

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

**IN THE MATTER OF** the *Companies' Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the "**CCAA**")

**AND IN THE MATTER OF** an application by CFFI Ventures Inc. (the "**Applicant**") for relief under s. 11 of the CCAA

**AFFIDAVIT OF MICHAEL SCOTT**

I, **MICHAEL SCOTT**, of the City of Vancouver, in the Province of British Columbia, **AFFIRM AND SAY THAT:**

**OVERVIEW:**

1. I am a managing director of SAF Administration LP. SFPC Quantum LP ("**Quantum**") is an affiliate of SAF Administration LP and is the lender and administrative agent under the ARCA (as defined below), with Cormorant Utility Services Limited ("**Cormorant**") as the borrower. I am responsible for overseeing the ARCA. As such, I have personal knowledge of the matters deposed to in this affidavit, except where stated to be based on information and belief, in which case I state the source of the information and believe it to be true.
2. I affirm this affidavit in support of Quantum's motion at the comeback hearing in these proceedings, and for no improper purpose.
3. Where the information provided herein is not based on my direct knowledge, I have indicated the third-party source for that information.

**THE CREDIT RELATIONSHIP WITH CORMORANT:**

4. Quantum is the senior secured lender to Cormorant pursuant to an Amended and Restated Credit Agreement dated March 28, 2025, as further amended by a First Amending Agreement dated September 30, 2025, and a Second Amending Agreement

dated December 30, 2025 (collectively, the “**ARCA**”). A true redacted copy of the Amended and Restated Credit Agreement is attached hereto as **Exhibit “A”**.

5. The ARCA provides for total committed facilities of approximately \$41.26 million, comprising a \$36.1 million Term Loan and a \$5.16 million Delayed Draw Loan.
6. The Second Amending Agreement to the ARCA, dated December 30, 2025, confirms active management of the credit relationship through late 2025, including a permanent prepayment of \$7.3 million of the Term Loan from the application of Connect Atlantic disposition proceeds, extended amortization and covenant schedules through 2026, new minimum Consolidated EBITDA targets escalating from \$13 million to \$15 million, an Increased Spread of 5% commencing April 1, 2026, and an extended Maturity Date of January 4, 2027. A true redacted copy of the Second Amending Agreement is attached hereto as **Exhibit “B”**.
7. Following the application of approximately \$13.3 million in Connect Atlantic disposition proceeds in December 2025, the outstanding principal balance under the ARCA was reduced to approximately **\$30.6 million**, which amount remains outstanding and due to Quantum as of the date of this affidavit.

#### **THE CFFI GUARANTEE:**

8. CFFI Ventures Inc. (“**CFFI**” or the “**Applicant**”) has guaranteed all obligations of Cormorant to Quantum pursuant to a Guarantee dated May 24, 2022 (the “**CFFI Guarantee**”). A true copy of the CFFI Guarantee is attached hereto as **Exhibit “C”**.

#### **FIRST-PRIORITY SECURITY OVER CFFI’S CORMORANT SHARES:**

9. Pursuant to a Securities Pledge Agreement dated May 24, 2022 (the “**Pledge Agreement**”), CFFI granted Quantum a security interest in all securities owned by CFFI in the capital of Cormorant (the “**Cormorant Securities Collateral**”). CFFI holds 54.8% of Cormorant’s issued shares, being 4,949 common shares as reflected in Share Certificate No. 1. A true copy of the Pledge Agreement is attached hereto as **Exhibit “D”**. A true copy of the Share Certificate is attached hereto as **Exhibit “E”**.

10. Pursuant to a Subordination Agreement dated May 24, 2022 (the “**Subordination Agreement**”), HPS Investment Partners LLC (“**HPS**”) agreed to subordinate and postpone its security interest in the Cormorant Securities Collateral to Quantum. Section 2.2(1) of the Subordination Agreement provides that the HPS Security on the Subordinated HPS Pledged Interests “shall for all purposes be, and at all times remain, subordinated, inferior, junior, postponed and subordinated to the SAF [Quantum] Security on the Subordinated HPS Pledged Interests.” A true redacted copy of the Subordination Agreement is attached hereto as **Exhibit “F”**.
11. The operative effect of these agreements is that Quantum holds first-priority security over CFFI’s shares in Cormorant, while HPS holds first priority over all other CFFI assets.

