuant to a loan agreement dated with an effective date of October 16, 2023 (the "Loan Agreement"), **4551650 NOVA SCOTIA LIMITED** (the "Borrower") has become indebted to the Lender;

AND WHEREAS the Guarantor has agreed to guarantee the obligations of the Borrower to the Lender under the Loan Agreement and any other instruments, documents, covenants, or agreements entered into by the Borrower in relation thereto (collectively with the Loan Agreement, the "Loan Documents").

NOW THEREFORE, THIS GUARANTEE WITNESSES that in consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

ARTICLE I Guaranteed Obligations

Section 1.01 Guaranteed Obligations. The Guarantor hereby absolutely, unconditionally and irrevocably guarantees payment to the Lender of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or not matured now or at any time, and from time to time, due or owing to the Lender from or by the Borrower or any successor to the Borrower, under or in connection with the Loan Agreement and any other Loan Documents, whether by lapse of time, by acceleration, at maturity or otherwise, including, without limitation, all principal, interest, fees, costs, and expenses (including, without limitation, the reasonable fees and expenses incurred by the Lender's counsel in enforcing any rights under this Guarantee or any other Loan Document), causes of action and indemnities (collectively, the "Obligations").

Section 1.02 Unlimited Liability Guarantee. The liability under this Guarantee is unlimited.

Section 1.03 Guarantee of Payment. The Guarantor's liability under this Guarantee shall arise immediately upon written demand for payment from the Lender to the Guarantor. The rate of interest payable by the Guarantor from the date of a demand for payment shall be the applicable default rate in the Loan Agreement.

ARTICLE II Waiver of Guarantor Defences

Section 2.01 Waiver of Guarantor Defences. The Guarantor agrees that its Obligations under this Guarantee are irrevocable, continuing, absolute and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantor hereby irrevocably waives any defences to enforcement it may have (now or in the future) by reason of one or more of the following:

- (a) Any illegality, invalidity or unenforceability of any Obligation, the Loan Agreement or any other Loan Document.

- (b) Any change in the amount, time, place or manner of payment or performance of, or in any other term of the Obligations, or any waiver, release, assignment, amendment or other modification of the Loan Agreement or any other Loan Document.
- (c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Obligations.
- (d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations.
- (e) Any default, failure or delay, wilful or otherwise, in the performance of the Obligations.
- (f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantor or the Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any Guarantor or its assets or any resulting restructuring, compromise, release or discharge of any Obligations.
- (g) Any merger, amalgamation, consolidation or other fundamental change of the Borrower or the Guarantor.
- (h) Any failure of the Lender to disclose to the Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower now or hereafter known to the Lender and the Guarantor hereby waives any duty of the Lender to disclose such information.
- (i) The failure of any other guarantor or third party to execute or deliver this Guarantee or any other guarantee or agreement, or the release or reduction of liability of the Guarantor or any other guarantor or surety with respect to the Obligations.
- (j) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Loan Agreement, the other Loan Documents or otherwise.
- (k) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrower against the Lender.
- (l) Any other circumstance, act, or omission that might vary the risk of the Guarantor or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantor.

ARTICLE III

Guarantor Acknowledgments

Section 3.01 Guarantor Acknowledgments.

- (a) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature, shall guarantee any ultimate balance owing to the Lender, and applies to all presently existing and future Obligations, until the complete, irrevocable and indefeasible payment and satisfaction in full of the Obligations.

- (b) This Guarantee is a guarantee of payment and performance and not of collection. The Lender shall not be obligated to enforce or exhaust its remedies against the Borrower or under the Loan Agreement before proceeding to enforce this Guarantee. The liability of the Guarantor to make payment under this Guarantee shall arise immediately upon delivery to the Guarantor of a written demand for payment by the Lender.
- (c) This Guarantee is a direct guarantee and independent of the obligations of the Borrower to the Lender. The Lender may resort to the Guarantor for payment and performance of the Obligations whether or not the Lender shall have resorted to any of its collateral or shall have proceeded against the Borrower or any other guarantors with respect to the Obligations. The Lender may, at the Lender's option, proceed against the Guarantor and the Borrower, jointly and severally, or against the Guarantor only without having obtained a judgment against the Borrower.
- (d) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonour and any other notice with respect to any of the Obligations and this Guarantee and any requirement that the Lender protect, secure, perfect or insure any encumbrance or any property subject thereto.
- (e) The Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is voided, rescinded or recovered or must otherwise be returned by the Lender upon the insolvency, bankruptcy, reorganization, dissolution or winding-up of the Borrower.
- (f) This Guarantee shall continue to apply to all Obligations owing to the Lender by any amalgamated corporation resulting from the Borrower amalgamating with one or more other corporations.

ARTICLE IV

Subordination and Postponement

Section 4.01 Subordination and Postponement. All present and future indebtedness and liability of the Borrower to the Guarantor is hereby subordinated and postponed in right of payment to the prior payment in full of the Obligations. Any amounts received by the Guarantor in violation of this section shall be held by the Guarantor in trust for the benefit of the Lender and forthwith upon receipt paid over to the Lender without in any way reducing, lessening or limiting the obligations of the Guarantor under this Guarantee. This subordination and postponement is independent of the Guarantee and shall remain in force until all Obligations shall have been paid and discharged in full.

ARTICLE V

Subrogation; Contribution; Reimbursement; Indemnification

Section 5.01 Subrogation; Contribution; Reimbursement; Indemnification. The Guarantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under this Guarantee until all Obligations shall have been paid and discharged in full. Subject to the foregoing, upon full and final payment and performance of all Obligations, the Guarantor shall be subrogated to the rights of the Lender against

the Borrower, and the Lender agrees to take such steps as the Guarantor may reasonably request, at the Guarantor's expense, to implement such subrogation.

ARTICLE VI Representations and Warranties

Section 6.01 Representations and Warranties.

To induce the Lender to enter into the Loan Agreement, the Guarantor represents and warrants that:

- (a) There are no conditions precedent to the effectiveness of this Guarantee that have not been satisfied or waived.
- (b) It has the full power and authority to enter into this Guarantee, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.
- (c) The execution and delivery of this Guarantee and performance of its obligations hereunder have been duly authorized by all required action.
- (d) This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

ARTICLE VII Indemnity

Section 7.01 Indemnity. The Guarantor hereby agrees to indemnify and hold harmless the Lender from any losses, damages, liabilities, claims and related expenses incurred by the Lender or asserted against the Lender by a person arising out of, in connection with or resulting from this Guarantee or any failure of any Obligations to be legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms.

ARTICLE VIII Set-Off

Section 8.01 Set-Off. To the maximum extent permitted by applicable law, the Lender may apply any amounts owing to, or sums standing to the credit of, the Guarantor to the payment when due of any amounts owing by the Guarantor under this Guarantee.

ARTICLE IX Miscellaneous

Section 9.01 Notices. All notices and other communication provided for hereunder (each, a "Notice") shall be completed in the manner provided for in the Loan Agreement.

Section 9.02 Successors and Assigns; Assignment. This Guarantee is binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Guarantor may not, without the prior written consent of the Lender, assign any of its rights, powers or obligations hereunder. The Lender may assign this Guarantee and its rights hereunder without the consent of the Guarantor. Any purported assignment in violation of this Section shall be null and void.

Section 9.03 Severability. If any term or provision of this Guarantee is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Guarantee or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 9.04 Governing Law. All matters arising out of or relating to this Guarantee are governed by and construed in accordance with the laws of the Province of Nova Scotia, and the federal laws of Canada applicable in that Province.

Section 9.05 Submission to Jurisdiction. Any action or proceeding arising out of or relating to this Guarantee will be instituted in the courts of the Province of Nova Scotia, and the Guarantor irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding.

Section 9.06 Cumulative Rights. The rights and remedies of the Lender under this Guarantee are cumulative and are in addition to and not in substitution for any other rights and remedies available at law, or in equity or otherwise.

Section 9.07 Entire Agreement; Amendments; Headings; Effectiveness. This Guarantee constitutes the sole and entire agreement of the Guarantor and the Lender with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. No amendment or waiver of any provision of this Guarantee shall be valid and binding unless it is in writing and signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against which the waiver is to be effective. Section headings are for convenience of reference only and shall not define, modify, expand, or limit any of the terms of this Guarantee. A signed copy of this Guarantee delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Guarantee.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the day and year first above written.



Witness

ANNAPOLIS MANAGEMENT, INC.

Per:



Name: Steven Caryi
Title: President

This is Exhibit K to the affidavit of
Charles Alexander sworn before me on the
21 day of JAN 20 23.
Anthony W. Scott

EXHIBIT "K"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia




Government
of Canada

Gouvernement
du Canada

[Canada.ca](#) → [Innovation, Science and Economic Development Canada](#) → [Corporations Canada](#)
→ [Search for a Federal Corporation](#)

Federal Corporation Information - 1581253-4

 Beware of scams and other suspicious activities. See [Corporations Canada's alerts](#).

Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

Corporation Number

1581253-4

Business Number (BN)

711432344RC0001

Corporate Name

Douro Capital Limited


Status

Active

Governing Legislation

Canada Business Corporations Act - 2024-02-27

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

14 HAMPTON COURT
FALL RIVER NS B2T 1E7

Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 15

TIMOTHY GILLIS
38 PEACE COURT
HALIFAX NS B3N 3K3
Canada

CHARLES ACKERMAN
14 HAMPTON COURT
FALL RIVER NS B2T 1E7
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Individuals with significant control

Current individuals with significant control: 2

CHARLES ACKERMAN
14 HAMPTON COURT
FALL RIVER NS B2T 1E7
Canada

Type of interest or control:

Owns, controls or directs 25% or more of shares

This individual holds the shares:

Directly

This individual is an individual with significant control over the corporation:

Individually

This individual holds:

At least 25% and up to 50% of the shares

Start date (YYYY-MM-DD):

2024-02-27

TIMOTHY GILLIS

38 PEACE COURT

HALIFAX NS B3N 3K3

Canada

Type of interest or control:

Owns, controls or directs 25% or more of shares

This individual holds the shares:

Directly

This individual is an individual with significant control over the corporation:

Individually

This individual holds:

At least 25% and up to 50% of the shares

Start date (YYYY-MM-DD):

2024-02-27

***i* Note**

Active CBCA corporations are required to update this information annually (with their annual return) and within 15 days of a change in their ISC register via the [Online Filing Centre](#). A corporation key is required. If you are not authorized to

update this information, you can contact either the corporation or Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

02-27

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

02-27 to 04-27

Type of Corporation

Not available

Status of Annual Filings

2025 - Not due

Corporate History

Corporate Name History

2024-02-27 to Present

Douro Capital Limited

Certificates and Filings

Certificate of Continuance

2024-02-27

Previous jurisdiction: Nova Scotia

[Order copies of corporate documents](#)

[Start New Search](#)

[Return to Search Results](#)

Date Modified:

2024-11-29

DOURO CAPITAL LIMITED

Profile Previous Names Relationships Events (11)

Reg. Number	
4518276	
Reg. Name	
DOURO CAPITAL LIMITED	
Type	
Extra-provincial Corporation Federal (CANADA)	
Status	Effective Date
Active	27-Aug-2024
Registered on	
30-May-2023	
Next Annual Return	
31-May-2025	

Addresses

Reg. Address
14 HAMPTON COURT, FALL RIVER, NOVA SCOTIA, B2T 1E7, CANADA
Mailing Address
14 HAMPTON COURT, FALL RIVER, NOVA SCOTIA, B2T 1E7, CANADA
Home Jurisdiction
14 HAMPTON COURT, FALL RIVER, NOVA SCOTIA, B2T 1E7, CANADA

Documents (18) Reports (4)

Type to filter

Extra-provincial Reinstatement (SR612812)
Registered on: 27-Aug-2024, Effective from: 27-Aug-2024

Standard \$12.45
Certified \$12.45

Discontinuance - Federal EP (SR523881)
Registered on: 05-Mar-2024, Effective from: 27-Feb-2024

Standard \$12.45
Certified \$12.45

Certificate of Continuance - From Importing Jurisdiction (SR523881)
Registered on: 05-Mar-2024, Effective from: 27-Feb-2024

DOURO CAPITAL LIMITED

[Profile](#) [Previous Names](#) [Relationships](#) [Events \(11\)](#)

Name: 4518276 NOVA SCOTIA LIMITED

Effective from: 30-May-2023

[Documents \(18\)](#) [Reports \(4\)](#)

Type to filter

Extra-provincial Reinstatement (SR612812)
Registered on: 27-Aug-2024, Effective from: 27-Aug-2024

Standard \$12.45
Certified \$12.45

Discontinuance - Federal EP (SR523881)
Registered on: 05-Mar-2024, Effective from: 27-Feb-2024

Standard \$12.45
Certified \$12.45

Certificate of Continuance - From Importing Jurisdiction (SR523881)
Registered on: 05-Mar-2024, Effective from: 27-Feb-2024

Standard \$12.45
Certified \$12.45

Export Letter of Non-objection (SR518264)
Registered on: 26-Feb-2024, Effective from: 20-Feb-2024

Standard \$12.45
Certified \$12.45

Copy of documents to be filed in proposed jurisdiction (SR518264)
Registered on: 26-Feb-2024, Effective from: 20-Feb-2024

Standard \$12.45

DOURO CAPITAL LIMITED

[Profile](#) [Previous Names](#) [Relationships](#) [Events \(11\)](#)

Name: [CHARLES ACKERMAN](#)

Relationship: Director

Effective From: 30-May-2023

Name: [TIMOTHY GILLIS](#)

Relationship: Director

Effective From: 04-Jan-2024

Name: [CHARLES ACKERMAN](#)

Relationship: Officer(President, Secretary)

Effective From: 30-May-2023

Name: [CHARLES ACKERMAN \(14 HAMPTON COURT, FALL RIVER, NOVA SCOTIA, B2T 1E7, CANADA \)](#)

Relationship: Recognized Agent

Effective From: 30-May-2023

[Documents \(18\)](#) [Reports \(4\)](#)

Type to filter

Extra-provincial Reinstatement (SR612812)
Registered on: 27-Aug-2024, Effective from: 27-Aug-2024

Standard \$12.45

Certified \$12.45

Discontinuance - Federal EP (SR523881)
Registered on: 05-Mar-2024, Effective from: 27-Feb-2024

Standard \$12.45

DOURO CAPITAL LIMITED

Profile	Previous Names	Relationships	Events (11)
Extra-provincial Reinstatement Submission Registered			27-Aug-2024
Entity Revoked Entity Revoked			08-Jul-2024
Discontinuance - Federal EP Submission Registered			27-Feb-2024
Export Letter of Non-objection Submission Registered			20-Feb-2024
Company Change of Directors and Officers Submission Registered			04-Jan-2024
Authorized Filer - Company Submission Registered			03-Jan-2024
Company Special Resolution - Normal Powers Submission Registered			01-Jun-2023
Company Special Resolution - General Borrowing Submission Registered			01-Jun-2023
Company Special Resolution - Acquire Own Shares Submission Registered			01-Jun-2023
Company Change of Directors and Officers Submission Registered			30-May-2023
Application to Incorporate a Company (Address, Director/Officer, Agent Update Forms) Submission Registered			30-May-2023

Documents (18)

Reports (4)

Type to filter

Extra-provincial Reinstatement (SR612812)
Registered on: 27-Aug-2024, Effective from: 27-Aug-2024

Standard \$12.45
Certified \$12.45

This is Exhibit L to the affidavit of
CHARLES
ACQUITTANCE sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

EXHIBIT "L"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

Douro Capita Limited
Barristers and Solicitors

January 10, 2025

Statement of Funds

Douro Capital Limited (4518276 Nova Scotia Limited)
Loan to 4551650 Nova Scotia Limited

Mortgage balance as at Oct. 16, 2024	\$	1,800,000.00
Interest arrears (Oct. 17, 2024 - Jan. 10, 2024)	\$	104,201.00
Default fees (Oct. 17, 2024 - Jan. 10, 2024)	\$	74,923.00
Legal fees	\$	10,000.00
Total Amount Payable to Lender's Counsel in Trust	\$	1,989,124.00

This is Exhibit M to the affidavit of
Chanelle
Alexander sworn before me on the
21 day of Jan 2025.

Anthony W. Scott

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

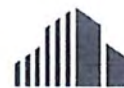
EXHIBIT "M"

*DEVELOPMENT
OPPORTUNITY*

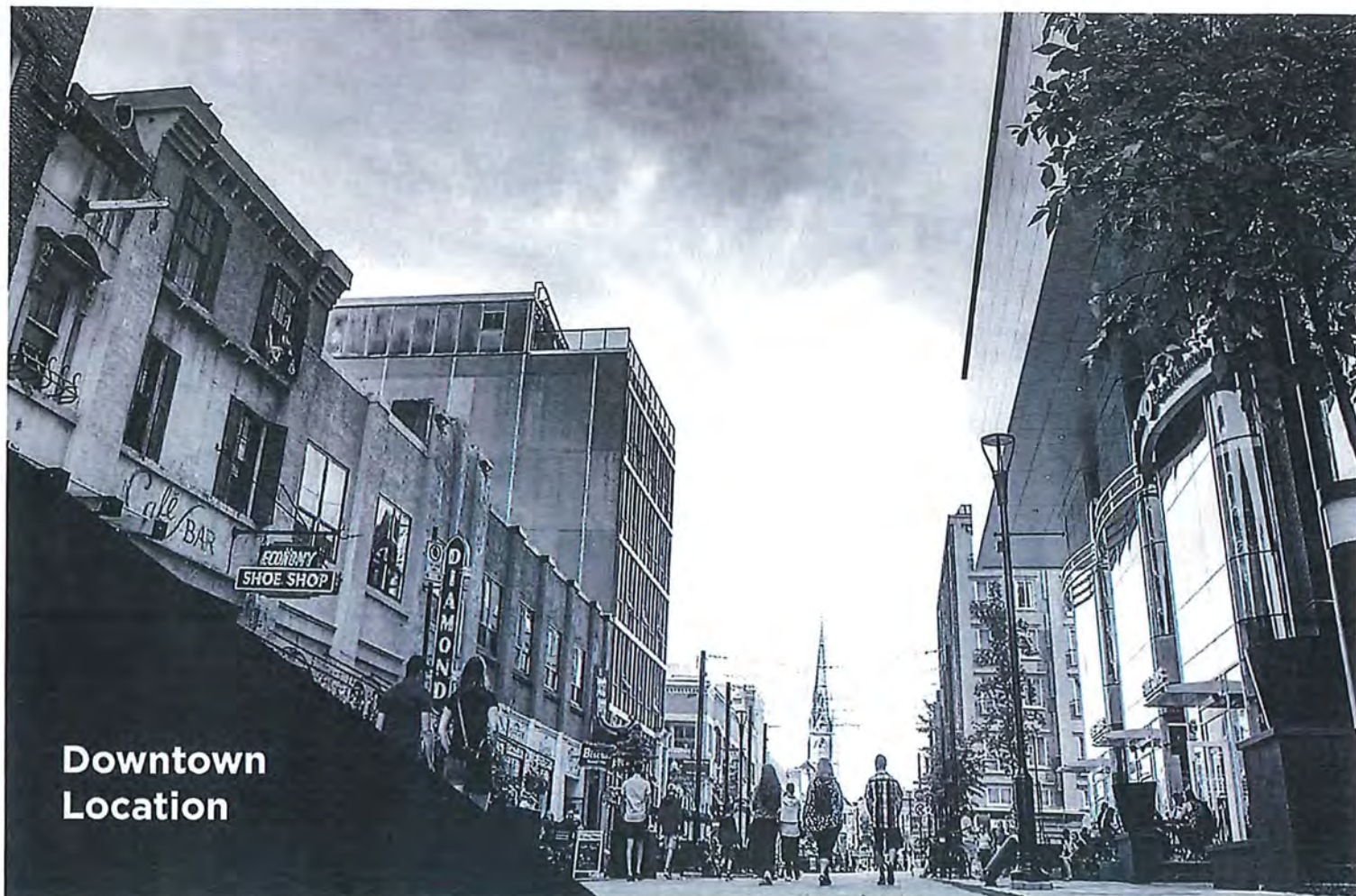
FOR
SALE

**HALIFAX
CLUB SUITES**

HALIFAX, NOVA SCOTIA



**CUSHMAN &
WAKEFIELD**
Atlantic



**Downtown
Location**

HALIFAX CLUB SUITES **OVERVIEW**

Nestled between the bustling thoroughfares of Barrington and Hollis Street, you'll find the Halifax Club, a historic social club and soon to be home of Halifax's newest development, Halifax Club Suites.

Centered within downtown Halifax, the Halifax Club Suites are a proposed multi-residential development built atop three downtown properties including the historic Halifax Club, that is ready to rise into the cities vast skyline.

Modern living meshed with historic elegance, the foundation of Halifax. Halifax Club Suites is poised to deliver just that, by combining the buildings of the past with the buildings of today, to create a one of a kind living experience unique to the Halifax Peninsula.

Ideal Development positioned for multi-unit residential

PROPERTY DETAILS

1.0%

MARKET
VACANCY

\$90.00

MARKET PRICE/
BUILDING SF

144

UNIT COUNT AS
ALLOWED

\$191,220

INCOME IN
PLACE

10,715 SF

TOTAL
LOT SIZE

DH

ZONING

PID #'S: 40042087, 00003251, 00003228, 00003236

Located in a sought-after downtown area of the Halifax Peninsula. The surrounding area is residential and commercial in nature.

The property fronts onto Granville and Hollis Street, one of the downtown cores main entryways.

Remaining development land available on the peninsula is gradually diminishing with fewer and fewer sites remaining. This site offers and excellent opportunity with long-term value.

The property is surrounded by amenities, bus routes, and a vibrant nightlife, which attracts residents to work, shop, and live in the area.



DEVELOPMENT DETAILS

Development within the area surrounding the site has been at record levels over the past few years. As such, this site offers an excellent opportunity for a developer to expand on the growth the area has already achieved.

A proposed development has been designed for this property and the development potential has been created using the Centre Plan, which provides clear form based standards.

The site lends itself to many possible configurations, however, the most likely option is a partial conversion of 1682 Hollis Street to allow lobby entrance from Granville, with residential units above the existing buildings.

ZONING:

DH - Downtown Halifax Zone

HEIGHT RESTRICTIONS:

66 M

FRONT YARD

Typically 0 to 1.5 meters

MAX. BUILDING DIMENSIONS:

Above 33.5 m:

Within central blocks: 38 m x 27.5 m

Outside central blocks: 38 m x 38 m

MAXIMUM FLOOR AREA RATIO:

N/A. Downtown Halifax Zone uses maximum height and building dimensions to control building size.

UNDERGROUND PARKING CAPACITY

All uses exempt

FIGURES IN FOCUS



144 UNITS AT \$120,000/UNIT =
\$17,280,000
TOTAL DEVELOPMENT FOOTPRINT

\$22 M
PRICE GUIDANCE



\$3.2 M

\$191,220 AT 6% CAP RATE
GRANVILLE HALL



TBD

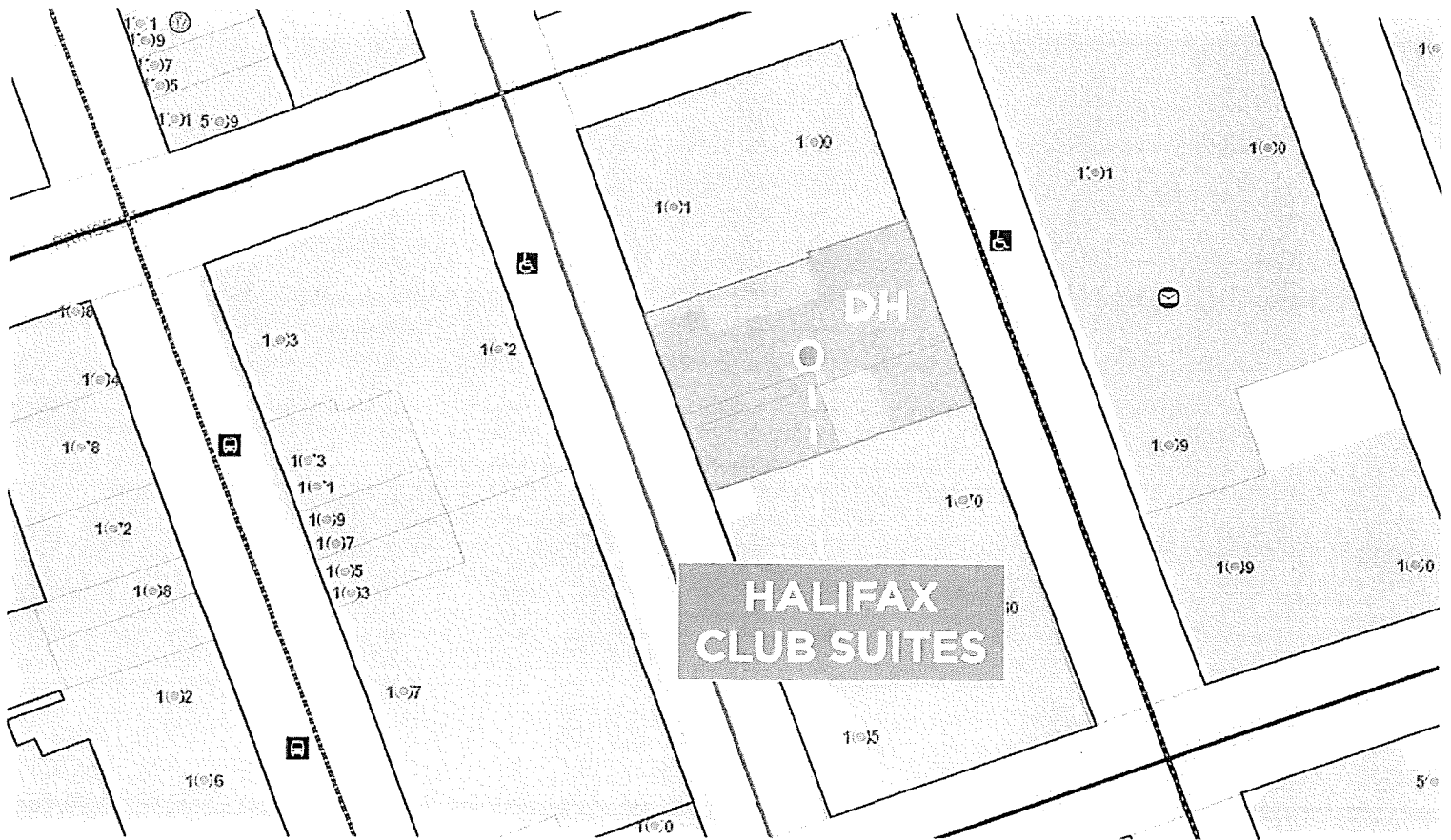
POSSIBLE INCOME
HALIFAX CLUB



TBD

POSSIBLE INCOME
SONIC ENTERTAINMENT BUILDING

ZONING MAP

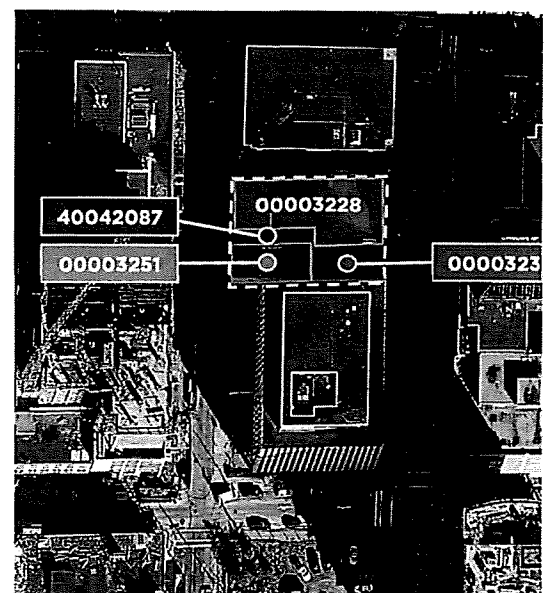


LAND USE/ZONING: DH

The Downtown Halifax Zone is a mixed-use zone, permitting a broad range of uses; residential, office, retail, commercial, personal service, restaurant, and institutional. On Pedestrian-Oriented Commercial Streets, only active uses are permitted.

The Downtown zone will permit low-, mid-, tall- and high-rise buildings.

Built form and design controls permit a variety of building forms within Downtown Halifax. There are seven special areas within the Downtown Halifax Zone which apply unique built form and use rules. This includes the Halifax Waterfront Special Area which controls maximum building width facing the Harbour.



DEMOGRAPHICS | 5KM RADIUS

POPULATION

AVG. AGE

AVG. HOUSEHOLD
INCOME

TOTAL HOUSEHOLDS

DAYTIME POPULATION

COMMERCIAL ESTABLISHMENTS

AREA AMENITIES



The city of Halifax is home to some of the most amazing areas in Atlantic Canada, but none more amazing than what many consider to be the heart of this city; Downtown Halifax.

The area is currently going through one of its largest growth periods, and according to Statistics Canada, downtown Halifax is currently the fastest growing downtown in the country, with a 26% population increase from 2016-2021.

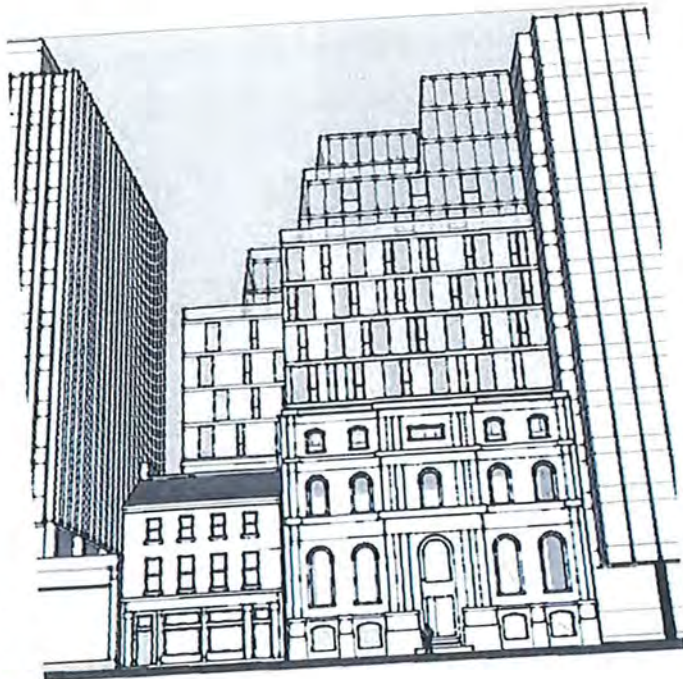
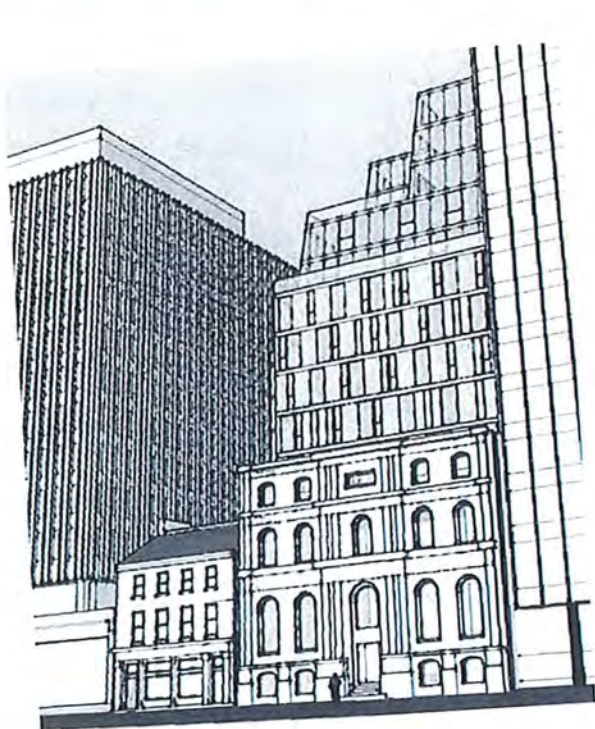
Known for its vibrancy day and night, the downtown core is home to more than 400 retailers, pubs, restaurants, and service providers. Making it a sought-after area to work and call home.

The colourful and storied history of downtown Halifax has paved the way for today; a modern business community with strong roots to its past, seen through historic properties that still stand to this day.

Downtown Halifax: where history thrives amidst modern growth

- 1 Restaurants** Over 20+ options
- 2 Shopping** Boutique stores & Nearby Halifax Shopping Centre
- 3 Schools** Public & Post-Secondary options
- 4 Entertainment** Vibrant and plentiful choices
- 5 Healthcare** Access to the IWK, QEII, and Victoria General
- 6 Cafes** Abundant options within the downtown core
- 7 Gyms** Goodlife, F45, YMCA, Fit4Less
- 8 Banking** All major institutions in proximity

EXTERIOR RENDERINGS



CONDITIONS & PROCESS

LIMITING CONDITIONS

The contents of this Offering Memorandum and any supporting information provided by the Vendor or Broker are for information purposes only and to be used as a guideline only. No portion of this memorandum may be copied or otherwise reproduced or disclosed to anyone. Prospective bidders are encouraged to complete their own review and diligence in reviewing the opportunity.

The Vendor expressly reserves the right, at its sole discretion to reject any offer to acquire the Property or to terminate any negotiations with any party at any time with or without written notice. The Vendor shall have no legal commitment or obligations to any prospective investor, unless a written purchase and sale agreement has been fully executed, delivered and approved by the Vendor and any conditions to the Vendors obligations thereunder have been satisfied or waived.

The Vendor has retained Cushman & Wakefield Atlantic as its exclusive broker and will be responsible for any commission due to Cushman & Wakefield Atlantic in connection with a transaction relating to the Property pursuant to a separate agreement.

Cushman & Wakefield is not authorized to make any representation or agreement on behalf of the Vendor. Each prospective purchaser will be responsible for any claims for commissions by any other broker in connection with an investment in the property as such claims arise from acts of such prospective investor or its broker.

OFFERING PROCESS

The offering process of Halifax Club Suites otherwise known as PID #'s 40042087, 00003251, 00003228 & 00003236 is detailed below.

1. Buyers' Proposals will be reviewed upon receipt.
2. Buyers' Proposals should be addressed to the following.

Bill MacAvoy
c/o Cushman & Wakefield Atlantic
120 Western Parkway, Suite 406
Bedford, NS B4B 2V0

Attention:
Halifax Club Suites
bmacavoy@cwatlantic.com

3. The Vendor Shall not be obliged to accept, or respond to, any Proposal received.
4. The Vendor reserves the right to alter the offering process described herein, or remove the property from the market at its sole discretion.



Bill MacAvoy
Managing Director
+1 902 880 0445
bmacavoy@cwatlantic.com



**CUSHMAN &
WAKEFIELD**
Atlantic

This is Exhibit N to the affidavit of
Charles Miller sworn before me on the
21 day of Jan 20 25.

Anthony W. Scott

EXHIBIT "N"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia



DELIVERY VIA:
E-mail:

FILE REFERENCE:
179571

Joshua J. Santimaw
Direct Dial: (902) 460-3451
Facsimile: (902) 463-7500
E-mail: jsantimaw@boyneclarke.ca

December 17, 2024

Halifax Regional
Municipality

TO WHOM IT MAY CONCERN

99 Wyse Road, Suite 600
Dartmouth
NS Canada B3A 4S5

Re: Proposed Companies' Creditors Arrangements Act proceeding 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 collectively, the "Caryi Group") (the "CCAA Proceedings")

Correspondence:
P.O. Box 876
Dartmouth Main
NS Canada B2Y 3Z5

We write to follow-up our meeting held on December 12, 2024 (the "Stakeholder Meeting"). A take-away from the Stakeholder Meeting was Deloitte Restructuring Inc. ("Deloitte") undertaking that an overview of the proposed Caryi Group CCAA Proceedings would be provided to you, which is below.

T 902.469.9500
F 902.463.7500
www.boyneclarke.ca

Purpose of the CCAA Proceedings



As discussed during the Stakeholder Meeting, over the past number of weeks it became apparent to management of the Caryi Group that it required professional advisors to review the current state of operations and to provide a list of alternatives/recommendations moving forward. To that end, the Caryi Group engaged BOYNECLARKE LLP, Resolve Advisory Services and Deloitte to assist with the options analysis (collectively, the "Professionals").

After careful review, the Caryi Group has decided to seek creditor protection under the CCAA. The main purpose of the CCAA Proceedings is to provide the Caryi Group an avenue to run a Court supervised Sale and Investment Solicitation Process with the intent to maximize realizations to all creditors (the "SISP") which is discussed further herein. In addition, the CCAA Proceedings will allow the Caryi Group to attract the necessary capital via debtor-in-possession financing (the "DIP Financing"), the purpose and use of which is discussed further herein.

Overview of the Caryi Group Structure

Enclosed as **Appendix A** is a figure that outlines the corporate structure, real property holdings and outstanding indebtedness by lender.

Cash Flow Forecast (the "CFF")

A summary of the CFF, which is prepared on a weekly basis for the Caryi Group in aggregate, is contained in the table below and a full version of the CFF is enclosed as **Appendix B**.

Caryl Group 40 Week Cash Flow Forecast (CAD) For the period Dec 2, 2024 to September 7, 2025	
	Total
RECEIPTS	
Collection of Rent	952,406
Halifax Club Revenue	77,584
DIP Financing	1,400,000
Total Receipts	2,429,990
DISBURSEMENTS	
Utilities	(308,328)
Insurance	(168,960)
Operations	(111,867)
Capex	(430,700)
Property Management	(80,000)
Halifax Club Expenses	(108,106)
Professional Fees	(626,933)
Property Tax	(184,500)
Corporate	(210,000)
Interest	(82,000)
HST Refund (Due)	(27,055)
Total Disbursements	(2,338,449)
Net Inflow/ (Outflow)	91,541
Opening Balance	51,385
Cash Flow	91,541
Closing Balance	142,927

As contained in the CFF, the Caryl Group requires DIP Financing off \$1.4 million until September 7, 2025.

DIP Financing

As part of the planning process, the Professionals have engaged in discussions with several institutional and private individuals to provide DIP Financing.

As of the date of this letter, the Caryl Group is working with a private individual on a term sheet, the key components of which are as follows:

- (i) Magnitude - up to \$1,500,000 (potential to increase to \$2,000,000);
- (ii) Security - first charge on all real property of the Caryl Group save an except for the Other Charges discussed below;

(iii) Interest rate - 12%;

(iv) Fees - \$10,000 (the "DIP Offer")

Based on the DIP Offer and the Professionals' prior experience under the CCAA, no further discussions on DIP Financing have occurred since preliminary discussions with other parties all contained terms and conditions less attractive to the Caryi Group.

The Caryi Group, however, would be open for any or all of the incumbent lenders to provide DIP Financing on the same/similar terms as the DIP Offer.

Other Charges

In addition to the DIP Financing, the Caryi Group intends to seek the following charges as part of the CCAA Proceedings (presented in priority, both of which are in priority to the DIP Financing):

- (i) Administration Charge (the "Admin Charge") - initially to be \$300,000, to be increased to \$500,000. The Administration Charge will cover the Professionals and Proposed Monitor's legal counsel, Stewart McKelvey;
- (ii) Director and Officer Charge (the "Director Charge") - initially to be \$100,000, to be increased to \$250,000.

Proposed SISP

The Caryi Group, in conjunction with the Professionals, have developed the following timeline for the Proposed SISP:

<i>Date</i>	<i>Event</i>
On or before January 17, 2025	<ul style="list-style-type: none"> Seek Initial Order including DIP Financing and Other Charges
On or before January 27, 2025	<ul style="list-style-type: none"> Obtain Amended and Restated Initial Order
February and March, 2025	<ul style="list-style-type: none"> Prepare marketing materials and prepare to take properties to market
Prior to March 31, 2025	<ul style="list-style-type: none"> Seek a SISP Order
April to June, 2025	<ul style="list-style-type: none"> Undertake marketing of properties <ul style="list-style-type: none"> Bidder tours Diligence questions

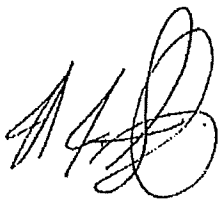
July 18, 2025	<ul style="list-style-type: none">• Receive initial offers for properties
July 18 to July 31, 2025	<ul style="list-style-type: none">• Clarify offers and engage in further negotiations with bidders<ul style="list-style-type: none">◦ Draft asset purchase agreements will be advanced as part of clarification process – based on template to be provided by the Applicants
July 31, 2025	<ul style="list-style-type: none">• Receive clarified offers from bidders
August 15, 2025	<ul style="list-style-type: none">• Court approval
September 7, 2025	<ul style="list-style-type: none">• Closings

Next Steps

We would like to schedule a follow-up call for December 19, 2024, at 2:00 p.m.
Please only respond if you are not available.

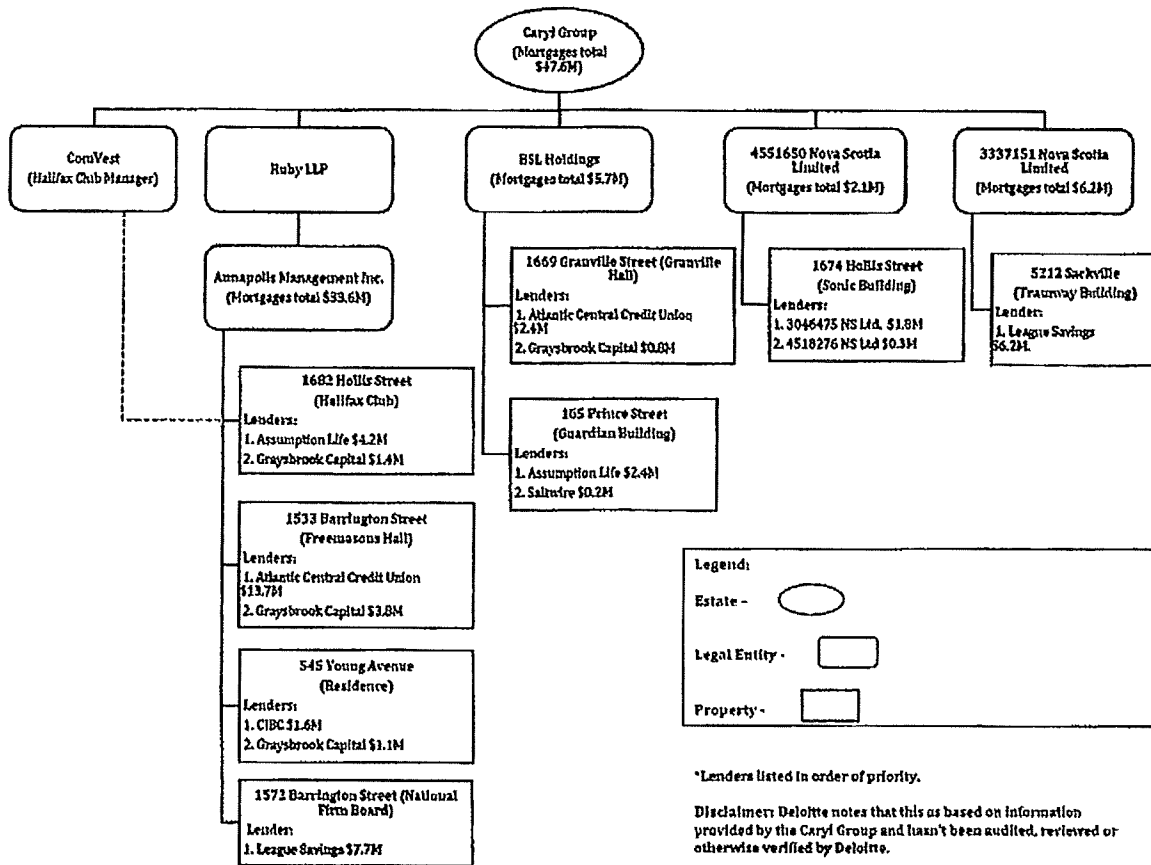
Yours truly,

BOYNECLARKE LLP



Joshua J. Santimaw

Appendix "A"
Caryi Group Org Chart



Mortgagee	Balance
Atlantic Central Credit Union	\$16,102,160
League Savings	\$13,933,831
Assumption Life	\$6,570,838
CIBC	\$1,631,000
Graysbrook Capital	\$7,102,618
3046475 Nova Scotia Limited	\$1,800,000
4518276 Nova Scotia Limited	\$260,000
Saltwire	\$210,000
Total	\$47,610,447

Appendix "B"
Cash Flow Forecast

Caryi Group
40 Week Cash Flow Forecast (CAD)
For the period Dec 2, 2024 to September 7, 2025