**CHANGE OF CONTROL PROVISIONS:**

12. Section 7.1(m) of the ARCA provides that a Change of Control constitutes an Event of Default. “Change of Control” is defined at Section 1.1 of the ARCA to include, among other triggers: CFFI ceasing to own 54.8% of Cormorant’s equity securities; any Person other than the Existing Shareholders acquiring any equity interest in Cormorant; and any change in board composition beyond the existing directors plus the new CEO.
13. I am advised by counsel and believe that the proposed HPS transaction, as described in the Affidavit of Brittany Bartlett, sworn March 11, 2026, and the EY Fairness Opinion, contemplates the transfer of CFFI’s Cormorant shares to AcquireCo, a 100% HPS-owned entity (“**AcquireCo**”). That transfer would trigger the Change of Control provisions under the ARCA. Quantum has not consented to any Change of Control.

**THE SISP PROCESS:**

14. On December 31, 2024, the parties entered into an A&R Side Letter re Cormorant SISP (the “**SISP Side Letter**”), which contemplated a sales process for Cormorant with a current completion deadline of March 31, 2026, under the Deferral Agreement dated March 28, 2025. The Deferral Agreement expressly states that nothing in that agreement limits or restricts the rights and remedies of the Administrative Agent and the Lenders under the Credit Documents. A true redacted copy of the SISP Side Letter is attached

hereto as **Exhibit “G”**. A true redacted copy of the Deferral Agreement is attached hereto as **Exhibit “H”**.

15. The CCAA filing has overtaken that process, but the parties’ own recognition that Cormorant’s value should be market-tested has not been superseded. No independent market-testing of Cormorant’s value has occurred.

**THE UNANIMOUS SHAREHOLDERS’ AGREEMENT:**

16. The shareholders of Cormorant, including CFFI, are parties to a Third Amended and Restated Shareholders’ Agreement (Investors) (the “USA”). The USA imposes significant transfer and governance restrictions on the Cormorant shares, including: (a) Section 4.2, which prohibits any issuance or transfer of shares that would result in a Change of Control of a Corporate Shareholder without the prior written consent of a Super Majority (66 $\frac{2}{3}$ %) of the shareholders; (b) Section 4.3, which imposes a general restriction on any sale, transfer, encumbrance, or disposition of Corporate Securities without the written consent of all shareholders; (c) Section 5.5, which requires any third-party purchaser to enter into an Assumption Agreement binding it to the terms of the USA; and (d) Section 1.11, which requires each Principal to cause any Corporate Shareholder it controls to comply with the USA at all times. A true copy of the USA is attached hereto as **Exhibit “I”**.
17. Any proposed transfer of CFFI’s Cormorant shares to AcquireCo or any HPS-controlled entity would engage each of these provisions. In Quantum’s submission, HPS should not be permitted to obtain CFFI’s Cormorant shares free and clear of these existing restrictions through a CCAA Plan or vesting order without seeking that relief openly, on notice, and on a proper evidentiary record establishing that the threshold for overriding a secured creditor’s contractual rights is met.

**CONCLUSION:**

18. I affirm this affidavit in support of Quantum’s motion at the comeback hearing and for no other or improper purpose.



## **LIST OF EXHIBITS**

**Exhibit "A"** – Amended and Restated Credit Agreement dated March 28, 2025

**Exhibit "B"** – Second Amending Agreement to the ARCA dated December 30, 2025

**Exhibit "C"** – CFFI Ventures Inc. Guarantee dated May 24, 2022

**Exhibit "D"** – Securities Pledge Agreement (CFFI Ventures Inc.) dated May 24, 2022

**Exhibit "E"** – Share Certificate No. 1 – CFFI's shares in Cormorant

**Exhibit "F"** – Subordination Agreement dated May 24, 2022

**Exhibit "G"** – A&R Side Letter re Cormorant SISP dated December 31, 2024

**Exhibit "H"** – Deferral Agreement dated March 28, 2025

**Exhibit "I"** – Third Amended and Restated Shareholders' Agreement (Investors) –  
Cormorant Utility Services Limited