Week beginning	2-Dec-24	9-Dec-24	16-Dec-24	23-Dec-24	30-Dec-24	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
Week ending	8-Dec-24	15-Dec-24	22-Dec-24	29-Dec-24	5-Jan-25	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
Week #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RECEIPTS															
Collection of Rent	95,520	-	-	-	95,158	-	-	-	95,158	-	-	-	94,054	-	-
Hallifax Club Revenue	24,646	17,646	17,646	17,646	-	-	-	-	-	-	-	-	-	-	-
DIP Financing	-	-	-	-	150,000	-	150,000	150,000	100,000	-	-	-	100,000	-	-
Total Receipts	120,176	17,646	17,646	17,646	245,158	-	150,000	150,000	195,158	-	-	-	194,054	-	-
DISBURSEMENTS															
Utilities	(34,026)	-	-	-	(36,876)	-	-	-	(37,403)	-	-	-	(41,244)	-	-
Insurance	(41,290)	-	-	-	(11,130)	-	-	-	(11,130)	-	-	-	(11,130)	-	-
Operations	(14,744)	(12,244)	(12,244)	(12,244)	(6,798)	(1,446)	(946)	(946)	(4,920)	(869)	(869)	(869)	(4,873)	(821)	(821)
Capex	(2,450)	-	-	(2,450)	(16,000)	-	(200,000)	(2,450)	-	-	-	(2,450)	-	-	-
Property Management	(8,000)	-	-	-	(8,000)	-	-	-	(8,000)	-	-	-	(8,000)	-	-
Hallifax Club Expenses	(33,867)	(21,593)	(93)	(21,593)	(30,961)	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	(31,097)	(23,406)	(23,406)	(29,561)	(19,561)	(19,561)	(19,561)	(29,561)	(19,561)	(19,561)
Property Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	(140,000)	-	-	-	(10,000)	-	-	-
Interest	-	-	-	-	-	-	-	-	(4,500)	-	-	-	(5,500)	-	-
HST Refund (Due)	-	-	-	-	5,180	-	-	-	5,180	-	-	-	(8,602)	-	-
Total Disbursements	(134,377)	(33,836)	(12,336)	(36,286)	(104,585)	(32,543)	(224,353)	(166,803)	(90,334)	(20,430)	(20,430)	(32,880)	(108,910)	(20,382)	(20,382)
Net Inflow/ (Outflow)	(14,202)	(16,190)	5,310	(18,640)	140,573	(32,543)	(74,353)	(16,803)	104,824	(20,430)	(20,430)	(32,880)	85,144	(20,382)	(20,382)
Opening Balance	51,385	37,183	20,993	26,303	7,662	148,235	115,692	41,339	24,537	129,361	108,931	88,501	55,622	140,766	120,384
Cash Flow	(14,202)	(16,190)	5,310	(18,640)	140,573	(32,543)	(74,353)	(16,803)	104,824	(20,430)	(20,430)	(32,880)	85,144	(20,382)	(20,382)
Closing Balance	37,183	20,993	26,303	7,662	148,235	115,692	41,339	24,537	129,361	108,931	88,501	55,622	140,766	120,384	100,002

Coryl Group
40 Week Cash Flow Forecast (CAD)
For the period Dec 2, 2024 to September 7, 2025

Week beginning	17-Mar-25	24-Mar-25	31-Mar-25	7-Apr-25	14-Apr-25	21-Apr-25	28-Apr-25	5-May-25	12-May-25	19-May-25	26-May-25	2-Jun-25	9-Jun-25	16-Jun-25	23-Jun-25	30-Jun-25	7-Jul-25	14-Jul-25
Week ending	23-Mar-25	30-Mar-25	6-Apr-25	13-Apr-25	20-Apr-25	27-Apr-25	4-May-25	11-May-25	18-May-25	25-May-25	1-Jun-25	8-Jun-25	15-Jun-25	22-Jun-25	29-Jun-25	6-Jul-25	13-Jul-25	20-Jul-25
Week #	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
RECEIPTS																		
Collection of Rent	-	-	94,164	-	-	-	95,099	-	-	-	96,029	-	-	-	-	95,919	-	-
Halifax Club Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Financing	-	-	200,000	-	200,000	50,000	150,000	-	-	-	150,000	-	-	-	-	-	-	-
Total Receipts	-	-	294,164	-	200,000	50,000	245,099	-	-	-	246,029	-	-	-	-	95,919	-	-
DISBURSEMENTS																		
Utilities	-	-	(33,551)	-	-	-	(33,659)	-	-	-	(26,816)	-	-	-	-	(25,260)	-	-
Insurance	-	-	(11,130)	-	-	-	(11,130)	-	-	-	(38,630)	-	-	-	-	(11,130)	-	-
Operations	(621)	(621)	(4,498)	(446)	(446)	(446)	(4,498)	(446)	(446)	(446)	(4,498)	(446)	(446)	(446)	(446)	(4,498)	(446)	(446)
Capex	(2,450)	-	(200,000)	-	(2,450)	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Management	-	-	(6,000)	-	-	-	(6,000)	-	-	-	(8,000)	-	-	-	-	(8,000)	-	-
Halifax Club Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	(19,561)	(19,561)	(29,561)	(19,561)	(19,561)	(19,561)	(29,561)	(19,561)	(19,561)	(19,561)	(29,561)	(19,561)	(19,561)	(19,561)	(19,561)	(29,561)	(19,561)	(19,561)
Property Tax	-	-	-	-	(184,500)	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate	-	(10,000)	-	-	-	(10,000)	-	-	-	(10,000)	-	-	-	-	(10,000)	-	-	-
Interest	-	-	(6,500)	-	-	-	(11,000)	-	-	-	(12,500)	-	-	-	-	(14,000)	-	-
HST Refund (Due)	-	-	(8,510)	-	-	-	20,936	-	-	-	(9,071)	-	-	-	-	(10,029)	-	-
Total Disbursements	(22,832)	(30,382)	(301,750)	(20,007)	(206,957)	(30,007)	(76,912)	(20,007)	(20,007)	(30,007)	(129,076)	(20,007)	(20,007)	(20,007)	(30,007)	(102,477)	(20,007)	(20,007)
Net Inflow/ (Outflow)	(22,832)	(30,382)	(7,586)	(20,007)	(6,957)	19,993	168,187	(20,007)	(20,007)	(30,007)	116,953	(20,007)	(20,007)	(20,007)	(30,007)	(6,558)	(20,007)	(20,007)
Opening Balance	100,002	77,169	46,787	39,202	19,194	12,237	32,230	200,417	180,410	160,402	130,355	247,348	227,341	207,334	187,326	157,319	130,761	130,754
Cash Flow	(22,832)	(30,382)	(7,586)	(20,007)	(6,957)	19,993	168,187	(20,007)	(20,007)	(30,007)	116,953	(20,007)	(20,007)	(20,007)	(30,007)	(6,558)	(20,007)	(20,007)
Closing Balance	77,169	46,787	39,202	19,194	12,237	32,230	200,417	180,410	160,402	130,395	247,348	227,341	207,334	187,326	157,319	150,761	130,754	110,747

Caryl Group									
40 Week Cash Flow Forecast (CAD)									
For the period Dec 2, 2024 to September 7, 2025									
Week beginning	21-Jul-25	28-Jul-25	4-Aug-25	11-Aug-25	18-Aug-25	25-Aug-25	1-Sep-25		
Week ending	27-Jul-25	3-Aug-25	10-Aug-25	17-Aug-25	24-Aug-25	31-Aug-25	7-Sep-25	Total	Notes
Week #	34	35	36	37	38	39	40		
RECEIPTS									
Collection of Rent	-	95,649	-	-	-	-	95,649	952,406	
Halifax Club Revenue	-	-	-	-	-	-	-	77,584	
DIP Financing	-	-	-	-	-	-	-	1,400,000	
Total Receipts	-	95,649	-	-	-	-	95,649	2,429,990	
DISBURSEMENTS									
Utilities	-	(18,392)	-	-	-	-	(21,101)	(308,320)	
Insurance	-	(11,130)	-	-	-	-	(11,130)	(168,966)	
Operations	(446)	(4,498)	(446)	(446)	(446)	(1,998)	(2,946)	(111,867)	
Capex	-	-	-	-	-	-	-	(430,700)	
Property Management	-	(8,000)	-	-	-	-	(8,000)	(80,000)	
Halifax Club Expenses	-	-	-	-	-	-	-	(108,105)	
Professional Fees	-	-	-	-	-	-	-	(626,933)	
Property Tax	-	-	-	-	-	-	-	(184,500)	
Corporate	(10,000)	-	-	-	-	(10,000)	-	(210,000)	
Interest	-	(14,000)	-	-	-	-	(14,000)	(82,000)	
HST Refund (Due)	-	(10,757)	-	-	-	(11,381)	-	(27,055)	
Total Disbursements	(10,446)	(66,777)	(446)	(446)	(446)	(23,378)	(57,177)	(2,338,449)	
Net Inflow/ (Outflow)	(10,446)	28,872	(446)	(446)	(446)	(23,378)	38,471	91,541	
Opening Balance	110,747	100,300	129,172	128,726	128,280	127,833	104,455	51,385	
Cash Flow	(10,446)	28,872	(446)	(446)	(446)	(23,378)	38,471	91,541	
Closing Balance	100,300	129,172	128,726	128,280	127,833	104,455	142,927	142,927	

This is Exhibit 0 to the affidavit of
Graham sworn before me on the
21 day of Jan 2025.
Anthony W. Scott

EXHIBIT "O"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

O'KEEFE & SULLIVAN

BY EMAIL AND REGISTERED MAIL

4551650 Nova Scotia Limited, as Borrower
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Annapolis Management, Inc., as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Annapolis Management, Inc., in its capacity as general partner of Ruby, LLP, as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

✓ Estate and Effects of Stephen Caryi, as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

✓ Laurie Caryi
Legal Representative of the Estate of Stephen Caryi
Email: lauriecaryi76@gmail.com

January 11, 2025

Dear Mr. Santimaw, Ms. Caryi:

Re: Demand for Payment pursuant to the Loan Agreement dated October 16, 2023 (the “Loan Agreement”) between Douro Capital Limited (formerly 4518276 Nova Scotia Limited) (“DCL” or the “Lender”) and 4551650 Nova Scotia Limited (the “Borrower”)

We write as the solicitors for DCL.

This is to inform you that the Borrower's failure to pay principal and interest when due under the Loan Agreement on or before October 16, 2024, constitute an Event of Default pursuant to section 8 of the Loan Agreement. The Borrower has been previously advised of this default on several occasions, yet the default has remained.

As of January 10, 2025, the outstanding balance under the Loan Agreement is \$1,989,124.00.

St. John's
80 Elizabeth Ave., Suite 202
St. Johns, NL, A1A 1W7
Phone: (709) 700 0911
Facsimile: (709) 700 0343

O'KEEFE & SULLIVAN LAWYERS
www.okeefesullivan.com

Corner Brook
40 Main Street,
Corner Brook, NL, A2H 1C3
Phone: (709) 639 1110
Facsimile: (709) 639 7617

We hereby demand, on behalf of the Lender, the immediate payment in full of the outstanding balance under the Loan Agreement, plus penalties and interest. This demand is made on you in your respective capacity as Borrower or Guarantor, as the case may be. Please contact our office prior to payment for the most up to date statement of account.

Please be advised that in addition to the foregoing, the Lender reserves the right to exercise any additional right or remedy it has under the Loan Agreement, at law or in equity.

Unless payment is made to O'Keefe & Sullivan "In Trust" by bank draft, money order, or certified funds within 10 days of the date of this demand letter, we will take whatever action is necessary to recover the amounts due and owing to our client.

Regards,



DARREN D. O'KEEFE
dokeefe@okeefesullivan.com

Encl. s. 244 *Bankruptcy and Insolvency Act* Notice

FORM 86
PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3
(Subsection 244(1))

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: Lauri Caryi
Legal Representative of the Borrower and/or the Estate of Stephen Caryi (the
"Guarantor")
Email: lauriecaryi76@gmail.com
c/o Boyne Clarke LLP
Counsel for the Borrower
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

TAKE NOTICE THAT:

1. Douro Capital Limited (formerly 4518276 Nova Scotia Limited) ("**DCL**" or the "**Lender**"), a secured creditor, intends to enforce its security on the following property:

- Real property located at 1674 Hollis Street, Halifax, Nova Scotia bearing PID 00003236.
- All present and after acquired property of the Guarantor.

(collectively, the "**Collateral**")

2. The security that is to be enforced includes, among other things, the following:

- A Loan Agreement dated the 16 day of October, 2023 executed by the Guarantor;
- A first collateral mortgage dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236.
- A Term Note in the amount of \$1,800,000.00 dated 16 October 2023;
- General Security Agreement dated 16 October 2023 executed by 4551650 Nova Scotia Limited in favour of the Lender;
- A General Assignment of Rents and Leases dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236;
- An Assignment of Insurance dated October 16, 2023 executed by 4551650 Nova Scotia Limited in favour of the Lender;
- A guarantee dated 16 October, 2023 executed by the Guarantor in favour of the Lender whereby the Guarantor guarantees the obligations of 4551650 Nova Scotia Limited under the terms of a Loan Agreement dated 16 October, 2023.

(collectively, the "**Security**")

3. The total amount of the indebtedness secured by the Security and sought by the demand delivered herewith is **\$1,989,124.00** as of 10 January 2025, together with accruing interest and all other charges and expenses of enforcement claimable thereunder.
4. DCL will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement, including by execution of the attached consent and waiver.

DATED at St. John's, in the Province of Newfoundland and Labrador, on this 11th day of January 2025.

DOURO CAPITAL LIMITED



Per: Darren D. O'Keefe

O'KEEFE & SULLIVAN

Solicitors for the Lender

Suite 202, 80 Elizabeth Ave.,

St. John's, NL, A1A 1W7

Email: dokeefe@okeefesullivan.com

CONSENT AND WAIVER

THE UNDERSIGNED hereby, pursuant to subsection 244(2) of the *Bankruptcy and Insolvency Act* (Canada) (hereinafter the "BIA"), waives the ten day period of notice required under Section 244 of the BIA (see extract below) and consents to the immediate enforcement by Douro Capital Limited (formerly 4518276 Nova Scotia Limited) of the Security referred to in the Section 244 Notice dated January 11, 2025.

DATED at _____, in the Province of _____, this ____ day of January, 2025.

Lauri Caryi
Legal Representative of the Borrower
and/or the Estate of Stephen Caryi

Per: _____

O'KEEFE & SULLIVAN

BY EMAIL AND REGISTERED MAIL

4551650 Nova Scotia Limited, as Borrower
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Annapolis Management, Inc., as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

✓ Annapolis Management, Inc., in its capacity as
general partner
of Ruby, LLP, as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Estate and Effects of Stephen Caryi, as
Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Laurie Caryi
Legal Representative of the Estate of Stephen
Caryi
Email: lauriecaryi76@gmail.com

January 11, 2025

Dear Mr. Santimaw, Ms. Caryi:

Re: Demand for Payment pursuant to the Loan Agreement dated October 16, 2023 (the "Loan Agreement") between Douro Capital Limited (formerly 4518276 Nova Scotia Limited) ("DCL" or the "Lender") and 4551650 Nova Scotia Limited (the "Borrower")

We write as the solicitors for DCL.

This is to inform you that the Borrower's failure to pay principal and interest when due under the Loan Agreement on or before October 16, 2024, constitute an Event of Default pursuant to section 8 of the Loan Agreement. The Borrower has been previously advised of this default on several occasions, yet the default has remained.

As of January 10, 2025, the outstanding balance under the Loan Agreement is \$1,989,124.00.

St. John's
80 Elizabeth Ave., Suite 202
St. Johns, NL, A1A 1W7
Phone: (709) 700 0911
Facsimile: (709) 700 0343

O'KEEFE & SULLIVAN LAWYERS
www.okeefesullivan.com

Corner Brook
40 Main Street,
Corner Brook, NL, A2H 1C3
Phone: (709) 639 1110
Facsimile: (709) 639 7617

We hereby demand, on behalf of the Lender, the immediate payment in full of the outstanding balance under the Loan Agreement, plus penalties and interest. This demand is made on you in your respective capacity as Borrower or Guarantor, as the case may be. Please contact our office prior to payment for the most up to date statement of account.

Please be advised that in addition to the foregoing, the Lender reserves the right to exercise any additional right or remedy it has under the Loan Agreement, at law or in equity.

Unless payment is made to O'Keefe & Sullivan "In Trust" by bank draft, money order, or certified funds within 10 days of the date of this demand letter, we will take whatever action is necessary to recover the amounts due and owing to our client.

Regards,

A handwritten signature in black ink, appearing to be 'D. O'Keefe', written over the printed name and email address.

DARREN D. O'KEEFE
dokeefe@okeefesullivan.com

Encl. s. 244 *Bankruptcy and Insolvency Act* Notice

FORM 86
PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3
(Subsection 244(1))

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: Annapolis Management, Inc., in its capacity as general partner of Ruby, LLP (the
"Guarantor")
c/o Boyne Clarke LLP
Counsel for the Borrower
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

AND TO:

Lauri Caryi
Legal Representative of the Borrower and/or the Estate of Stephen Caryi
Email: lauriecaryi76@gmail.com

TAKE NOTICE THAT:

1. Douro Capital Limited (formerly 4518276 Nova Scotia Limited) ("DCL" or the "Lender"), a secured creditor, intends to enforce its security on the following property:

- Real property located at 1674 Hollis Street, Halifax, Nova Scotia bearing PID 00003236.
- All present and after acquired property of the Guarantor.

(collectively, the "Collateral")

2. The security that is to be enforced includes, among other things, the following:

- A Loan Agreement dated the 16 day of October, 2023 executed by the Guarantor;
- A first collateral mortgage dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236.
- A Term Note in the amount of \$1,800,000.00 dated 16 October 2023;
- General Security Agreement dated 16 October 2023 executed by 4551650 Nova Scotia Limited in favour of the Lender;
- A General Assignment of Rents and Leases dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236;
- An Assignment of Insurance dated October 16, 2023 executed by 4551650 Nova Scotia Limited in favour of the Lender;
- A guarantee dated 16 October, 2023 executed by the Guarantor in favour of the Lender whereby the Guarantor guarantees the obligations of 4551650 Nova Scotia Limited under the terms of a Loan Agreement dated 16 October, 2023.

(collectively, the "Security")

3. The total amount of the indebtedness secured by the Security and sought by the demand delivered herewith is **\$1,989,124.00** as of 10 January 2025, together with accruing interest and all other charges and expenses of enforcement claimable thereunder.
4. DCL will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement, including by execution of the attached consent and waiver.

DATED at St. John's, in the Province of Newfoundland and Labrador, on this 11th day of January 2025.

DOURO CAPITAL LIMITED



Per: Darren D. O'Keefe

O'KEEFE & SULLIVAN

Solicitors for the Lender

Suite 202, 80 Elizabeth Ave.,

St. John's, NL, A1A 1W7

Email: dokeefe@okeefesullivan.com

CONSENT AND WAIVER

THE UNDERSIGNED hereby, pursuant to subsection 244(2) of the *Bankruptcy and Insolvency Act* (Canada) (hereinafter the "BIA"), waives the ten day period of notice required under Section 244 of the BIA (see extract below) and consents to the immediate enforcement by Douro Capital Limited (formerly 4518276 Nova Scotia Limited) of the Security referred to in the Section 244 Notice dated January 11, 2025.

DATED at _____, in the Province of _____, this ____ day of January, 2025.

Annapolis Management, Inc., in its capacity
as general partner of Ruby, LLP

Per: _____

O'KEEFE & SULLIVAN

BY EMAIL AND REGISTERED MAIL

4551650 Nova Scotia Limited, as Borrower
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Annapolis Management, Inc., as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

✓ Annapolis Management, Inc., in its capacity as
general partner
of Ruby, LLP, as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Estate and Effects of Stephen Caryi, as
Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Laurie Caryi
Legal Representative of the Estate of Stephen
Caryi
Email: lauriecaryi76@gmail.com

January 11, 2025

Dear Mr. Santimaw, Ms. Caryi:

Re: Demand for Payment pursuant to the Loan Agreement dated October 16, 2023 (the "Loan Agreement") between Douro Capital Limited (formerly 4518276 Nova Scotia Limited) ("DCL" or the "Lender") and 4551650 Nova Scotia Limited (the "Borrower")

We write as the solicitors for DCL.

This is to inform you that the Borrower's failure to pay principal and interest when due under the Loan Agreement on or before October 16, 2024, constitute an Event of Default pursuant to section 8 of the Loan Agreement. The Borrower has been previously advised of this default on several occasions, yet the default has remained.

As of January 10, 2025, the outstanding balance under the Loan Agreement is \$1,989,124.00.

St. John's
80 Elizabeth Ave., Suite 202
St. Johns, NL, A1A 1W7
Phone: (709) 700 0911
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O'KEEFE & SULLIVAN LAWYERS
www.okeefesullivan.com

Corner Brook
40 Main Street,
Corner Brook, NL, A2H 1C3
Phone: (709) 639 1110
Facsimile: (709) 639 7617

We hereby demand, on behalf of the Lender, the immediate payment in full of the outstanding balance under the Loan Agreement, plus penalties and interest. This demand is made on you in your respective capacity as Borrower or Guarantor, as the case may be. Please contact our office prior to payment for the most up to date statement of account.

Please be advised that in addition to the foregoing, the Lender reserves the right to exercise any additional right or remedy it has under the Loan Agreement, at law or in equity.

Unless payment is made to O'Keefe & Sullivan "In Trust" by bank draft, money order, or certified funds within 10 days of the date of this demand letter, we will take whatever action is necessary to recover the amounts due and owing to our client.

Regards,



DARREN D. O'KEEFE
dokeefe@okeefesullivan.com

Encl. s. 244 *Bankruptcy and Insolvency Act* Notice

FORM 86
PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3
(Subsection 244(1))

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: Annapolis Management, Inc. (the "**Guarantor**")
c/o Boyne Clarke LLP
Counsel for the Borrower
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

AND TO:

Lauri Caryi
Legal Representative of the Borrower and/or the Estate of Stephen Caryi
Email: lauriecaryi76@gmail.com

TAKE NOTICE THAT:

1. Douro Capital Limited (formerly 4518276 Nova Scotia Limited) ("**DCL**" or the "**Lender**"), a secured creditor, intends to enforce its security on the following property:
 - Real property located at 1674 Hollis Street, Halifax, Nova Scotia bearing PID 00003236.
 - All present and after acquired property of the Guarantor.

(collectively, the "**Collateral**")

2. The security that is to be enforced includes, among other things, the following:
 - A Loan Agreement dated the 16 day of October, 2023 executed by the Guarantor;
 - A first collateral mortgage dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236.
 - A Term Note in the amount of \$1,800,000.00 dated 16 October 2023;
 - General Security Agreement dated 16 October 2023 executed by 4551650 Nova Scotia Limited in favour of the Lender;
 - A General Assignment of Rents and Leases dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236;
 - An Assignment of Insurance dated October 16, 2023 executed by 4551650 Nova Scotia Limited in favour of the Lender;
 - A guarantee dated 16 October, 2023 executed by the Guarantor in favour of the Lender whereby the Guarantor guarantees the obligations of 4551650 Nova Scotia Limited under the terms of a Loan Agreement dated 16 October, 2023.

(collectively, the "**Security**")

3. The total amount of the indebtedness secured by the Security and sought by the demand delivered herewith is **\$1,989,124.00** as of 10 January 2025, together with accruing interest and all other charges and expenses of enforcement claimable thereunder.
4. DCL will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement, including by execution of the attached consent and waiver.

DATED at St. John's, in the Province of Newfoundland and Labrador, on this 11th day of January 2025.

DOURO CAPITAL LIMITED



Per: Darrell D. O'Keefe

O'KEEFE & SULLIVAN

Solicitors for the Lender
Suite 202, 80 Elizabeth Ave.,
St. John's, NL, A1A 1W7
Email: dokeefe@okeefesullivan.com

CONSENT AND WAIVER

THE UNDERSIGNED hereby, pursuant to subsection 244(2) of the *Bankruptcy and Insolvency Act* (Canada) (hereinafter the "BIA"), waives the ten day period of notice required under Section 244 of the BIA (see extract below) and consents to the immediate enforcement by Douro Capital Limited (formerly 4518276 Nova Scotia Limited) of the Security referred to in the Section 244 Notice dated January 11, 2025.

DATED at _____, in the Province of _____, this ____ day of January, 2025.

Annapolis Management, Inc.

Per: _____

O'KEEFE & SULLIVAN

BY EMAIL AND REGISTERED MAIL

✓ 4551650 Nova Scotia Limited, as Borrower
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Annapolis Management, Inc., in its capacity as
general partner
of Ruby, LLP, as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Laurie Caryi
Legal Representative of the Estate of Stephen
Caryi
Email: lauriecaryi76@gmail.com

Annapolis Management, Inc., as Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

Estate and Effects of Stephen Caryi, as
Guarantor
c/o Boyne Clarke LLP
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

January 11, 2025

Dear Mr. Santimaw, Ms. Caryi:

Re: Demand for Payment pursuant to the Loan Agreement dated October 16, 2023 (the “Loan Agreement”) between Douro Capital Limited (formerly 4518276 Nova Scotia Limited) (“DCL” or the “Lender”) and 4551650 Nova Scotia Limited (the “Borrower”)

We write as the solicitors for DCL.

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40 Main Street,
Corner Brook, NL, A2H 1C3
Phone: (709) 639 1110
Facsimile: (709) 639 7617

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Unless payment is made to O'Keefe & Sullivan "In Trust" by bank draft, money order, or certified funds within 10 days of the date of this demand letter, we will take whatever action is necessary to recover the amounts due and owing to our client.

Regards,



DARREN D. O'KEEFE
dokeefe@okeefesullivan.com

Encl. s. 244 *Bankruptcy and Insolvency Act* Notice

FORM 86
PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3
(Subsection 244(1))

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: 4551650 Nova Scotia Limited (the "**Borrower**")
c/o Boyne Clarke LLP
Counsel for the Borrower
99 Wyse Road – Suite 600
Dartmouth NS, B2Y 3Z5
Email: jsantimaw@boyneclarke.ca

AND TO:

Lauri Caryi
Legal Representative of the Borrower and/or the Estate of Stephen Caryi
Email: laurie Caryi76@gmail.com

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 - General Security Agreement dated 16 October 2023 executed by the Borrower in favour of the Lender;
 - A General Assignment of Rents and Leases dated 16 October 2023 with respect to the property at 1674 Hollis Street, Halifax Nova Scotia bearing PID 00003236;
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DATED at St. John's, in the Province of Newfoundland and Labrador, on this 11th day of January 2025.

DOURO CAPITAL LIMITED



Per: Darren D. O'Keefe

O'KEEFE & SULLIVAN

Solicitors for the Lender

Suite 202, 80 Elizabeth Ave.,

St. John's, NL, A1A 1W7

Email: dokeefe@okeefesullivan.com

CONSENT AND WAIVER

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DATED at _____, in the Province of _____, this ____ day of January, 2025.

4551650 Nova Scotia Limited

Per: _____

This is Exhibit P to the affidavit of
Charles Sullivan sworn before me on the
21 day of JAN 2023.
Anthony W. Scott

EXHIBIT "P"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia



Government
of Canada

Gouvernement
du Canada

**Bankruptcy and Insolvency Records Search (BIA) search results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)**

2025-01-21

Search Criteria | Critères de recherche :

Name | Nom = ruby llp

Reference | Référence :

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-01-16, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-01-16, selon les critères de recherche susmentionnés.

BIA Estate Number | Numéro du dossier en vertu de la LFI :

51-3176229

BIA Estate Name | Nom du dossier en vertu de la LFI :

Ruby LLP

Alias:

RUBY LLP

RUBY LLP

Birth Date | Date de naissance :

Province :

Nova Scotia | Nouvelle-Écosse

Address | Adresse :

1500-1625 Grafton Street, Halifax, Nova Scotia, B3J0E8

Estate Type | Type de dossier :

NOTICE OF INTENTION | AVIS D'INTENTION

Date of Proceeding | Date de la procédure :

2025-01-20

Total Liabilities* | Total du passif* :

\$34,749,117

Total Assets* | Total de l'actif* :

\$100,000

First Meeting of Creditors | Première assemblée des créanciers :

Discharge Status | Statut de la libération :

Effective Date | Date d'entrée en vigueur :

Court Number | Numéro de cour :

46009

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :

FORAN, JAMES

Appointed Licensed Insolvency Trustee or Administrator | Syndic
autorisé en insolvabilité ou administrateur nommé :

DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITTE INC

Address | Adresse :

Bay Adelaide East, 8 Adelaide St West, Suite 200, Toronto, Ontario,
Canada, M5H0A9

Telephone | Téléphone :

416-601-6150

Fax | Télécopieur :

416-601-6690

Licensed Insolvency Trustee or Administrator's Discharge Date |

Date de la libération du syndic autorisé en insolvabilité ou de

l'administrateur :

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

This is Exhibit Q to the affidavit of
Charles
Scott sworn before me on the
21 day of JAN 2025.

Anthony W. Scott

EXHIBIT "Q"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia



Government
of Canada

Gouvernement
du Canada

**Bankruptcy and Insolvency Records Search (BIA) search results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)**

2025-01-21

Search Criteria | Critères de recherche :
Reference | Référence :

Name | Nom = bsl

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-01-16, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-01-16, selon les critères de recherche susmentionnés.

BIA Estate Number | Numéro du dossier en vertu de la LFI :

51-3176175

BIA Estate Name | Nom du dossier en vertu de la LFI :

BSL Holdings Limited

Alias:

BSL HOLDINGS LIMITED

BSL HOLDINGS LIMITED

Birth Date | Date de naissance :

Province :

Nova Scotia | Nouvelle-Écosse

Address | Adresse :

1500- 1625 Grafton Street, Halifax, Nova Scotia, B3J0E8

Estate Type | Type de dossier :

NOTICE OF INTENTION | AVIS D'INTENTION

Date of Proceeding | Date de la procédure :

2025-01-20

Total Liabilities* | Total du passif* :

\$6,045,480

Total Assets* | Total de l'actif* :

\$6,500,000

First Meeting of Creditors | Première assemblée des créanciers :

Discharge Status | Statut de la libération :

Effective Date | Date d'entrée en vigueur :

Court Number | Numéro de cour :

46006

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :

FORAN, JAMES

Appointed Licensed Insolvency Trustee or Administrator | Syndic autorisé en insolvabilité ou administrateur nommé :

DELOITTE RESTRUCTURING INC/RESTRUCTURATION

DELOITTE INC

Address | Adresse :

Bay Adelaide East, 8 Adelaide St West, Suite 200, Toronto, Ontario, Canada, M5H0A9

Telephone | Téléphone :

416-601-6150

Fax | Télécopieur :

416-601-6690

Licensed Insolvency Trustee or Administrator's Discharge Date |

Date de la libération du syndic autorisé en insolvabilité ou de l'administrateur :

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

This is Exhibit R to the affidavit of
~~CHAPMAN~~ CHAPMAN sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

EXHIBIT "R"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia



Government
of Canada

Gouvernement
du Canada

**Bankruptcy and Insolvency Records Search (BIA) search results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)**

2025-01-21

Search Criteria | Critères de recherche :

Name | Nom = annapolis

Reference | Référence :

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-01-16, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-01-16, selon les critères de recherche susmentionnés.

BIA Estate Number | Numéro du dossier en vertu de la LFI :

51-3176190

BIA Estate Name | Nom du dossier en vertu de la LFI :

Annapolis Management Inc.

Alias:

ANNAPOLIS MANAGEMENT INC
ANNAPOLIS MANAGEMENT INC

Birth Date | Date de naissance :

Province :

Nova Scotia | Nouvelle-Écosse

Address | Adresse :

1500- 1625 Grafton Street, Halifax, Nova Scotia, B3J0E8

Estate Type | Type de dossier :

NOTICE OF INTENTION | AVIS D'INTENTION

Date of Proceeding | Date de la procédure :

2025-01-20

Total Liabilities* | Total du passif* :

\$33,957,435

Total Assets* | Total de l'actif* :

\$35,000,000

First Meeting of Creditors | Première assemblée des créanciers :

Discharge Status | Statut de la libération :

Effective Date | Date d'entrée en vigueur :

Court Number | Numéro de cour :

46008

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :

FORAN, JAMES

Appointed Licensed Insolvency Trustee or Administrator | Syndic
autorisé en insolvabilité ou administrateur nommé :

DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITTE INC

Address | Adresse :

Bay Adelaide East, 8 Adelaide St West, Suite 200, Toronto, Ontario,
Canada, M5H0A9

Telephone | Téléphone :

416-601-6150

Fax | Télécopieur :

416-601-6690

Licensed Insolvency Trustee or Administrator's Discharge Date |

Date de la libération du syndic autorisé en insolvabilité ou de
l'administrateur :

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

This is Exhibit 5 to the affidavit of
Charles
Quirkman sworn before me on the
21 day of JAN 2025.
Anthony W. Scott

EXHIBIT "S"

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia



Government
of Canada

Gouvernement
du Canada

**Bankruptcy and Insolvency Records Search (BIA) search results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)**

2025-01-21

Search Criteria | Critères de recherche :

Name | Nom = 4551650

Reference | Référence :

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-01-16, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-01-16, selon les critères de recherche susmentionnés.

BIA Estate Number | Numéro du dossier en vertu de la LFI :

51-3175914

BIA Estate Name | Nom du dossier en vertu de la LFI :

4551650 Nova Scotia Limited

Alias:

4551650 NOVA SCOTIA LIMITED

4551650 NOVA SCOTIA LIMITED

Birth Date | Date de naissance :

Province :

Nova Scotia | Nouvelle-Écosse

Address | Adresse :

99 Wyse Rd, Suite 600, Dartmouth, Nova Scotia, B3A4S5

Estate Type | Type de dossier :

NOTICE OF INTENTION | AVIS D'INTENTION

Date of Proceeding | Date de la procédure :

2025-01-20

Total Liabilities* | Total du passif* :

\$2,289,939

Total Assets* | Total de l'actif* :

\$2,500,000

First Meeting of Creditors | Première assemblée des créanciers :

Discharge Status | Statut de la libération :

Effective Date | Date d'entrée en vigueur :

Court Number | Numéro de cour :

46005

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :

FORAN, JAMES

Appointed Licensed Insolvency Trustee or Administrator | Syndic autorisé en insolvabilité ou administrateur nommé :

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DELOITTE INC

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416-601-6690

Licensed Insolvency Trustee or Administrator's Discharge Date |

Date de la libération du syndic autorisé en insolvabilité ou de
l'administrateur :

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

This is Exhibit T to the affidavit of
~~Charles~~ ^{Charles} ~~Adkins~~ sworn before me on the
21 day of Jan 2025.

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

EXHIBIT "T"



Government
of Canada

Gouvernement
du Canada

**Bankruptcy and Insolvency Records Search (BIA) search results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)**

2025-01-21

Search Criteria | Critères de recherche :
Reference | Référence :

Name | Nom = 3337151

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-01-16, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-01-16, selon les critères de recherche susmentionnés.

BIA Estate Number | Numéro du dossier en vertu de la LFI :
BIA Estate Name | Nom du dossier en vertu de la LFI :
Alias:

51-3176186
3337151 Nova Scotia Limited
3337151 NOVA SCOTIA LIMITED
3337151 NOVA SCOTIA LIMITED

Birth Date | Date de naissance :

Province :

Address | Adresse :

Estate Type | Type de dossier :

Date of Proceeding | Date de la procédure :

Total Liabilities* | Total du passif* :

Total Assets* | Total de l'actif* :

First Meeting of Creditors | Première assemblée des créanciers :

Discharge Status | Statut de la libération :

Effective Date | Date d'entrée en vigueur :

Court Number | Numéro de cour :

Nova Scotia | Nouvelle-Écosse
99 Wyse Rd, Suite 600, Dartmouth, Nova Scotia, B3A4S5
NOTICE OF INTENTION | AVIS D'INTENTION
2025-01-20
\$6,252,328
\$7,000,000

46007

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :
Appointed Licensed Insolvency Trustee or Administrator | Syndic
autorisé en insolvabilité ou administrateur nommé :
Address | Adresse :

Telephone | Téléphone :

Fax | Télécopieur :

Licensed Insolvency Trustee or Administrator's Discharge Date |
Date de la libération du syndic autorisé en insolvabilité ou de
l'administrateur :

FORAN, JAMES
DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITTE INC
Bay Adelaide East, 8 Adelaide St West, Suite 200, Toronto, Ontario,
Canada, M5H0A9
416-601-6150
416-601-6690

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

This is Exhibit U to the affidavit of
~~Charles~~
~~Assessment~~ sworn before me on the
21 day of JAN 20 22.
Anthony W. Scott

ANTHONY W. SCOTT
A Barrister of the Supreme
Court of Nova Scotia

EXHIBIT "U"

Court File No. •

**THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C B-3.**

BETWEEN:

Douro Capital Limited

Applicant

- and -

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

Respondents

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS PROPOSED INTERIM RECEIVER**

January 13, 2025



**Grant Thornton Limited
Proposed Interim Receiver**

**1675 Grafton Street, Suite 1000,
Halifax, Nova Scotia**

B3J 0E9

TABLE OF CONTENTS

Introduction	1
Purpose of the Pre-Filing Report.....	2
Terms of Reference.....	2
Qualifications to Act as Interim Receiver.....	3
Caryi Group Properties and Operations	4
Lenders Security	5
Lenders' Opposition to Debtors' Proposed CCAA Proceeding.....	5
Action Plan Should the Interim Receivership be Granted.....	10
Interim Receivership Proposed Court Ordered Charges	12
Request for the Court's Assistance	13

APPENDICES

Appendix A – GTL Consent to Act

Introduction

1. Grant Thornton Limited ("**GTL**" or the "**Proposed Interim Receiver**") understands that on January 14, 2025, Annapolis Management Inc., BSL Holdings Inc., Comvest Commercial Real Estate Inc., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited (together, the "**Caryi Group**" or the "**Debtors**") will be making an application to the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") for an initial order granting certain relief pursuant to the *Companies' Creditors Arrangements Act*, R.S.C., 1985 c. C-36, as amended ("**CCAA**").
2. As at the date of this report ("**Pre-Filing Report**"), the Caryi Group has outstanding mortgages of approximately \$46.7 million secured by, amongst other things, real property in Atlantic Canada. GTL understands that Douro Capital Limited, Assumption Life, Atlantic Central Credit Union, League Savings and Mortgage and 3046475 Nova Scotia Limited (together, the "**Lenders**") collectively hold mortgages of approximately \$38.7 million (81%) against the Debtors' real property and oppose the Debtors requested relief under the CCAA.
3. As a result, GTL understands the Applicant, with support of the Lenders, intend to seek the appointment of GTL as interim receiver pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3 ("**BIA**") over the real property subject to the Lenders' mortgages ("**Interim Receivership Proceedings**"). Should the Lenders requested relief ("**Interim Receivership Order**") be granted, GTL understands the Lenders intend to convert the Interim Receivership Proceedings, and GTL's role therein, to a Court appointed Receiver pursuant to section 243(1) of the BIA in short order ("**Receivership Proceedings**").
4. The entities that are the contemplated to be the subject of the Interim Receivership Proceedings include the entirety of the Caryi Group that is requesting relief pursuant to the CCAA, apart from Comvest Commercial Real Estate Inc. ("**Comvest**"), which GTL understands does not hold real property.
5. GTL is filing this Pre-Filing Report in its capacity as Proposed Interim Receiver, to provide the Court with information for its consideration in respect of the relief sought by the Lenders.

Purpose of the Pre-Filing Report

6. The purpose of this Pre-Filing Report is to provide the Court with the Proposed Interim Receiver's understanding and views on the following matters:
 - (a) The qualifications of GTL to act as Interim Receiver, and then Receiver, pursuant to the Lenders' application;
 - (b) GTL's understanding of the Caryi Group's properties;
 - (c) The Proposed Interim Receiver's understanding of the Lenders' request for the Interim Receivership Order; and
 - (d) The Proposed Interim Receiver's intended plan of action, including a process for realizing on the Company's Property, should the Lenders' requested relief be granted and GTL is appointed as Court appointed Receiver.

Terms of Reference

7. In preparing this Pre-Filing Report, the Proposed Receiver has relied upon (i) certain aspects of the Debtor's financial and other information included with the Caryi Group's application materials filed with the Court (ii) information provided to the Lenders in respect of the Caryi Group's financial position, (iii) discussions with certain of the Lenders and their respective legal counsel, and (iv) the application materials filed by the Lenders. Such information has not been audited by the Proposed Interim Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally acceptable accounting principles. Readers are therefore cautioned that this Pre-Filing Report may not disclose all significant matters related to the Caryi Group.
8. This Pre-Filing Report has been prepared for the use of this Court as general information relating to the Company and to assist the Court in determining whether to grant the relief sought by the Lenders. Accordingly, the reader is cautioned that this Pre-Filing Report may not be appropriate for any other purpose. The Proposed Interim Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Pre-Filing Report contrary to the provisions of this paragraph.
9. Capitalized terms not otherwise defined herein are as defined in the Lenders' application materials, including the January 13, 2025 affidavit of Charles Ackerman ("**Ackerman**

Affidavit"). This Pre-Filing Report should be read in conjunction with the Ackerman Affidavit as the Proposed Interim Receiver has not reproduced all information to avoid unnecessary duplication.

10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

Qualifications to Act as Interim Receiver

11. GTL is a Licensed Insolvency Trustee within the meaning of section 2(1) of the BIA and is not subject to any of the restrictions on who may be appointed as Receiver or Trustee set out in section 13.3(1) of the BIA. Specifically, neither GTL nor any of its representatives or affiliates has at any time in the past two years been:
 - a) a director, officer or employee of the Company;
 - b) related to the Company, or to any director or officer of the Company; or
 - c) the auditor, accountant or legal counsel or a partner or an employee of the auditor, accountant or legal counsel, of the Company.
12. GTL has consented to act as Interim Receiver should the Court grant the Lenders' requested relief for the Interim Receivership Order. A copy of the Proposed Interim Receiver's consent to act is attached hereto as **Appendix "A"**. Should the Court grant the Interim Receivership Order, and subsequently grant an Order to transition the Interim Receivership Proceedings to a Receivership proceeding under section 243(1) of the BIA, GTL will engage counsel to, among other things, obtain an independent legal opinion with respect to the validity and enforceability of the security held by the Lenders.
13. GTL draws breadth of experience from its team of Partners and colleagues in Atlantic Canada, with recent and relevant experience in the real-estate sector including as Court appointed Receiver over eleven (11) fully occupied apartment buildings in Nova Scotia and New Brunswick. The GTL representatives with carriage of this matter are experienced Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees, who have acted as Court appointed Receivers across Canada, and in particular in Atlantic Canada, with considerable experience in mandates of this nature. Doane Grant Thornton has the largest assurance, tax and advisory practices specializing in real property development, transaction and ownership in Atlantic Canada.

Caryi Group Properties and Operations

14. The business and affairs of the Caryi Group, the events leading to its insolvency and the Debtors' request for relief pursuant to the CCAA are outlined in the January 8, 2024 affidavit of Joanne Caryi ("**Caryi Affidavit**"). GTL has reviewed the Caryi Affidavit and discussed same with the Lenders and its legal counsel.
15. The Caryi Group's assets comprise real property in Atlantic Canada that is secured by mortgages from the Lenders, as outlined below ("**Property**"):

Entity	Property	Address	Mortgages	Leases/Tenants
Annapolis Management Inc. (\$33.5M Secured Debt)	Halifax Club	1682 Hollis Street	1) Assumption Life: \$4.2M 2) Graysbrook Capital: \$1.4M	Private social club
	Freemasons Hall	1533 Barrington Street	1) ACCU: \$13.7M 2) Graysbrook Capital: \$3.8M	5 commercial units, 4 tenants 11 residential units, 3 rented
	Residence	545 Young Ave	1) CIBC: \$1.6M 2) Graysbrook Capital: \$1.1M	2 units, 4 tenants
	National Film Board	1572 Barrington Street	1) League Savings: \$7.7M 2) League Savings: Unlimited collateral mortgage	Cameo Hotels/Suites; 21 rooms
BSL Holdings Limited (\$5.8M Secured Debt)	Granville Hall	1665/1669 Granville Street	1) ACCU: \$2.4M 2) Graysbrook Capital: \$0.8M	Student dormitory 33 units, fully rented
	Guardian Building	165 Prince Street (PEI)	1) Assumption Life: \$2.4M 2) Saltwire: \$0.2M	Mixed residential/commercial 3 commercial tenants
4551650 NS Limited (\$2.1M Secured Debt)	Sonic Building	1674 Hollis Street	1) Douro Capital Limited: \$1.8M 2) 3046475 NS Ltd. \$0.3M	Empty
3337151 NS Limited (\$6.2M Secured Debt)	Tramway Building	1598 Barrington Street	1) League Savings: \$6.2M	1 commercial unit, leased Ceased construction

16. As at the date of this Pre-Filing Report, GTL understands that the Caryi Group's construction and development activity on the Property has ceased or is limited, and that the only continued operations are limited to the collection of rent from the Caryi Group's tenants. As the business operations relating to the Property are minimal, the Proposed Interim Receiver understands that there are very few creditors other than the Lenders, and that such other creditors have generally been paid in the ordinary.
17. The Proposed Receiver understands that operations at the Halifax Club have continued via a lease with Comvest, who retains the operational liabilities associated thereto. As noted previously, Comvest would not form part of the proposed Interim Receivership Proceedings as it holds no real property.

Lenders Security

18. The Caryi Affidavit describes in paragraphs 13-47 each building that comprises the Property and the associated mortgage and security granted to the Lenders. GTL understands the security granted to the Lenders is *prima facie* valid and enforceable, however should a Receivership Order be granted, independent opinions on each Lenders' security in respect of the Property will be obtained by GTL.
19. The Proposed Interim Receiver understands that the estimated outstanding mortgage indebtedness of the Caryi Group to be as follows:

Secured Creditors	Mortgage	Supporting Lenders
Atlantic Central Credit Union	\$ 16,102,160	\$ 16,102,160
League Savings	13,933,831	13,933,831
Assumption Life	6,570,838	6,570,838
CIBC	1,631,000	
Graysbrook Capital	7,102,618	
Douro Capital Limited	1,800,000	1,800,000
3046475 Nova Scotia Limited	275,000	275,000
Saltwire	210,000	
Total Estimated Mortgage Balances	\$ 47,625,447	\$ 38,681,829

Lenders' Opposition to Debtors' Proposed CCAA Proceeding

20. Based on its review of the Debtors' application materials and various discussions with the Lenders, GTL understands that the Debtors are insolvent, are facing a liquidity crisis and do not have the capability to continue operations in the ordinary course. Fundamentally, GTL understands the Lenders oppose the Debtors' application for relief under the CCAA because the Lenders take the view that the path proposed by the Debtors is unnecessarily protractive and expensive in the circumstances and that a liquidation of real property can more efficiently be completed by a Receiver.
21. GTL is advised that the Lenders were provided the following 40-week cash flow forecast ("CFF") by the Debtors which outlines the plan for the proposed CCAA proceedings, summarized below:

Caryi Group 40 Week Cash Flow Forecast (CAD)	
	Total
RECEIPTS	
Collection of Rent	952,406
Halifax Club Revenue	77,584
DIP Financing	1,400,000
Total Receipts	2,429,990
DISBURSEMENTS	
Utilities	(308,328)
Insurance	(168,960)
Operations	(111,867)
Capex	(430,700)
Property Management	(80,000)
Halifax Club Expenses	(108,106)
Professional Fees	(626,933)
Property Tax	(184,500)
Corporate	(210,000)
Interest	(82,000)
HST Refund (Due)	(27,055)
Total Disbursements	(2,338,449)
Net Inflow / (Outflow)	91,541
Opening Balance	51,385
Cash Flow	91,541
Closing Balance	142,927

22. The Lenders understand that the cash flow forecast included within the pre-filing report of Deloitte Restructuring Inc. ("**Deloitte**") reflects the first 12 weeks of the above noted CFF for the Debtors' proposed CCAA proceedings. GTL is advised that the Lenders understand the above CFF is the intended action plan for the duration of the CCAA proceedings.
23. GTL and the Lenders' have reviewed the Debtor's materials and the CFF. GTL understands that the Lenders oppose the Company's requested relief due to the following issues, among other things:

Relationship between the Debtors and Lenders:

24. GTL understands that the Lenders have lost faith in the Caryi Group's management and that the Lenders' assessment of risk and rewards of a Court driven proceeding favor a traditional receivership over a debtor-led CCAA proceeding. Based on the Debtors' application materials, the CCAA proceeding appears to be a proposed liquidating CCAA rather than one where a "germ of a plan" exists for a true restructuring, and GTL understands the Lenders' believe a liquidation can be more efficiently executed through a

receivership. The Caryi Affidavit at paragraph 65 highlights that management is not "...experienced at all in doing this type of work" and therefore require the engagement of a CRO to advance the CCAA Proceedings.

25. While GTL understands the Lenders take no issue with the proposed CRO's ability or qualifications, the requirement of a CRO provides a further layer of professional fees that would be unnecessary in what the Lenders' view as a straightforward real property liquidation. The proposed CRO's estimated fees are \$0.13 million to \$0.15 million, as outlined within the proposed CRO's engagement letter attached to the pre-filing report of Deloitte, and further propose a success fee of \$0.1 million in the event a transaction for all or substantially all of the Property is finalized. GTL notes that these costs are unnecessary in a receivership proceeding.
26. Further, given the Caryi Affidavit outlines managements inexperience and the need for a CRO, GTL understands that management will necessarily have limited involvement and contribution to the CCAA Proceedings. Therefore, the Lenders' oppose the request for a senior secured Directors and Officers charge of \$0.25 million, which is unnecessary in a Receivership.

Value maximization and cost minimization:

27. The CFF includes \$1.4 million of interim financing ("**DIP Financing**") to pay for the proceedings which the Caryi Group is requesting to form a senior secured charge over all the Debtors' property, priming each of the secured creditors and reducing their recovery accordingly.
28. GTL understands that the DIP Financing would be used to fund operating costs over 40 weeks of the proposed CCAA proceedings including, among other things:
 - a) \$0.4 million of Capital Expenditures for ongoing projects that require capital work, such as sprinklers, furnace, wheelchair elevator, façade repair and related scaffolding;
 - b) \$0.6 million in Professional Fees to cover the costs for the Debtors' counsel, the proposed CRO, Deloitte and Deloitte's counsel;
 - c) \$0.2 million in Corporate costs not attributable to specific properties and to certain contractors currently performing work on the Property; and

- d) \$0.1 million in Operations for costs such as maintenance and snow removal at the Property.
29. While the Caryi Group's business included renovating properties for resale, GTL understands that the Lenders would not be supportive of incremental capital expenditures that prime all Lenders via the DIP Financing, yet may not increase the value of each Lenders' collateral proportionately, as the Lenders are not homogenous and have security against different properties.
30. GTL understands that the Debtors intended plan includes returning to Court within 45 to 60 days of an initial order, providing time for the Debtors, the proposed CRO and the Monitor to develop a sales and investment solicitation process ("**SISP**"). GTL understands that the Lenders are concerned with the lengthy delay to develop a SISP, given that many of the properties were previously extensively marketed and that the Debtors have advised that all construction work on the Property previously ceased.
31. Based on its review of the Property, its experience in mandates of this nature and its discussions with the Lenders, GTL is of the view that the 40-week timeframe to develop, market and close transactions for assets of this nature appears extensive, with no guarantee that a lengthy timeframe could lead to a greater recovery relative to a traditional process (6-8 weeks) to market the Property on an "as is where is" basis. A simplified marketing process and leveraging the previous efforts of sales agents would significantly reduce costs and still meet the tests outlined by the Court to approve transactions similar in this nature in *Royal Bank of Canada v. Soundair Corp. et al.*
32. The CFF also includes corporate costs of \$0.2 million and Halifax Club expenses of \$0.1 million, the majority of which are not expected to be required in a Court appointed receivership proceeding. GTL would expect operating activities in a Court appointed receivership for assets of this nature to be limited generally to the payment of utilities, insurance, property management, limited overhead and facilitating rent collection from tenants.
33. GTL is advised that Comvest, which has no real property but holds the lease to operate the Halifax Club, has outstanding CRA liabilities. The CFF appears to show the Halifax Club continuing operations at a loss, further eroding creditor recovery. The inclusion of Comvest within the proposed CCAA proceeding may erode the realization available to the

Lenders, particularly as it appears the Debtors have not segregated the CFF by individual building in the Property.

34. The CFF includes approximately \$0.6 million in professional fees. The Debtors' application includes at least one further layer of professionals, being both a Monitor and CRO, to facilitate the proposed SISP for the Property. GTL understands the Lenders' take the position that a marketing process for real property of this nature can be accomplished more efficiently by a Receiver compared to a CRO and Monitor in a CCAA, thereby reducing the number of professionals and the costs involved.
35. In summary, if GTL used the CFF provided by the Debtors and assumed that forecasted professional fees for an Interim Receivership were the same, GTL expects disbursements would be approximately \$0.4 million less through March 31 in a Receivership than in the Debtors proposed CCAA, because of the different approaches taken.

Availability and source of financing:

36. The Caryi Affidavit outlines that the Debtors are negotiating and should have in place DIP Financing prior to the proposed come back hearing. The Debtors CCAA proposal requires significant funding, absent which would constitute a material adverse change, negatively impacting the Lenders' collateral. Conversely, a Receiver can borrow any incremental funds required outside the collection of rents through Receivership Borrowings. The Proposed Interim Receiver understands that one or more of the Lenders' would be supportive in providing such Receivership Borrowings if required.

Nature of competing proposal and effect on stakeholders:

37. GTL understands the plan put forward by the Caryi Group and outlined in the CFF includes up to \$2 million of senior secured charges ahead of the Lenders through a prolonged sales process and continued operations. Conversely, GTL understands the Lenders are of the view this is a straightforward liquidation of real property, involving the payment of utilities and collection of rent from tenants while a traditional sales process is facilitated by an officer of the Court who has an obligation to all stakeholders.
38. Further, as outlined in the Ackerman Affidavit, GTL understands that the Caryi Group may have unrealistic expectations in respect of the Property's value, which could further delay the Lenders' realization efforts if a debtor led CCAA proceeding moved forward.

39. The Ackerman Affidavit outlines the Caryi Group's efforts to sell the Property over the last year, to which GTL understands did not result in an offer acceptable to the Debtors. GTL understands that the Lenders are of the view that a SISP run by the Debtors may present further delays in realizing on the Property and cause further erosion of the Lenders security.

Recognition of diverse interests of Lenders:

40. GTL understands that in real property insolvencies with mortgages across several entities and lenders, mortgagees are often concerned that the costs of the proceedings, funding for operations and the cash flow for each property be siloed by property, such that each property is treated as if it was a separate proceeding to respect the divergent collateral and security of each lender. In reviewing the Debtors' CFF, and recognizing that each of the secured Lenders has interests in different properties, it does not appear that the marshalling of costs against each property is considered, such that the costs of the proceedings are appropriately allocated across the Property and respecting the divergent interest for each secured Lender.

Action Plan Should the Interim Receivership be Granted

41. Should the Interim Receivership Order be granted, GTL would act as Proposed Interim Receiver to protect and preserve the Property until such time as the Lenders' request an order of this Honourable Court to convert the Interim Receivership Proceedings to a traditional Receivership Proceeding under section 243(1) of the BIA.
42. In its capacity as Proposed Interim Receiver, GTL intends to immediately take the following actions, amongst others:
- a) Work with the Debtors' and their advisors to contact current property managers and the Caryi Group's tenants to advise of the Interim Receivership proceedings and provide contact information for the Proposed Interim Receiver;
 - b) Work with the Lenders' to prepare for the proposed Receivership proceedings, including a proposed sales process for the realization of the Debtors' Property, contacting prior sales advisors, contacting property managers if required, obtaining copies of the Debtors' books and records, creating a case website and determining the universe of creditors;

- c) Determine if any interim financing is required for the preservation and protection of property within the Interim Receivership Proceeding, and if so, obtain same.
43. Pursuant to s. 47(1)(c) of the BIA, the duration of an apportionment of an Interim Receiver is to last no longer than 30 days. Should the Court grant the Lenders' requested relief, GTL understands that the Lenders intend to make a further application to the Court to request GTL be appointed as Receiver.
44. Should the Proposed Interim Receivership Proceedings be converted to a Receivership pursuant to section 243(1) of the BIA, GTL as Receiver intends to, among other things:
- a) If required, engage current property managers to manage the Property and relationships with the Debtors' current tenants, should GTL determine a third party would be more cost effective than a Receiver;
 - b) Silo the costs and proceeds from each building to appropriately account for their realization to each lender, marshalling restructuring costs to the extent practicable across each property to appropriately allocate the cost the insolvency proceedings and solicit feedback on same from the Lenders;
 - c) Contact the Debtors, their advisors and any third-party service providers to obtain access to the Caryi Group's books and records, historical marketing materials for the Property. Amongst other things, this will be required by a Receiver to provide notice to creditors pursuant to section 245 of the BIA;
 - d) GTL understands that the Caryi Group had previously engaged certain sales advisors to market portions of the Property over the past year. Should GTL be appointed as Receiver, GTL would engage with any prior sales advisors and the secured creditors in respect of a proposed sales process, which may include the continued retention of former sales advisors to reduce costs;
 - e) Subject to discussions with previous sales advisors, prepare for and launch a sales process to market the Property using a similar approach taken by GTL in Court appointed Receivership Proceedings for real property of this nature. This includes the creation of a solicitation letter, a non-disclosure agreement, advertisements, a confidential information memorandum and a targeted list of interested parties, marketed over 60 days or such period as may be appropriate given the condition of

the property and previous marketing efforts. GTL will also establish a virtual data room with additional information for interested parties;

- f) Obtain appraisals for each building that appraise the Property on an "as is, where is" basis, for comparison to offers received in the sales process; and
- g) Obtain an independent opinion on the enforceability and validity of the security granted to the Lenders' on the Property.

Interim Receivership Proposed Court Ordered Charges

- 45. GTL understands that the Lenders application to the Court for an Interim Receivership Order contains a request for the following Court ordered charges in priority to the Lenders:
 - a) an Administration Charge of \$0.1 million to cover the professional fees of the Proposed Interim Receiver, its counsel and Lenders counsel; and
 - b) a Receiver's Borrowing Charge of \$0.1 million during the Interim Receivership Proceedings for access to immediate liquidity, if required.
- 46. The Proposed Interim Receiver is of the view that the above noted charges are commercially reasonable, consistent with similar insolvency proceedings with multiple secured creditors and real property of this nature.
- 47. The Proposed Interim Receiver understands that the Debtors' application requests the following Court orders charges in priority to the Lender until the comeback hearing:
 - a) an Administration Charge of \$0.3 million to cover the professional fees of Deloitte, Deloitte's counsel and the proposed CRO;
 - b) a Directors and Officers ("D&O") Charge of \$0.1 million to cover incurred liabilities to the Directors of the Caryi Group during the course of the proposed CCAA proceedings; and
 - c) a DIP Financing Charge of \$0.25 million initially, likely increasing to at least \$0.65 million at a comeback hearing as outlined in the cash flow forecast attached to the pre-filing report of Deloitte.
- 48. The Proposed Interim Receiver has compared the requests for Court approved charges as between the proposed CCAA and Receivership. As summarized below, the Debtors

are seeking approximately \$1.35 million more in charges for a CCAA proceeding in comparison to a receivership.

GTL's Understanding of Requested Court Ordered Charges				
	Lenders' Application		Debtors' Application	
				Variance
1. Administration Charge	\$	100,000	\$	300,000
2. D&O Charge		-		100,000
3. DIP Financing Charge or Receiver's Borrowing Charge		100,000		250,000
Initial Priority Charges	\$	200,000	\$	650,000
Increase to Admin Charge		150,000		-
Increase DIP Financing/Receiver's Borrowing Charge		200,000		1,250,000
Total Expected Priority Charges	\$	550,000	\$	1,900,000
				\$ (1,350,000)

Request for the Court's Assistance

49. The Proposed Interim Receiver understands the Lenders are requesting the assistance of this Honourable Court in granting the Interim Receivership Order because, among other things:
- The Lenders' oppose the Debtors' requested relief pursuant to the CCAA for the reasons outlined in the Lenders' application materials, the Ackerman Affidavit and discussed above. GTL understands the Lenders take the view that the Debtors proposed plan is unnecessarily expensive, will prejudice the Lenders through significant priming charges, and does not demonstrate how it will create incremental value to the Lenders and stakeholders generally over a traditional receivership sales process opted for by the Lenders;
 - The Lenders are not homogenous, comprise multiple different parties with mortgage security against different buildings, and are entitled pursuant to their loan and security documents to seek the appointment of a receiver to act in the interests of all Lenders to realize on the Property;
 - The Proposed Interim Receiver considers that the potential availability of a vesting order, which would be unavailable in a private proceeding, will be of considerable assistance to realizing on the Property and will facilitate the marketing of the Property to potential purchasers, maximizing the recovery for stakeholders;
 - GTL's experience on similar mandates suggests a Court Order will facilitate the administration of the receivership including working with utilities and insurance.

50. Further, the Proposed Interim Receiver considers the proposed Administration Charge of \$100,000 and Receiver's Borrowing Charge of \$100,000, as set out in the Draft Interim Receivership Order, are appropriate for the reasons detailed herein.


ALL OF WHICH IS RESPECTFULLY SUBMITTED this 13th day of January, 2025.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS PROPOSED INTERIM RECEIVER OF
THE CARYI GROUP
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per:


Phil Clarke, CPA, CA, CIRP, LIT
Senior Vice President

Per:


Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Pre-Filing Report to the Court submitted by Grant Thornton Limited
In its capacity as Proposed Interim Receiver of the Caryi Group
January 13, 2025

Appendix A

GTL's Consent to Act

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C B-3.**

BETWEEN:

Duoro Capital Limited

APPLICANT

AND

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

RESPONDENTS

CONSENT TO ACT

Grant Thornton Limited hereby consents to act as an interim receiver pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended ("**BIA**") and section 43(9) of the *Judicature Act*, RSNS 1989, c 240 (the "**Judicature Act**"), and as a receiver pursuant to section 243(1) of the BIA and section 43(9) of the *Judicature Act*, over the assets, collateral and undertakings of the Respondents, in each case without security, if so appointed by the Supreme Court of Nova Scotia in Bankruptcy and Insolvency.

Dated at Halifax, Nova Scotia this 13th day of January, 2025.

GRANT THORNTON LIMITED

Per:

Phil Clarke, KStJ, CPA, CA, CIRP, LIT

Senior Vice President

This is Exhibit V to the affidavit of
Charles
Alexander sworn before me on the
21 day of JAN 2023.
Anthony J. [Signature]

EXHIBIT "V"

**THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C B-3, AS AMENDED, AND 43(9) OF
THE JUDICATURE ACT, R.S.N.S. 1989, C. 240.**

BETWEEN:

**Douro Capital Limited, Atlantic Central, League Savings and Mortgage, Assumption
Mutual Life Insurance Company, 3046475 Nova Scotia Limited and Graysbrook Capital
Limited**

Applicants

- and -

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

Respondents

**SUPPLEMENTAL PRE-FILING REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS PROPOSED RECEIVER**

January 20, 2025



**Grant Thornton Limited
Proposed Receiver**

1675 Grafton Street, Suite 1000,
Halifax, Nova Scotia
B3J 0E9

TABLE OF CONTENTS

Introduction	1
Purpose of the Pre-Filing Report.....	1
Terms of Reference.....	2
Qualifications to Act as Receiver.....	3
Caryi Group Properties.....	3
Action Plan Should the Interim Receivership be Granted.....	7
Proposed Court Ordered Charges	9
Request for the Court's Assistance	9

APPENDICES

Appendix A – GTL Pre-Filing Report, January 13, 2025

Appendix B – GTL Consent to Act

Appendix C – Proposed Sales Process

Introduction

1. On January 9, 2024, Annapolis Management Inc., BSL Holdings Inc., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited (together, the “**Caryi Group**” or the “**Debtors**”) filed materials in respect of an application (“**CCAA Application**”) to the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the “**Court**”) for an initial order granting certain relief pursuant to the *Companies’ Creditors Arrangements Act*, R.S.C., 1985 c. C-36, as amended (“**CCAA**”).
2. In response to the CCAA Application, Douro Capital Limited (“**DCL**”) with support from the majority of the Caryi Group’s secured creditors filed a cross application to appoint Grant Thornton Limited (“**GTL**”) as interim receiver pursuant to section 47(1) of the Bankruptcy and Insolvency Act, RSC 1985, C B-3 (“**BIA**”) over the Debtors’ real property. GTL’s pre-filing report (“**Pre-Filing Report**”) as proposed interim receiver is attached hereto as **Appendix “A”**.
3. On January 13th, 2025, the Caryi Group withdrew the CCAA Application. On January 14, 2025, the Honorable Justice Keith set down filing timelines and January 24, 2025 for Douro Capital Limited, Atlantic Central, League Savings and Mortgage, Assumption Mutual Life Insurance Company, 3046475 Nova Scotia Limited and Graysbrook Capital (collectively, the “**Lenders**”) to file materials requesting an order (“**Receivership Order**”) appointing GTL as receiver and receiver-manager (“**Receiver**”) of the Caryi Group pursuant to section 243(1) of the BIA.
4. GTL is filing this supplement to its Pre-Filing Report (“**Supplemental Report**”) in its capacity as proposed receiver (“**Proposed Receiver**”) to provide the Court with information for its consideration in respect of the relief sought by the Lenders.

Purpose of the Pre-Filing Report

5. The purpose of this Supplemental Report is to provide the Court with the Proposed Receiver’s understanding and views on the following matters:
 - (a) The qualifications of GTL to act as Receiver pursuant to the Lenders’ application;
 - (b) An update on the Proposed Receiver’s understanding of the Caryi Group’s property since the Pre-Filing Report;

- (c) The Proposed Receiver's understanding of the Lenders' request for the Receivership Order; and
- (d) The Proposed Receiver's intended plan of action should the requested relief be granted, including a process for realizing on the Debtors' Property.

Terms of Reference

6. In preparing this Supplemental Report, the Proposed Receiver has relied upon (i) certain aspects of the Debtor's financial and other information included with the Caryi Group's application materials filed in respect of the CCAA Application (ii) information provided to the Lenders in respect of the Caryi Group's financial position, (iii) discussions with certain of the Lenders and their respective legal counsel, and (iv) the application materials filed by the Lenders. Such information has not been audited by the Proposed Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally acceptable accounting principles. Readers are therefore cautioned that this Supplemental Report may not disclose all significant matters related to the Caryi Group.
7. This Supplemental Report has been prepared for the use of this Court as general information relating to the Caryi Group and to assist the Court in determining whether to grant the relief sought by the Lenders. Accordingly, the reader is cautioned that this Supplemental Report may not be appropriate for any other purpose. The Proposed Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Supplemental Report contrary to the provisions of this paragraph.
8. Capitalized terms not otherwise defined herein are as defined in the Lenders' application materials, including the January 13, 2025 affidavit of Charles Ackerman ("**Ackerman Affidavit**"). This Supplemental Report should be read in conjunction with the Ackerman Affidavit as the Proposed Receiver has not reproduced all information to avoid unnecessary duplication.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

Qualifications to Act as Receiver

10. GTL is a Licensed Insolvency Trustee within the meaning of section 2(1) of the BIA and is not subject to any of the restrictions on who may be appointed as Receiver or Trustee set out in section 13.3(1) of the BIA. Specifically, neither GTL nor any of its representatives or affiliates has at any time in the past two years been:
 - a) a director, officer or employee of the Company;
 - b) related to the Company, or to any director or officer of the Company; or
 - c) the auditor, accountant or legal counsel or a partner or an employee of the auditor, accountant or legal counsel, of the Company.
11. GTL has consented to act as Interim Receiver or Receiver should the Court grant the Lenders' requested relief for the Receivership Order. A copy of the Proposed Receiver's consent to act is attached hereto as **Appendix "B"**. Should the Court grant the Receivership Order, GTL will engage counsel to, among other things, obtain an independent legal opinion with respect to the validity and enforceability of the security held by the Lenders.
12. GTL draws breadth of experience from its team of Partners and colleagues in Atlantic Canada, with recent and relevant experience in the real-estate sector including as Court appointed Receiver over eleven (11) fully occupied apartment buildings in Nova Scotia and New Brunswick. The GTL representatives with carriage of this matter are experienced Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees, who have acted as Court appointed Receivers across Canada, and in particular in Atlantic Canada, with considerable experience in mandates of this nature. GTL's Partners and colleagues at Doane Grant Thornton have the largest assurance, tax and advisory practices specializing in real property development, transaction and ownership in Atlantic Canada.

Caryi Group Properties

13. A summary of the Caryi Group's real property and the Proposed Receiver's understanding of the associated mortgage debt associated with each is summarized below:

Supplemental Pre-Filing Report to the Court submitted by Grant Thornton Limited
In its capacity as Proposed Receiver of the Caryi Group
January 20, 2025

Caryi Group: Estimated Mortgages on Real Property			
	First Mortgage	Second Mortgage	Total (Est.)
Estimated mortgage across portfolio	\$ 40,000,000	\$ 7,600,000	\$ 47,600,000

1) Annapolis Management Inc.			
Property	First Mortgage	Second Mortgage	Total (Est.)
Halifax Club - 1682 Hollis Street			\$ 5,600,000
Assumption Life:	\$ 4,200,000		
Graysbrook Capital:		\$ 1,400,000	
Freemasons Hall - 1533 Barrington Street			\$ 17,500,000
Atlantic Central:	\$ 13,700,000		
Graysbrook Capital:		\$ 3,800,000	
Residence - 545 Young Ave			\$ 2,700,000
CIBC:	\$ 1,600,000		
Graysbrook Capital:		\$ 1,100,000	
National Film Board - 1572 Barrington Street			\$ 7,700,000
League Savings:	\$ 7,700,000		
Estimated Total Mortgages:	\$ 27,200,000	\$ 6,300,000	\$ 33,500,000

2) BSL Holdings Limited			
Property	First Mortgage	Second Mortgage	Total (Est.)
Granville Hall - 1665/1669 Granville Street			\$ 3,200,000
Atlantic Central:	\$ 2,400,000		
Graysbrook Capital:		\$ 800,000	
Guardian Building - 165 Prince Street (PEI)			\$ 2,600,000
Assumption Life:	\$ 2,400,000		
Saltwire:		\$ 200,000	
Estimated Total Mortgages:	\$ 4,800,000	\$ 1,000,000	\$ 5,800,000

3) 4551650 NS Limited			
Property	First Mortgage	Second Mortgage	Total (Est.)
Sonic Building - 1674 Hollis Street			\$ 2,100,000
Douro Capital Limited:	\$ 1,800,000		
3046475 NS Ltd.:		\$ 300,000	
Estimated Total Mortgages:	\$ 1,800,000	\$ 300,000	\$ 2,100,000

4) 3337151 NS Limited			
Property	First Mortgage	Second Mortgage	Total (Est.)
Tramway Building - 1598 Barrington Street			\$ 6,200,000
League Savings:	\$ 6,200,000	\$ -	
Estimated Total Mortgages:	\$ 6,200,000	\$ -	\$ 6,200,000

14. The Proposed Receiver understands the Caryi Group's real property is secured by approximately \$47.6 million of mortgages. The Lenders who are applying for the Receivership Order comprise approximately 96% of the Caryi Group's estimated outstanding mortgage debt, which continues to accrue interest, as summarized below:

Secured Creditors	Estimated Mortgage Balance	Applicant Lender Group
Atlantic Central	\$ 16,102,160	\$ 16,102,160
League Savings and Mortgage	13,933,831	13,933,831
Assumption Mutual Life Insurance Company	6,570,838	6,570,838
CIBC	1,631,000	
Graysbrook Capital	7,102,618	7,102,618
Douro Capital Limited	1,800,000	1,800,000
3046475 Nova Scotia Limited	275,000	275,000
Saltwire	210,000	
Total Estimated Mortgage Balances	\$ 47,625,447	\$ 45,784,447

15. The Proposed Receiver understands that CIBC and Saltwire, the two creditors noted above with mortgages on the Debtor's Real Property that are not included as an Applicant, have been included on the service list.
16. Since the date of the Pre-Filing Report, the Proposed Receiver understands that:
- As advised by counsel to the Caryi Group, Joanne Caryi resigned as director of BSL Holdings Inc., 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited, three of the four entities that comprise the Caryi Group. As at the date of this Supplemental Report, the Proposed Receiver is advised that Steve Caryi, who is deceased, remains as the only director of each entity and therefore no "directing mind" exists for these entities;
 - Counsel to the Caryi Group has advised the Proposed Receiver that insurance in respect of the real property was paid and in effect through February 1, 2025, but that the Caryi Group did not have sufficient funds for insurance to remain in effect thereafter;
 - Counsel to the Caryi Group has advised the Proposed Receiver of certain repairs, maintenance, and enforcement matters that may require immediate attention in respect of certain properties, should the Receivership Order be granted;

- d) Counsel to the Caryi Group during the hearing held on January 13th, 2025 advised that the statutory tax filings due to the Canada Revenue Agency are significantly in arrears; and
 - e) Atlantic Central, League Savings and Mortgage, Assumption Mutual Life Insurance Company, 3046475 Nova Scotia Limited and Graysbrook Capital have all sent their notices of intention to enforce security ("**NITES**") pursuant to section 244 (1) of the BIA.
17. The Proposed Receiver understands that operations at Comvest, dba the Halifax Club, have continued via a lease with Annapolis Management Inc., who retains the operational liabilities associated thereto. Comvest does not form part of the proposed Receivership Order as it holds no real property.

Caryi Group's Filing of NOI Proceedings

18. The Proposed Receiver was advised by counsel to the Caryi Group that on January 20, 2025, Annapolis Management, Inc., Ruby, LLP, BSL Holdings Limited, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited 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. As noted above, the Caryi Group's CCAA Application was previously withdrawn on January 13th, 2025, and January 24th, 2025 was set down by this Court to hear the Lenders' Receivership application.
19. The Proposed Receiver understands the Lenders will be asking the Court to lift the automatic stay of proceedings under s.69.1 of the BIA, as the Lenders are of the view that preserving the stay in the present circumstances will cause the Lenders material prejudice. GTL's understanding of the Caryi Group's application for a restructuring pursuant to the CCAA, and the Lenders opposition thereto, are outlined in the Pre-Filing Report of GTL as Proposed Interim Receiver, attached at Appendix "A".

Action Plan Should the Receivership Order be Granted

Initial Steps:

20. Should the Receivership Order be granted, the Proposed Receiver intends to immediately take the following actions, amongst others:
- a) Work with the Debtors' and their advisors to contact current property managers and the Caryi Group's tenants to advise of the Receivership Order, ensuring that:
 - i. current tenants have a direct point of contact in respect of their leases and any issues that arise in respect of their units;
 - ii. where required, utilities are paid to ensure no interruption in services to tenants;
 - iii. the properties are maintained in preparation for a sales process;
 - iv. the current level of insurance is verified to be appropriate in the circumstances and paid up to date;
 - v. the properties are compliant with various safety and building code regulations; and
 - vi. rent is appropriately collected, and directed to the Receiver.
 - b) Silo the costs and proceeds from each building to appropriately account for their realization to each lender, marshalling restructuring costs to the extent practicable across each property to appropriately allocate the cost the insolvency proceedings and solicit feedback on same from the Lenders;
 - c) Contact the Debtors, their advisors and any third-party service providers to obtain access to the Caryi Group's books and records, historical marketing materials for the Property. Amongst other things, this will be required by a Receiver to provide notice to creditors pursuant to section 245 of the BIA;
 - d) Create a case website, www.DoaneGrantThornton.ca/Caryi to upload all materials related to the Receivership Proceedings;
 - e) Engage certified appraisers to obtain appraisals for each of the Caryi Group's properties; and

- f) Obtain an independent opinion on the enforceability and validity of the security granted to the Lenders' on the Property.

Sales Process

21. Should the Receivership Order be granted, the Receiver intends to prepare for and launch a sale process ("**Sales Process**") to be undertaken by the Receiver as regards the Caryi Group's Property. The proposed Sales Process, expected to be substantially in the form as set out in **Appendix "C"**, includes the following key features:
 - a) The Sales Process will follow the Sale by Tender methodology, whereby offers ("**Bids**") following a standardized template are submitted to the Receiver outlining the value a Bidder (described below) ascribes to each property in its Bid, whether for individual properties or en bloc;
 - b) The Receiver will create a solicitation letter ("**Teaser**"), a non-disclosure agreement ("**NDA**"), and a targeted list of interested parties and will also establish a virtual data room ("**VDR**") with additional information for interested parties within approximately 30 days of the Receivership Order;
 - c) The Sales Process will be marketed directly to interested parties and advertised in other venues, such as newspaper advertisements and Insolvency Insider, as the Receiver considers appropriate to maximize engagement and create competitive tension;
 - d) Interested parties who provide the Receiver with duly executed copies of the NDA, and such other information as the Receiver may require validating the interested party's financial wherewithal, may become qualified bidders ("**Bidder**") in the Sales Process;
 - e) The deadline to submit Bids ("**Bid Deadline**") will be 60 days after the launch of the Sales Process, subject to change at the discretion of the Receiver, with any such changes provided in writing to Bidders, interested parties and posted on the Receiver's case website;
 - f) At the Receiver's discretion, the Receiver may accept a Bid prior to the Bid Deadline if, in the opinion of the Receiver, such Bid is in the best interest of the estate. The acceptance of any such bid would be strictly subject to Court approval, upon notice to interested parties; and

- g) Any Bids accepted pursuant to the Sales Process will be strictly subject to Court approval, and must include the payment of outstanding property taxes, if any.
22. Preliminary dates for the Sales Process, if approved, are as follows:
- a) Sales Process Launch: Within 30 days of Receivership Order;
 - b) Bid Deadline: Within 60 Days of Sales Process Launch ;
 - c) Court Approval: Within 30 days of Bid Deadline

Proposed Court Ordered Charges

23. The Lenders' request for the proposed Receivership Order includes Court ordered charges in priority to all creditors that include:
- a) An administration charge of \$250,000 ("**Admin Charge**") over the Debtor's Property for the Receiver, its counsel and the Lenders' counsel as security for professional fees and disbursements relating to services rendered in respect of the proposed Receivership Proceedings (whether incurred prior to or after the Receivership Order).
 - b) A borrowing charge of \$350,000 ("**Borrowing Charge**") to provide the Proposed Receiver with access to liquidity to preserve, protect and realize on the Property throughout the proposed Receivership proceedings, if required.
24. The Proposed Receiver is of the view that the above noted charges are commercially reasonable, consistent with charges granted in similar insolvency proceedings with multiple secured creditors and real property of this nature, and GTL's experience on similar mandates.

Request for the Court's Assistance

25. The Proposed Receiver understands the Lenders are requesting the assistance of this Honourable Court in granting the Receivership Order because, among other things:
- a) The Lenders are not homogenous, comprise multiple different parties with mortgage security against different buildings, and are entitled pursuant to their loan and security documents to seek the appointment of a receiver with a fiduciary duty to all stakeholders in providing transparency in the realization process;

- b) GTL's experience on similar mandates indicates that a Court order will be critical to working with property management companies and with tenants who may otherwise be reluctant to redirect rents to a private receiver;
- c) The Proposed Receiver considers that the potential availability of a vesting order, which would be unavailable in a private proceeding, will be of considerable assistance to realizing on the Property and will facilitate the marketing of the Property to potential purchasers, maximizing the recovery for stakeholders;
- d) GTL's experience on similar mandates suggests a Court Order will facilitate the administration of the receivership, including working with utilities and insurance; and
- e) The Lenders are of the view that the preservation of the stay pursuant to section 69.1 of the BIA resulting from the Caryi Group filing the NOI's would constitute a material prejudice to the Lenders, and therefore should be lifted to grant the Receivership Order.


ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of January 2025.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS PROPOSED RECEIVER OF
THE CARYI GROUP
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per:


Phil Clarke, CPA, CA, CIRP, LIT
Senior Vice President

Per:


Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Supplemental Pre-Filing Report to the Court submitted by Grant Thornton Limited
In its capacity as Proposed Receiver of the Caryi Group
January 20, 2025

Appendix A

GTL Pre-Filing Report, January 13, 2025

Court File No. •

**THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C B-3.**

BETWEEN:

Douro Capital Limited

Applicant

- and -

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

Respondents

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS PROPOSED INTERIM RECEIVER**

January 13, 2025



**Grant Thornton Limited
Proposed Interim Receiver**

1675 Grafton Street, Suite 1000,
Halifax, Nova Scotia

B3J 0E9

TABLE OF CONTENTS

Introduction	1
Purpose of the Pre-Filing Report.....	2
Terms of Reference.....	2
Qualifications to Act as Interim Receiver.....	3
Caryi Group Properties and Operations	4
Lenders Security	5
Lenders' Opposition to Debtors' Proposed CCAA Proceeding.....	5
Action Plan Should the Interim Receivership be Granted.....	10
Interim Receivership Proposed Court Ordered Charges	12
Request for the Court's Assistance	13

APPENDICES

Appendix A – GTL Consent to Act

Introduction

1. Grant Thornton Limited ("**GTL**" or the "**Proposed Interim Receiver**") understands that on January 14, 2025, Annapolis Management Inc., BSL Holdings Inc., Comvest Commercial Real Estate Inc., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited (together, the "**Caryi Group**" or the "**Debtors**") will be making an application to the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") for an initial order granting certain relief pursuant to the *Companies' Creditors Arrangements Act*, R.S.C., 1985 c. C-36, as amended ("**CCAA**").
2. As at the date of this report ("**Pre-Filing Report**"), the Caryi Group has outstanding mortgages of approximately \$46.7 million secured by, amongst other things, real property in Atlantic Canada. GTL understands that Douro Capital Limited, Assumption Life, Atlantic Central Credit Union, League Savings and Mortgage and 3046475 Nova Scotia Limited (together, the "**Lenders**") collectively hold mortgages of approximately \$38.7 million (81%) against the Debtors' real property and oppose the Debtors requested relief under the CCAA.
3. As a result, GTL understands the Applicant, with support of the Lenders, intend to seek the appointment of GTL as interim receiver pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3 ("**BIA**") over the real property subject to the Lenders' mortgages ("**Interim Receivership Proceedings**"). Should the Lenders requested relief ("**Interim Receivership Order**") be granted, GTL understands the Lenders intend to convert the Interim Receivership Proceedings, and GTL's role therein, to a Court appointed Receiver pursuant to section 243(1) of the BIA in short order ("**Receivership Proceedings**").
4. The entities that are the contemplated to be the subject of the Interim Receivership Proceedings include the entirety of the Caryi Group that is requesting relief pursuant to the CCAA, apart from Comvest Commercial Real Estate Inc. ("**Comvest**"), which GTL understands does not hold real property.
5. GTL is filing this Pre-Filing Report in its capacity as Proposed Interim Receiver, to provide the Court with information for its consideration in respect of the relief sought by the Lenders.

Purpose of the Pre-Filing Report

6. The purpose of this Pre-Filing Report is to provide the Court with the Proposed Interim Receiver's understanding and views on the following matters:
 - (a) The qualifications of GTL to act as Interim Receiver, and then Receiver, pursuant to the Lenders' application;
 - (b) GTL's understanding of the Caryi Group's properties;
 - (c) The Proposed Interim Receiver's understanding of the Lenders' request for the Interim Receivership Order; and
 - (d) The Proposed Interim Receiver's intended plan of action, including a process for realizing on the Company's Property, should the Lenders' requested relief be granted and GTL is appointed as Court appointed Receiver.

Terms of Reference

7. In preparing this Pre-Filing Report, the Proposed Receiver has relied upon (i) certain aspects of the Debtor's financial and other information included with the Caryi Group's application materials filed with the Court (ii) information provided to the Lenders in respect of the Caryi Group's financial position, (iii) discussions with certain of the Lenders and their respective legal counsel, and (iv) the application materials filed by the Lenders. Such information has not been audited by the Proposed Interim Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally acceptable accounting principles. Readers are therefore cautioned that this Pre-Filing Report may not disclose all significant matters related to the Caryi Group.
8. This Pre-Filing Report has been prepared for the use of this Court as general information relating to the Company and to assist the Court in determining whether to grant the relief sought by the Lenders. Accordingly, the reader is cautioned that this Pre-Filing Report may not be appropriate for any other purpose. The Proposed Interim Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Pre-Filing Report contrary to the provisions of this paragraph.
9. Capitalized terms not otherwise defined herein are as defined in the Lenders' application materials, including the January 13, 2025 affidavit of Charles Ackerman ("**Ackerman**

Affidavit"). This Pre-Filing Report should be read in conjunction with the Ackerman Affidavit as the Proposed Interim Receiver has not reproduced all information to avoid unnecessary duplication.

10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

Qualifications to Act as Interim Receiver

11. GTL is a Licensed Insolvency Trustee within the meaning of section 2(1) of the BIA and is not subject to any of the restrictions on who may be appointed as Receiver or Trustee set out in section 13.3(1) of the BIA. Specifically, neither GTL nor any of its representatives or affiliates has at any time in the past two years been:
 - a) a director, officer or employee of the Company;
 - b) related to the Company, or to any director or officer of the Company; or
 - c) the auditor, accountant or legal counsel or a partner or an employee of the auditor, accountant or legal counsel, of the Company.
12. GTL has consented to act as Interim Receiver should the Court grant the Lenders' requested relief for the Interim Receivership Order. A copy of the Proposed Interim Receiver's consent to act is attached hereto as **Appendix "A"**. Should the Court grant the Interim Receivership Order, and subsequently grant an Order to transition the Interim Receivership Proceedings to a Receivership proceeding under section 243(1) of the BIA, GTL will engage counsel to, among other things, obtain an independent legal opinion with respect to the validity and enforceability of the security held by the Lenders.
13. GTL draws breadth of experience from its team of Partners and colleagues in Atlantic Canada, with recent and relevant experience in the real-estate sector including as Court appointed Receiver over eleven (11) fully occupied apartment buildings in Nova Scotia and New Brunswick. The GTL representatives with carriage of this matter are experienced Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees, who have acted as Court appointed Receivers across Canada, and in particular in Atlantic Canada, with considerable experience in mandates of this nature. Doane Grant Thornton has the largest assurance, tax and advisory practices specializing in real property development, transaction and ownership in Atlantic Canada.

Caryi Group Properties and Operations

14. The business and affairs of the Caryi Group, the events leading to its insolvency and the Debtors' request for relief pursuant to the CCAA are outlined in the January 8, 2024 affidavit of Joanne Caryi ("**Caryi Affidavit**"). GTL has reviewed the Caryi Affidavit and discussed same with the Lenders and its legal counsel.
15. The Caryi Group's assets comprise real property in Atlantic Canada that is secured by mortgages from the Lenders, as outlined below ("**Property**"):

Entity	Property	Address	Mortgages	Leases/Tenants
Annapolis Management Inc. (\$33.5M Secured Debt)	Halifax Club	1682 Hollis Street	1) Assumption Life: \$4.2M 2) Graysbrook Capital: \$1.4M	Private social club
	Freemasons Hall	1533 Barrington Street	1) ACCU: \$13.7M 2) Graysbrook Capital: \$3.8M	5 commercial units, 4 tenants 11 residential units, 3 rented
	Residence	545 Young Ave	1) CIBC: \$1.6M 2) Graysbrook Capital: \$1.1M	2 units, 4 tenants
	National Film Board	1572 Barrington Street	1) League Savings: \$7.7M 2) League Savings: Unlimited collateral mortgage	Cameo Hotels/Suites; 21 rooms
BSL Holdings Limited (\$5.8M Secured Debt)	Granville Hall	1665/1669 Granville Street	1) ACCU: \$2.4M 2) Graysbrook Capital: \$0.8M	Student dormitory 33 units, fully rented
	Guardian Building	165 Prince Street (PEI)	1) Assumption Life: \$2.4M 2) Saltwire: \$0.2M	Mixed residential/commercial 3 commercial tenants
4551650 NS Limited (\$2.1M Secured Debt)	Sonic Building	1674 Hollis Street	1) Douro Capital Limited: \$1.8M 2) 3046475 NS Ltd. \$0.3M	Empty
3337151 NS Limited (\$6.2M Secured Debt)	Tramway Building	1598 Barrington Street	1) League Savings: \$6.2M	1 commercial unit, leased Ceased construction

16. As at the date of this Pre-Filing Report, GTL understands that the Caryi Group's construction and development activity on the Property has ceased or is limited, and that the only continued operations are limited to the collection of rent from the Caryi Group's tenants. As the business operations relating to the Property are minimal, the Proposed Interim Receiver understands that there are very few creditors other than the Lenders, and that such other creditors have generally been paid in the ordinary.
17. The Proposed Receiver understands that operations at the Halifax Club have continued via a lease with Comvest, who retains the operational liabilities associated thereto. As noted previously, Comvest would not form part of the proposed Interim Receivership Proceedings as it holds no real property.

Lenders Security

18. The Caryi Affidavit describes in paragraphs 13-47 each building that comprises the Property and the associated mortgage and security granted to the Lenders. GTL understands the security granted to the Lenders is *prima facie* valid and enforceable, however should a Receivership Order be granted, independent opinions on each Lenders' security in respect of the Property will be obtained by GTL.
19. The Proposed Interim Receiver understands that the estimated outstanding mortgage indebtedness of the Caryi Group to be as follows:

Secured Creditors	Mortgage	Supporting Lenders
Atlantic Central Credit Union	\$ 16,102,160	\$ 16,102,160
League Savings	13,933,831	13,933,831
Assumption Life	6,570,838	6,570,838
CIBC	1,631,000	
Graysbrook Capital	7,102,618	
Douro Capital Limited	1,800,000	1,800,000
3046475 Nova Scotia Limited	275,000	275,000
Saltwire	210,000	
Total Estimated Mortgage Balances	\$ 47,625,447	\$ 38,681,829

Lenders' Opposition to Debtors' Proposed CCAA Proceeding

20. Based on its review of the Debtors' application materials and various discussions with the Lenders, GTL understands that the Debtors are insolvent, are facing a liquidity crisis and do not have the capability to continue operations in the ordinary course. Fundamentally, GTL understands the Lenders oppose the Debtors' application for relief under the CCAA because the Lenders take the view that the path proposed by the Debtors is unnecessarily protractive and expensive in the circumstances and that a liquidation of real property can more efficiently be completed by a Receiver.
21. GTL is advised that the Lenders were provided the following 40-week cash flow forecast ("CFF") by the Debtors which outlines the plan for the proposed CCAA proceedings, summarized below:

Caryi Group 40 Week Cash Flow Forecast (CAD)	
	Total
RECEIPTS	
Collection of Rent	952,406
Halifax Club Revenue	77,584
DIP Financing	1,400,000
Total Receipts	2,429,990
DISBURSEMENTS	
Utilities	(308,328)
Insurance	(168,960)
Operations	(111,867)
Capex	(430,700)
Property Management	(80,000)
Halifax Club Expenses	(108,106)
Professional Fees	(626,933)
Property Tax	(184,500)
Corporate	(210,000)
Interest	(82,000)
HST Refund (Due)	(27,055)
Total Disbursements	(2,338,449)
Net Inflow / (Outflow)	91,541
Opening Balance	51,385
Cash Flow	91,541
Closing Balance	142,927

22. The Lenders understand that the cash flow forecast included within the pre-filing report of Deloitte Restructuring Inc. ("**Deloitte**") reflects the first 12 weeks of the above noted CFF for the Debtors' proposed CCAA proceedings. GTL is advised that the Lenders understand the above CFF is the intended action plan for the duration of the CCAA proceedings.
23. GTL and the Lenders' have reviewed the Debtor's materials and the CFF. GTL understands that the Lenders oppose the Company's requested relief due to the following issues, among other things:

Relationship between the Debtors and Lenders:

24. GTL understands that the Lenders have lost faith in the Caryi Group's management and that the Lenders' assessment of risk and rewards of a Court driven proceeding favor a traditional receivership over a debtor-led CCAA proceeding. Based on the Debtors' application materials, the CCAA proceeding appears to be a proposed liquidating CCAA rather than one where a "germ of a plan" exists for a true restructuring, and GTL understands the Lenders' believe a liquidation can be more efficiently executed through a

receivership. The Caryl Affidavit at paragraph 65 highlights that management is not "...experienced at all in doing this type of work" and therefore require the engagement of a CRO to advance the CCAA Proceedings.

25. While GTL understands the Lenders take no issue with the proposed CRO's ability or qualifications, the requirement of a CRO provides a further layer of professional fees that would be unnecessary in what the Lenders' view as a straightforward real property liquidation. The proposed CRO's estimated fees are \$0.13 million to \$0.15 million, as outlined within the proposed CRO's engagement letter attached to the pre-filing report of Deloitte, and further propose a success fee of \$0.1 million in the event a transaction for all or substantially all of the Property is finalized. GTL notes that these costs are unnecessary in a receivership proceeding.
26. Further, given the Caryl Affidavit outlines managements inexperience and the need for a CRO, GTL understands that management will necessarily have limited involvement and contribution to the CCAA Proceedings. Therefore, the Lenders' oppose the request for a senior secured Directors and Officers charge of \$0.25 million, which is unnecessary in a Receivership.

Value maximization and cost minimization:

27. The CFF includes \$1.4 million of interim financing ("**DIP Financing**") to pay for the proceedings which the Caryl Group is requesting to form a senior secured charge over all the Debtors' property, priming each of the secured creditors and reducing their recovery accordingly.
28. GTL understands that the DIP Financing would be used to fund operating costs over 40 weeks of the proposed CCAA proceedings including, among other things:
 - a) \$0.4 million of Capital Expenditures for ongoing projects that require capital work, such as sprinklers, furnace, wheelchair elevator, façade repair and related scaffolding;
 - b) \$0.6 million in Professional Fees to cover the costs for the Debtors' counsel, the proposed CRO, Deloitte and Deloitte's counsel;
 - c) \$0.2 million in Corporate costs not attributable to specific properties and to certain contractors currently performing work on the Property; and

- d) \$0.1 million in Operations for costs such as maintenance and snow removal at the Property.
29. While the Caryi Group's business included renovating properties for resale, GTL understands that the Lenders would not be supportive of incremental capital expenditures that prime all Lenders via the DIP Financing, yet may not increase the value of each Lenders' collateral proportionately, as the Lenders are not homogenous and have security against different properties.
30. GTL understands that the Debtors intended plan includes returning to Court within 45 to 60 days of an initial order, providing time for the Debtors, the proposed CRO and the Monitor to develop a sales and investment solicitation process ("**SISP**"). GTL understands that the Lenders are concerned with the lengthy delay to develop a SISP, given that many of the properties were previously extensively marketed and that the Debtors have advised that all construction work on the Property previously ceased.
31. Based on its review of the Property, its experience in mandates of this nature and its discussions with the Lenders, GTL is of the view that the 40-week timeframe to develop, market and close transactions for assets of this nature appears extensive, with no guarantee that a lengthy timeframe could lead to a greater recovery relative to a traditional process (6-8 weeks) to market the Property on an "as is where is" basis. A simplified marketing process and leveraging the previous efforts of sales agents would significantly reduce costs and still meet the tests outlined by the Court to approve transactions similar in this nature in *Royal Bank of Canada v. Soundair Corp. et al.*
32. The CFF also includes corporate costs of \$0.2 million and Halifax Club expenses of \$0.1 million, the majority of which are not expected to be required in a Court appointed receivership proceeding. GTL would expect operating activities in a Court appointed receivership for assets of this nature to be limited generally to the payment of utilities, insurance, property management, limited overhead and facilitating rent collection from tenants.
33. GTL is advised that Comvest, which has no real property but holds the lease to operate the Halifax Club, has outstanding CRA liabilities. The CFF appears to show the Halifax Club continuing operations at a loss, further eroding creditor recovery. The inclusion of Comvest within the proposed CCAA proceeding may erode the realization available to the

Lenders, particularly as it appears the Debtors have not segregated the CFF by individual building in the Property.

34. The CFF includes approximately \$0.6 million in professional fees. The Debtors' application includes at least one further layer of professionals, being both a Monitor and CRO, to facilitate the proposed SISF for the Property. GTL understands the Lenders' take the position that a marketing process for real property of this nature can be accomplished more efficiently by a Receiver compared to a CRO and Monitor in a CCAA, thereby reducing the number of professionals and the costs involved.
35. In summary, if GTL used the CFF provided by the Debtors and assumed that forecasted professional fees for an Interim Receivership were the same, GTL expects disbursements would be approximately \$0.4 million less through March 31 in a Receivership than in the Debtors proposed CCAA, because of the different approaches taken.

Availability and source of financing:

36. The Caryi Affidavit outlines that the Debtors are negotiating and should have in place DIP Financing prior to the proposed come back hearing. The Debtors CCAA proposal requires significant funding, absent which would constitute a material adverse change, negatively impacting the Lenders' collateral. Conversely, a Receiver can borrow any incremental funds required outside the collection of rents through Receivership Borrowings. The Proposed Interim Receiver understands that one or more of the Lenders' would be supportive in providing such Receivership Borrowings if required.

Nature of competing proposal and effect on stakeholders:

37. GTL understands the plan put forward by the Caryi Group and outlined in the CFF includes up to \$2 million of senior secured charges ahead of the Lenders through a prolonged sales process and continued operations. Conversely, GTL understands the Lenders are of the view this is a straightforward liquidation of real property, involving the payment of utilities and collection of rent from tenants while a traditional sales process is facilitated by an officer of the Court who has an obligation to all stakeholders.
38. Further, as outlined in the Ackerman Affidavit, GTL understands that the Caryi Group may have unrealistic expectations in respect of the Property's value, which could further delay the Lenders' realization efforts if a debtor led CCAA proceeding moved forward.

39. The Ackerman Affidavit outlines the Caryi Group's efforts to sell the Property over the last year, to which GTL understands did not result in an offer acceptable to the Debtors. GTL understands that the Lenders are of the view that a SISP run by the Debtors may present further delays in realizing on the Property and cause further erosion of the Lenders security.

Recognition of diverse interests of Lenders:

40. GTL understands that in real property insolvencies with mortgages across several entities and lenders, mortgagees are often concerned that the costs of the proceedings, funding for operations and the cash flow for each property be siloed by property, such that each property is treated as if it was a separate proceeding to respect the divergent collateral and security of each lender. In reviewing the Debtors' CFF, and recognizing that each of the secured Lenders has interests in different properties, it does not appear that the marshalling of costs against each property is considered, such that the costs of the proceedings are appropriately allocated across the Property and respecting the divergent interest for each secured Lender.

Action Plan Should the Interim Receivership be Granted

41. Should the Interim Receivership Order be granted, GTL would act as Proposed Interim Receiver to protect and preserve the Property until such time as the Lenders' request an order of this Honourable Court to convert the Interim Receivership Proceedings to a traditional Receivership Proceeding under section 243(1) of the BIA.
42. In its capacity as Proposed Interim Receiver, GTL intends to immediately take the following actions, amongst others:
- a) Work with the Debtors' and their advisors to contact current property managers and the Caryi Group's tenants to advise of the Interim Receivership proceedings and provide contact information for the Proposed Interim Receiver;
 - b) Work with the Lenders' to prepare for the proposed Receivership proceedings, including a proposed sales process for the realization of the Debtors' Property, contacting prior sales advisors, contacting property managers if required, obtaining copies of the Debtors' books and records, creating a case website and determining the universe of creditors;

- c) Determine if any interim financing is required for the preservation and protection of property within the Interim Receivership Proceeding, and if so, obtain same.
43. Pursuant to s. 47(1)(c) of the BIA, the duration of an apportionment of an Interim Receiver is to last no longer than 30 days. Should the Court grant the Lenders' requested relief, GTL understands that the Lenders intend to make a further application to the Court to request GTL be appointed as Receiver.
44. Should the Proposed Interim Receivership Proceedings be converted to a Receivership pursuant to section 243(1) of the BIA, GTL as Receiver intends to, among other things:
- a) If required, engage current property managers to manage the Property and relationships with the Debtors' current tenants, should GTL determine a third party would be more cost effective than a Receiver;
 - b) Silo the costs and proceeds from each building to appropriately account for their realization to each lender, marshalling restructuring costs to the extent practicable across each property to appropriately allocate the cost the insolvency proceedings and solicit feedback on same from the Lenders;
 - c) Contact the Debtors, their advisors and any third-party service providers to obtain access to the Caryi Group's books and records, historical marketing materials for the Property. Amongst other things, this will be required by a Receiver to provide notice to creditors pursuant to section 245 of the BIA;
 - d) GTL understands that the Caryi Group had previously engaged certain sales advisors to market portions of the Property over the past year. Should GTL be appointed as Receiver, GTL would engage with any prior sales advisors and the secured creditors in respect of a proposed sales process, which may include the continued retention of former sales advisors to reduce costs;
 - e) Subject to discussions with previous sales advisors, prepare for and launch a sales process to market the Property using a similar approach taken by GTL in Court appointed Receivership Proceedings for real property of this nature. This includes the creation of a solicitation letter, a non-disclosure agreement, advertisements, a confidential information memorandum and a targeted list of interested parties, marketed over 60 days or such period as may be appropriate given the condition of

the property and previous marketing efforts. GTL will also establish a virtual data room with additional information for interested parties;

- f) Obtain appraisals for each building that appraise the Property on an "as is, where is" basis, for comparison to offers received in the sales process; and
- g) Obtain an independent opinion on the enforceability and validity of the security granted to the Lenders' on the Property.

Interim Receivership Proposed Court Ordered Charges

- 45. GTL understands that the Lenders application to the Court for an Interim Receivership Order contains a request for the following Court ordered charges in priority to the Lenders:
 - a) an Administration Charge of \$0.1 million to cover the professional fees of the Proposed Interim Receiver, its counsel and Lenders counsel; and
 - b) a Receiver's Borrowing Charge of \$0.1 million during the Interim Receivership Proceedings for access to immediate liquidity, if required.
- 46. The Proposed Interim Receiver is of the view that the above noted charges are commercially reasonable, consistent with similar insolvency proceedings with multiple secured creditors and real property of this nature.
- 47. The Proposed Interim Receiver understands that the Debtors' application requests the following Court orders charges in priority to the Lender until the comeback hearing:
 - a) an Administration Charge of \$0.3 million to cover the professional fees of Deloitte, Deloitte's counsel and the proposed CRO;
 - b) a Directors and Officers ("D&O") Charge of \$0.1 million to cover incurred liabilities to the Directors of the Caryi Group during the course of the proposed CCAA proceedings; and
 - c) a DIP Financing Charge of \$0.25 million initially, likely increasing to at least \$0.65 million at a comeback hearing as outlined in the cash flow forecast attached to the pre-filing report of Deloitte.
- 48. The Proposed Interim Receiver has compared the requests for Court approved charges as between the proposed CCAA and Receivership. As summarized below, the Debtors

are seeking approximately \$1.35 million more in charges for a CCAA proceeding in comparison to a receivership.

GTL's Understanding of Requested Court Ordered Charges			
	Lenders' Application	Debtors' Application	Variance
1. Administration Charge	\$ 100,000	\$ 300,000	\$ (200,000)
2. D&O Charge	-	100,000	\$ (100,000)
3. DIP Financing Charge or Receiver's Borrowing Charge	100,000	250,000	\$ (150,000)
Initial Priority Charges	\$ 200,000	\$ 650,000	\$ (450,000)
Increase to Admin Charge	150,000	-	150,000
Increase DIP Financing/Receiver's Borrowing Charge	200,000	1,250,000	(1,050,000)
Total Expected Priority Charges	\$ 550,000	\$ 1,900,000	\$ (1,350,000)

Request for the Court's Assistance

49. The Proposed Interim Receiver understands the Lenders are requesting the assistance of this Honourable Court in granting the Interim Receivership Order because, among other things:
- The Lenders' oppose the Debtors' requested relief pursuant to the CCAA for the reasons outlined in the Lenders' application materials, the Ackerman Affidavit and discussed above. GTL understands the Lenders take the view that the Debtors proposed plan is unnecessarily expensive, will prejudice the Lenders through significant priming charges, and does not demonstrate how it will create incremental value to the Lenders and stakeholders generally over a traditional receivership sales process opted for by the Lenders;
 - The Lenders are not homogenous, comprise multiple different parties with mortgage security against different buildings, and are entitled pursuant to their loan and security documents to seek the appointment of a receiver to act in the interests of all Lenders to realize on the Property;
 - The Proposed Interim Receiver considers that the potential availability of a vesting order, which would be unavailable in a private proceeding, will be of considerable assistance to realizing on the Property and will facilitate the marketing of the Property to potential purchasers, maximizing the recovery for stakeholders;
 - GTL's experience on similar mandates suggests a Court Order will facilitate the administration of the receivership including working with utilities and insurance.

50. Further, the Proposed Interim Receiver considers the proposed Administration Charge of \$100,000 and Receiver's Borrowing Charge of \$100,000, as set out in the Draft Interim Receivership Order, are appropriate for the reasons detailed herein.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 13th day of January, 2025.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS PROPOSED INTERIM RECEIVER OF
THE CARYI GROUP
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per:



Phil Clarke, CPA, CA, CIRP, LIT
Senior Vice President

Per:



Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Pre-Filing Report to the Court submitted by Grant Thornton Limited
In its capacity as Proposed Interim Receiver of the Caryi Group
January 13, 2025

Appendix A

GTL's Consent to Act

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C B-3.**

BETWEEN:

Duoro Capital Limited

APPLICANT

AND

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

RESPONDENTS

CONSENT TO ACT

Grant Thornton Limited hereby consents to act as an interim receiver pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended ("**BIA**") and section 43(9) of the *Judicature Act*, RSNS 1989, c 240 (the "**Judicature Act**"), and as a receiver pursuant to section 243(1) of the BIA and section 43(9) of the *Judicature Act*, over the assets, collateral and undertakings of the Respondents, in each case without security, if so appointed by the Supreme Court of Nova Scotia in Bankruptcy and Insolvency.

Dated at Halifax, Nova Scotia this 13th day of January, 2025.

GRANT THORNTON LIMITED

Per:


Phil Clarke, KStJ, CPA, CA, CIRP, LIT

Senior Vice President

Supplemental Pre-Filing Report to the Court submitted by Grant Thornton Limited
In its capacity as Proposed Receiver of the Caryi Group
January 20, 2025

Appendix B

GTL Consent to Act

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C B-3.**

BETWEEN:

Duoro Capital Limited

APPLICANT

AND

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

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Dated at Halifax, Nova Scotia this 13th day of January, 2025.

GRANT THORNTON LIMITED

Per:


Phil Clarke, KStJ, CPA, CA, CIRP, LIT

Senior Vice President

Supplemental Pre-Filing Report to the Court submitted by Grant Thornton Limited
In its capacity as Proposed Receiver of the Caryi Group
January 20, 2025

Appendix C

Proposed Sales Process

Sales Process

*In the Receivership Proceedings of Annapolis Management Inc., BSL Holdings Inc., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited
(together the "Company" or "Caryi Group")*

Overview of the Company

1. The Company is in the business of the construction and development of commercial and residential real estate in Atlantic Canada. The Company owns and operates eight (8) buildings throughout Nova Scotia and Prince Edward Island.
2. By order ("**Receivership Order**") of the Honourable Justice Keith of the Supreme court of Nova Scotia in Bankruptcy and Insolvency ("**Court**") dated January 24, 2025 ("**Date of Receivership**"), Grant Thornton Limited ("**GTL**") was appointed receiver and receiver manager (in such capacity, "**Receiver**") over all of the assets, properties and undertakings of the Company. The Receivership Order empowers the Receiver to market the Company's property, including advertising and soliciting offers in respect of the Property and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate. The process ("**Sales Process**") described herein outlines the process by which the Receiver will realize on the Company's property.
3. The real property owned by the Company (the "**Properties**"), and that are the subject of this Sales Process, is summarized in Lots 1 to 7 below (each a "**Lot**"):

Lot	Property	Address
1	Halifax Club	1682 Hollis Street, Halifax NS
2	Freemasons Hall	1533 Barrington Street, Halifax NS
3	National Film Board	1572 Barrington Street, Halifax NS
4	Granville Hall	1665/1669 Granville Street, Halifax NS
5	Guardian Building	165 Prince Street, Charlottetown, PE
6	Sonic Building	1674 Hollis Street, Halifax NS
7	Tramway Building	1598 Barrington Street, Halifax NS

4. The appointment of the Receiver and the receivership proceedings of the Caryi Group are referred to herein as the "**Receivership Proceedings**".

Objectives and Commencement of the Sales Process

5. The Receiver is authorized to market the Properties for sale, individually or en bloc, pursuant to the Receivership Order. The Sales Process will follow the sale by tender methodology, whereby binding bids ("**Bids**") following a standardized template are submitted to the Receiver outlining the value a potential bidder ascribes to each Lot in its Bid, whether for individual properties or en bloc.
6. The Sales Process is intended to solicit interest in, and opportunities for, one or more sales of all of the Properties on an individual or *en bloc* basis.

- (a) The processes and procedures set out in this Sales Process (the "**Bidding Procedures**") describe the manner in which prospective bidders may gain access to due diligence materials concerning the Company and the Properties, the manner in which bidders may participate in the Sales Process, the requirement of and the receipt and negotiation of Bids received, the ultimate selection of a successful bid(s) and the requisite approvals to be sought from the Court in connection therewith. The Receiver shall conduct the Sales Process in the manner set forth herein.
 - (b) The Conditions of Sale and Tender Form, attached at **Appendix "A"** and **"B"** respectively, outline the conditions of sale for any transaction pursuant to the Sales Process ("**Conditions of Sale**") and the form of offer required to submit Bids in the Sales Process ("**Tender Form**").
 - (c) The Receiver may at any time and from time to time, modify, amend, vary or supplement, whether material or immaterial, the Sales Process, Conditions of Sale or the Bidding Procedures, on notice to bidders, in order to give effect to the substance of the Sales Process.
 - (d) The Receiver shall post on its website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures or Conditions of Sale and inform the bidders and affected secured creditors impacted by such modifications. Where the Receiver considers such modification to be material, it may, but is not required to, seek Court approval of such modification on service to the parties to the Service List in the Receivership Proceedings.
 - (e) In the event of a dispute as to the interpretation or application of the Sales Process, Conditions of Sale or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
7. The roles and responsibilities of the Receiver are described in further detail throughout this Sales Process.

"As is, where is"

- 8. Any transaction pursuant to the Sales Process will be made on an "as is, where is" basis and there is no representation or warranty made by the Receiver as to title, condition, regulatory approval, zoning, fitness for purpose, or to the accuracy or completeness of the information contained in due diligence materials or made available in connection with any further investigation of the Properties.
- 9. Any sale pursuant to any transaction(s) contemplated herein will be subject to approval by the Court and free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by the Purchaser, pursuant to an Order of the Court approving such sale and vesting title to the purchased Properties in the successful bidder, if applicable.

Timeline

- 10. The following table sets out the key milestones and deadlines under the Sales Process, which milestones and deadlines may be extended or amended by the Receiver, in its sole discretion:

Milestone	Deadline
Sales Process Launch Commencement of marketing and solicitation of interest process including issuance of the Teaser Letter and NDA for due diligence	Within 30 days of Receivership Order
Bid Deadline (30 days from commencement)	Within 60 Days of Sales Process Launch
Selection of Successful Bid(s)	Within 10 days after the Bid Deadline
Sale Approval Hearing	Within 30 days of Bid Deadline

11. Any extensions or amendments shall be communicated to all bidders in writing via email and posted on the Receiver's case website at: www.DoaneGrantThornton.ca/Caryi

Marketing and Solicitation of Interest: Notice of Sales Process

12. The Receiver shall be entitled, but not obligated, to arrange for a notice of the Sales Process to be published in any newspaper or industry journal as the Receiver considers appropriate.
13. The Receiver shall prepare:
- (a) a list of potential buyers (collectively, "**Interested Parties**" and individually an "**Interested Party**");
 - (b) an initial offering summary ("**Teaser Letter**");
 - (c) a form of non-disclosure agreement ("**NDA**"); and
 - (d) an electronic data room ("**VDR**").
14. The Receiver will send the Teaser Letter and the form of the NDA to all applicable Interested Parties in accordance with the milestones set out above and to any other Interested Party who requests a copy of the Teaser Letter and NDA, or who is identified as an Interested Party, as soon as reasonably practicable after such request or identification, as applicable.
15. The Receiver will also post copies of the Teaser Letter and NDA on its case website.
16. The Receiver will have responsibility for managing all communication with Interested Parties prior to and after receipt of Bids. This shall include facilitating the delivery of all communications, contacting prospective bidders and providing them with the Teaser Letter, coordinating the execution of NDAs, facilitating any requests for tours of the Properties, managing the process of answering inquiries from prospective bidders, soliciting and tracking all Bids, and reviewing and negotiating transaction documentation.

Participation in the Sales Process

17. Any Interested Party who wishes to participate in the Sales Process must provide to the Receiver:
 - (a) an executed NDA and a letter setting forth the identity of the Interested Party, the contact information for such Interested Party, and full disclosure of the direct and indirect principals of the Interested Party. The NDA shall include an acknowledgement of the terms of the Sales Process, the Bidding Procedures, and Conditions of Sale; and
 - (b) if the Receiver considers it necessary, such form of financial disclosure that allows the Receiver to make a reasonable determination as to the Interested Party's financial and other capabilities to consummate a transaction.
18. If an Interested Party: (i) has delivered an executed NDA; and (ii) has provided the Receiver with satisfactory evidence of its capability to consummate a transaction based on its financing, experience, and other relevant considerations, then such Interested Party will be determined by the Receiver to be a **"Potential Bidder"**.
19. Each Potential Bidder will be prohibited from communicating with any other Potential Bidder with respect to matters relating to the Sales Process during the term of the Sales Process, without the consent of the Receiver.
20. The Receiver will provide each Potential Bidder with a copy of the Teaser Letter and access to the VDR. Potential Bidders must rely solely on their own independent review, investigation, and/or inspection of all information on the Properties in connection with their participation in the Sales Process and any transaction resulting therefrom. The Receiver and its directors, officers, agents, counsel, and advisors make no representation or warranty, express or implied, whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the Teaser Letter or the VDR; (ii) provided through the due diligence process or otherwise made available pursuant to the Sales Process; or (iii) otherwise made available to a Potential Bidder except to the extent contemplated in any definitive documentation duly executed and delivered by the successful bidder(s) (as defined below) and approved by the Receiver and the Court.
21. At any time during the Sales Process, the Receiver may, in its reasonable business judgment, eliminate a Potential Bidder from the Sales Process, in which case such party will no longer be a Potential Bidder for the purposes of the Sales Process.
22. The Receiver shall afford each Potential Bidder such access to applicable due diligence materials and information pertaining to the Properties of the Company as the Receiver deems appropriate in its reasonable business judgment. Due diligence access may include access to the VDR, on-site inspections, and other matters which a Potential Bidder may reasonably request and which the Receiver deems appropriate. The Receiver will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Potential Bidder and the manner in which such requests must be communicated.
23. The Receiver shall not be obligated to furnish any information relating to the Company or the Properties to any person other than to Potential Bidders.

Bid Deadline

24. Potential Bidders that wish to make a formal binding Bid pursuant to the Sales Process must do so in compliance with the Conditions of Sale and Tender Form outlined in Appendix "A" and "B" respectively. The deadline ("**Bid Deadline**") to submit Bids in the Sales Process is **Month Day, 2025**;
- (a) Bids submitted by e-mail must be sent with the title "**Caryi Group- Binding Bid**" prior to the Bid Deadline to Ben Chisholm, CPA (Ben.Chisholm@doane.gt.ca), with a copy to Faith Capone (Faith.Capone@doane.gt.ca) and Caryi@doane.gt.ca.
- (b) Bids received by mail prior to the Bid Deadline must be marked as follows:

"DO NOT OPEN – CONFIDENTIAL TENDER – Caryi Group"

All Bids must be received by regular post, courier hand delivery or email:

GRANT THORNTON LIMITED

In its capacity as Court Appointed Receiver of Caryi Group.

Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS B3J 0E9

Attention: Ben Chisholm

Bidding in Sales Process

25. Potential Bidders that agree to the Conditions of Sale at **Appendix "A"** are invited to submit their Bids for Lot 1-7 individually, or collectively, via the Tender Form at **Appendix "B"**. In the case of an en-bloc offer for the Properties, **the Bid must separate and identify values submitted for each Lot**. An Interested Party who submits a Bid in the Sales Process is referred to herein as a "**Bidder**".
26. All Bids must comply with the requirements of the Conditions of Sale at **Appendix "A"**.
27. No Bidder may request or receive any form of bid protection as part of any Bid made pursuant to the Sales Process.
28. Any Bids accepted pursuant to the Sales Process will be strictly subject to Court approval.
29. Each Bidder shall deliver with its Bid a certified cheque, proof of electronic payment to the Receiver's trust account or bank draft of a chartered bank of Canada payable to "**Grant Thornton Limited, in Trust for - Caryi Group – SISP**", in an amount equal to at least 10% of the purchase price as outlined in the Bid as a deposit (the "**Deposit**"), to be held by the Receiver in trust. The Deposit, without interest, shall be credited on account of the purchase price upon the satisfaction of the terms and conditions contemplated by the agreement of purchase and sale. The Receiver will treat Deposits in accordance with the Conditions of Sale.

30. At the Receiver's discretion and upon consultation with the affected secured creditors, the Receiver may accept a Bid prior to the Bid Deadline if, in the opinion of the Receiver, such Bid is in the best interest of the estate. The acceptance of any such bid would be strictly subject to Court approval, upon notice to interested parties.

Acceptance or Rejection of Bids

31. The Receiver will advise Potential Bidders with respect to the success of their Bids within 10 days of the Bid Deadline, and any Deposits associated with rejected bids will be returned in accordance with the Conditions of Sale.
32. Each Bid submitted shall be and remain the property of the Receiver, and no Bidder shall be entitled to its return, until such time as a Bid is accepted or rejected.
33. The Receiver reserves the right to amend or terminate the Sales Process, or to withdraw or amend the Properties offered for sale, at any time, at its sole discretion. Neither the highest Bid, nor any other Bid, will necessarily be accepted. With respect to any withdrawal or amendment, the sole obligation of the Receiver to any Bidder shall be to inform them of the withdrawal of any property or any amendment to any of the Properties offered for sale.
34. Before accepting a Bid the Receiver may, in its sole discretion, negotiate with any Bidder for changes to that person's Bid. Further, in the event that any of the Bids are substantially similar, the Receiver may in its sole discretion call upon those Bidders to submit further Bids. In the event that no Bid is accepted for one or more of the Properties, the Receiver may negotiate for the sale of any or all of the Properties with any person, including any person who has previously submitted a Bid for any of the Properties. Notwithstanding the foregoing, the Receiver shall not be obligated to negotiate with any Potential Bidder or to give any Potential Bidder an opportunity to resubmit a Bid, whether or not the Receiver negotiates with any potential Bidder.
35. If any Bid is accepted by the Receiver, then the Purchaser shall be notified in writing by the Receiver of such acceptance no later than 15 calendar days following the Bid Deadline. Such notice of acceptance shall be deemed to be properly given and shall be deemed to be received on the same day if sent by courier service, facsimile transmission, email or personally delivered.

Disclosure of Bids

36. The terms of any Bids may be provided to the Company's affected secured creditors in respect of that property, to the Court and any other secured creditor which may have an interest in the subject property as long as such secured creditor is not a Bidder in the Sales Process.

Contact

37. All questions and enquiries regarding Conditions of Sale or Sales Process should be directed to the Receiver's team, Corey Hines (Corey.Hines@doane.gt.ca) and Ben Chisholm (Ben.Chisholm@doane.gt.ca), with a copy to Caryi@doane.gt.ca.

Appendix A - Conditions of Sale

1. The Vendor is Grant Thornton Limited which is acting solely in its capacity as Court appointed Receiver of the Properties of Annapolis Management Inc., BSL Holdings Inc., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited (together, the "**Company**"), and not in its personal or corporate capacity (the "**Receiver**"). Grant Thornton Limited shall have no personal or corporate liability of any kind, whether in content or in part or otherwise. Capitalized terms not otherwise defined herein have the meanings prescribed to them in the Sales Process and Bidding Procedures.
2. The Properties being sold pursuant to these Conditions of Sale consist of all the right, title and interest of the Company in the following:

Lot	Property	Address
1	Halifax Club	1682 Hollis Street, Halifax NS
2	Freemasons Hall	1533 Barrington Street, Halifax NS
3	National Film Board	1572 Barrington Street, Halifax NS
4	Granville Hall	1665/1669 Granville Street, Halifax NS
5	Guardian Building	165 Prince Street, Charlottetown, PE
6	Sonic Building	1674 Hollis Street, Halifax NS
7	Tramway Building	1598 Barrington Street, Halifax NS

3. The **Bid Deadline** to submit Bids in the Sales Process is **Month XX, 2025**. An Interested Party who submits a Bid in the Sales Process is referred to herein as a "**Bidder**".
 - a. Bids submitted by e-mail must be sent with the title "**CONFIDENTIAL TENDER – Caryi Group**" prior to the Bid Deadline to Ben Chisholm, CPA (Ben.Chisholm@doane.gt.ca), with a copy to Faith Capone (Faith.Capone@doane.gt.ca) and Caryi@doane.gt.ca
 - b. Bids received via mail prior to the Bid Deadline must be submitted in a sealed envelope marked:

"DO NOT OPEN – CONFIDENTIAL TENDER – Caryi Group"

All Bids must be received by regular post, courier hand delivery or email:

GRANT THORNTON LIMITED

In its capacity as Court Appointed Receiver of Caryi Group.

Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS B3J 0E9

Attention: Ben Chisholm

4. **All Bids must be submitted in the Tender Form attached in Appendix B, by no later than 5:00 p.m., Atlantic Time, on the Bid Deadline.** At the Bid Deadline, the Bids will be opened in private by the Receiver and such other persons as the Receiver may designate. The information contained in the Bids shall not be confidential after they are opened and may be revealed by the Receiver, at its discretion, to any person, including, without limitation, senior secured creditors, or the Court.
5. All Bids must be in Canadian currency and must be accompanied by a deposit for 10% of the purchase price of the Bid (the "**Deposit**"), which amount will be subject to the terms hereof.
6. The Deposit shall be in the form of a certified cheque, confirmation of wire or bank draft payable to "GRANT THORNTON LIMITED – IN TRUST FOR – CARYI GROUP - SISP". The Deposit may also be submitted by bank transfer provided the funds are received prior to the Bid Deadline. Bank transfer information may be obtained from the office of the Receiver.
7. If a Bid is accepted, then the Deposit will be deemed to be a cash deposit towards the purchase price. In such circumstances, the successful Bidder(s) shall pay the balance of the purchase price to "Grant Thornton Limited – In Trust for Caryi Group – SISP", on closing. Closing shall take place no later than 10 calendar days after approval by the Court, unless otherwise extended by mutual agreement.
8. Where a Bidder withdraws its Bid after the Bid Deadline, but before the date on which the Bidder receives notification of the decision made by the Receiver regarding the Bid, at a minimum, the Deposit shall be forfeited on account of liquidated damages by the Bidder to the Receiver.
9. The Deposit shall be returned to each Bidder whose Bid is not accepted. Any Deposit paid by certified cheque or bank draft will be returned to the Bidder by post, wire or courier at the address set out in the Tender Form or made available for pickup within 15 days following the days following the rejection of any Bid.
10. If the contemplated sale is not completed by a successful Bidder (a "**Purchaser**") by reason of the Purchaser's default, the Deposit shall be retained by the Receiver and the Receiver shall be entitled to pursue all its rights and remedies against the Purchaser. If the contemplated sale is not completed by the Receiver by reason of the Receiver's default, the Deposit shall be returned in full, without interest, to the Purchaser, the Purchaser shall have no further recourse against the Receiver, and the Agreement of Purchase and Sale, as defined in paragraph 23 of the Conditions of Sale, is null and void.

11. Every Bid submitted shall be in writing in the Tender Form attached in Appendix B. The submission of a Bid to the Receiver shall constitute an acknowledgement and an acceptance by the Bidder of the terms of the Sales Process and Bidding Procedures, the Conditions of Sale, and the Tender Form.
12. **Bids received by the Receiver that do not strictly comply with the Tender Form or the Conditions of Sale, or which contain proposals to vary, amend or supplement the Tender Form or Conditions of Sale may, in the absolute discretion of the Receiver, be rejected.**
13. Upon receipt by the Receiver of a Bid, the Bidder submitting the Bid shall not be entitled to retract, withdraw, revoke, vary or countermand the Bid and such Bid shall be irrevocable prior to acceptance or rejection thereof by the Receiver.
14. The Purchaser agrees to indemnify the Receiver and save the Receiver harmless from and against any and all costs, expenses, liabilities and damages incurred or suffered by the Receiver as a result of the failure of the Purchaser to pay any taxes, duties, fees and like charges eligible in connection with the Agreement of Purchase and Sale. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Properties.
15. All documentation or other material provided to prospective Bidders relating to the Properties which are the subject matter of these Conditions of Sale have been prepared solely for the convenience of Bidders and are not warranted to be complete or accurate and do not form part of the Conditions of Sale. Every Bidder shall be deemed to have relied entirely on its own inspection and investigation of the Properties and the title thereto.
16. The Receiver's right, title and interests, if any, in the Properties are being sold on an "as is, where is" and "without recourse" basis with no representations or warranties of any nature and kind whatsoever as to title, encumbrances, description, present or future use, fitness for use, environmental condition including the existence of hazardous substances, merchantability, quantity, condition, zoning or lawful use of the Properties or the existence, quality, value or the validity, invalidity, or enforceability of any patent, copyright or trademark right, or any other matter or thing whatsoever, either stated or implied including any outstanding work orders or requirements by any regulatory authority. Bidders must rely entirely on their own judgment, inspection and investigation of the Properties and any rights necessary to, and appurtenant or otherwise to the Properties.
17. Any transaction contemplated herein will be subject to the approval of the Court and free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by the Purchaser, pursuant to an order of the Court approving such sale and vesting title to the purchased Properties in the Purchaser, if applicable.

18. The Purchaser(s) of the Properties agrees to accept title thereto subject to applicable municipal, provincial or federal requirements. The Purchaser shall examine title to the Properties at its own expense.
19. The balance of the purchase shall be paid at closing. Closing shall take place no later than 10 calendar days after approval by the Supreme Court of Nova Scotia, unless otherwise extended by mutual agreement.
20. Conveyance shall be in a form of an approval and vesting order and subject to approval by the Court.
21. The Tender Form, the acceptance by the Receiver, the Sales Process and Bidding Procedures, and these Conditions of Sale, shall be deemed to form part of and shall constitute a binding Agreement of Purchase and Sale ("**Agreement of Purchase and Sale**") and time shall be of the essence of such agreement.
22. The Receiver shall not be required to furnish or produce any abstract, deeds, surveys, location certificates, declarations or other documents or evidence of title, except those in its possession.
23. The Receiver shall remain in possession of the Properties until the purchase is completed and title to the Properties shall not pass to the Purchaser nor shall the Purchaser be entitled to possession of same until the purchase price has been paid in full and the transaction closes pursuant to Court approval.
24. All adjustments of taxes and other items as normally adjusted will be made as of the date on which the transaction contemplated by the Agreement of Purchase and Sale is completed.
25. The Purchaser agrees that all the insurance maintained by the Receiver shall be cancelled on the closing of the transaction contemplated herein and that the Purchaser shall be responsible for placing its own insurance thereafter.
26. With respect to all Properties, no adjustments will be allowed to either the Receiver or the Purchaser for changes in the condition of the Properties from the date hereof.
27. The Receiver reserves the right to amend or terminate the Sales Process, or to withdraw or amend the Properties for sale, at any time, at its sole discretion. With respect to any withdrawal or amendment, the sole obligation of the Receiver to the Purchaser shall be to inform them of the withdrawal of any asset or any amendment to any of the Properties for sale. The Receiver shall be under no obligation to compensate any third party in order to complete this sale and if a revised price for the remaining portion of a parcel cannot be agreed between the Receiver and the Purchaser, the Receiver shall return the Deposit to the Purchaser without interest, costs or compensation.

28. The obligation of the Receiver to sell and of the Purchaser to purchase the Properties shall at the option of the Receiver be terminated in the event that prior to the closing date of the sale, such Properties are substantially destroyed by fire, flood, the elements, Government action, or civil commotion or any other external cause beyond the control of the Receiver. Such option to terminate by the Receiver shall be exercised by giving notice in writing to the Purchaser that it intends to terminate the Agreement of Purchase and Sale. In such event, the Agreement of Purchase and Sale shall automatically terminate and be deemed null and void and the Deposit shall be returned to the Purchaser without interest, cost, compensation or deduction and no party shall be liable to another for any costs or damages whatsoever. If the Receiver does not exercise such option, the Purchaser, at its option may perform the Agreement of Purchase and Sale, such option to be exercised, in writing, within five (5) days after notice to the Purchaser that the Receiver does not intend to exercise its option to terminate. In such event, the Purchaser shall be entitled only to an assignment of any proceeds payable under the existing insurance policies and transfer of any remaining Properties in full settlement of any of the Receiver's obligations to repair or replace the damaged Properties and in full satisfaction of the Agreement of Purchase and Sale. If the Purchaser does not exercise this option, the Agreement of Purchase and Sale shall be automatically terminated and deemed null and void and the Deposit shall be refunded to the Purchaser without interest, costs, compensation or deduction and neither party shall be liable to the other for any costs or damages whatsoever.
29. The Receiver represents and warrants to the Purchaser that the Receiver is not now and will not be at the closing date, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada), which representation and warranty shall survive the closing of the transactions contemplated herein. Where the Receiver deems appropriate and at the specific request of the Receiver, the Purchaser shall warrant that it is, or is not, a non-eligible person as defined by the Investment Canada Act.
30. The Purchaser shall pay at closing:
- a. All applicable Federal, Provincial and/or Municipal taxes, fees, and levies including any health services taxes, excise taxes, and/or goods and services taxes, including any arrears municipal taxes, if any, levied as a result of the completion of any Agreement of Purchase and Sale;
 - b. For greater clarity, property tax arrears will not be adjusted on closing and will be paid in their entirety by the Purchaser in addition to the Bid price;
 - c. At the discretion of the Receiver, the Purchaser shall provide to the Receiver on closing a signed Canada Revenue Agency GST/HST Election Form and the Purchaser agrees that it will pay any HST in connection with the sale of the Properties directly to Canada Revenue Agency.

31. The Purchaser shall assume, at its cost, complete responsibility for compliance with all laws, municipal, provincial or federal, insofar as the same apply to the Properties and the use thereof by the Purchaser.
32. It shall be the responsibility of the Purchaser, at the Purchaser's own expense, to obtain any and all government approvals necessary to utilize the Properties subject to an Agreement of Purchase and Sale. In particular, and without limiting the foregoing, the Purchaser is obligated to obtain all necessary approvals, licenses, permits, authorizations, permissions or other items (whether required locally, provincially or federally to use and enjoy any items being purchased and/or to carry on business with or from any Properties being purchased and the obtaining of such approvals shall not, in any manner whatsoever, be a precondition to completion of or limit the Purchaser's obligation to complete an Agreement of Purchase and Sale.
33. The Purchaser shall accept title to the respective Properties subject to, without limitation:
 - a. any registered restrictions or covenants that attach to the land, including any right of way for passage or use;
 - b. any registered municipal agreement and registered agreements with publicly regulated utilities;
 - c. any easements for the supply of domestic utility or telephone services;
 - d. any easement for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the present use; and any oil and gas lease; and
34. By submitting a Bid, the Purchaser acknowledges that the Purchaser has had an opportunity to obtain independent advice including, without limitation, independent business, accounting, technical, and legal advice prior to the execution and delivery of the Bid in respect of all issues including, without limitation, these Conditions of Sale.
35. The Receiver shall not be liable to any commercial real estate broker ("**Broker**") who presents a Bid in response to the Sales Process, for payment of any fee, commission, remuneration, expense, or any other form of compensation claimed by the Broker. A Broker who presents a Bid to the Receiver in response to the Sales Process does so at the exclusive request of the Purchaser under terms and conditions as negotiated between the Broker and the Purchaser.
36. The Receiver, in its discretion, may vary, amend, supplement or waive any or all of the within conditions.
37. The highest or any Bid will not necessarily be accepted.

38. Any tender of documents or money hereunder may be made upon the Vendor and Purchaser at their respective addresses indicated in the Tender Form, or their respective solicitors.
39. The Purchaser shall not assign its rights and obligations under the Bid without the written consent of the Receiver, which may be withheld for any reason, acting reasonably.
40. Unless otherwise specifically stated herein, all obligations, representations and warranties of the Purchaser contained in the Bid shall survive the completion of the sale.
41. The validity and interpretation of these Conditions of Sale and of each provision and part thereof, shall be governed by the laws of Nova Scotia and the Court shall have exclusive jurisdiction with respect to any dispute arising out of these Conditions of Sale and any Agreement of Purchase and Sale entered into pursuant hereto.
42. The submission of a Bid will be deemed to constitute the declaration and acknowledgement by such Bidder that it has requested these Conditions of Sale, the Tender Form, and all other documentation relating to its Bid and the acceptance thereof to be drawn up in the English language.
43. La présentation d'une soumission constituera la déclaration et la reconnaissance expresse par la sous missionnaire qu'il a consenti que ces Conditions de Vente, la formule de soumission mentionnée en ceci et tous autres documents relatifs à la soumission et à son acceptation soient rédigés en langue anglaise.

Appendix B – Tender Form

GRANT THORNTON LIMITED (the "Receiver")

In its capacity as Court Appointed Receiver of *Annapolis Management Inc., BSL Holdings Inc., Ruby LLP, 3337151 Nova Scotia Limited and 4551650 Nova Scotia Limited* (the "**Caryi Group**")

Nova Centre, North Tower, Suite 1000, 1675 Grafton Street
Halifax, NS Canada B3J 0E9

Attention: Ben Chisholm, CPA

PLEASE PRINT

NAME OF BIDDER

ADDRESS OF BIDDER

TELEPHONE NUMBER OF BIDDER

FAX NUMBER OF BIDDER

EMAIL ADDRESS OF BIDDER

1. I, the Bidder hereby submit this Bid for the purchase of the Receiver's right, title and interest in certain properties of the Caryi Group.
2. Bid amount by Lot as indicated below:

Lot	Property	Address	Tender Amount
1	Halifax Club	1682 Hollis Street, Halifax NS	\$
2	Freemasons Hall	1533 Barrington Street, Halifax NS	\$
3	National Film Board	1572 Barrington Street, Halifax NS	\$
4	Granville Hall	1665/1669 Granville Street, Halifax NS	\$
5	Guardian Building	165 Prince Street, Charlottetown, PE	\$
6	Sonic Building	1674 Hollis Street, Halifax NS	\$
7	Tramway Building	1598 Barrington Street, Halifax NS	\$
Total Bid			\$

3. Enclosed is the Bidder's certified cheque, bank draft, or evidence of wire transfer payable to Grant Thornton Limited, in Trust for – Caryi Group, in the amount of \$_____ (10% of the purchase price), being a cash deposit.
4. The Bidder represents to the Receiver that the Bidder _____ (insert "is" or "is not") a "non-eligible person" as defined in the *Investment Canada Act*.
5. The Bidder agrees that the Conditions of Sale issued by the Receiver are deemed to form part hereof.
6. The amount tendered is exclusive of Federal, Provincial or Municipal taxes, levies, and fees, including property tax arrears, which shall be payable by the Purchaser, where applicable, on the Properties.

DATED at _____, this _____ day of _____, 2025.
(City or Town) (Date) (Month)

PRINT NAME OF BIDDER

Per: _____

Per: _____