

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED**

**AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420 PREMIUM  
MARKETS LTD., GREEN ROCK CANNABIS (EC 1) LIMITED  
and 420 DISPENSARIES LTD.**

**Alberta Court of King's Bench Matter No. 2401-17986**

BETWEEN:

**420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD.,  
GREEN ROCK CANNABIS (EC 1) LIMITED, and 420 DISPENSARIES LTD.**

*Applicant*

- and -

**HIGH PARK SHOPS INC. and TILRAY BRANDS, INC.**

*Respondents*

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**COMPENDIUM OF EVIDENCE**

**FOR THE APPLICATION TO BE HEARD APRIL 28, 2025 BEFORE THE HONOURABLE  
JUSTICE M. H. BOURQUE**

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April 25, 2025

**BLAKE, CASSELS & GRAYDON LLP**

3500 Bankers Hall East

855 – 2nd Street S.W.

Calgary, Alberta T2P 4J8

**Kelly Bourassa/Jenna Willis**

Tel: (403) 260-9697 / (403) 260-9650

[kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) /

[jenna.willis@blakes.com](mailto:jenna.willis@blakes.com)

*Counsel for the Respondents*

File Ref: 191284/35

## COMPENDIUM OF EVIDENCE

Tab	Document	Filed On	Filed By
1.	Litigation Plan filed on August 16, 2023, in Case No. 2001-028373	August 16, 2023	JSS
2.	Affidavit of Scott Morrow sworn June 19, 2024, with exhibits omitted.	June 20, 2024	Stikeman
3.	Affidavit of Scott Morrow sworn August 6, 2024, with exhibits omitted.	August 7, 2024	Stikeman
4.	Affidavit of Scott Morrow sworn September 10, 2024, with exhibits omitted.	January 16, 2025	Stikeman
5.	Affidavit of Carl Merton affirmed March 6, 2025, with exhibits omitted.	March 7, 2025	Blakes
6.	Exhibit 27 to the Affidavit of Lisa Roy sworn March 7, 2025.	March 7, 2025	Blakes

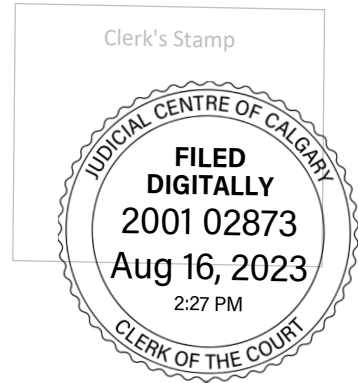
## TAB 1

[Rule 4.4(1)]

COURT FILE NUMBER 2001-02873  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF 420 INVESTMENTS LTD.  
DEFENDANTS TILRAY INC. and HIGH PARK SHOPS INC.  
DOCUMENT **STANDARD LITIGATION PLAN**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **JENSEN SHAWA SOLOMON DUGUID HAWKES LLP**  
800, 304 - 8 Avenue SW  
Calgary, Alberta T2P 1C2

Robert Hawkes KC / Gavin Price / Angad Bedi  
Tel: 403 571 1544 / 403 571 0747 / 403 571 1524  
Fax: 403 571 1528  
[hawkesr@jssbarristers.ca](mailto:hawkesr@jssbarristers.ca)  
[priceg@jssbarristers.ca](mailto:priceg@jssbarristers.ca)  
[bedia@jssbarristers.ca](mailto:bedia@jssbarristers.ca)  
File: 14826-001



#### **LITIGATION PLAN PURSUANT TO RULE 4.4(2)**

The parties shall comply with the following dates for completion of the remaining steps of the litigation and trial as follows:


1. Carl Merton, Daniel Wang and Garrett Popadynetz will be cross examined on their respective Affidavits by no later than August 31, 2023.
2. The Summary Judgment Application with respect to the Counterclaim of High Park will be heard by September 29, 2023.
3. The Defendants shall produce a Corporate Representative who will be questioned by October 27, 2023;
4. The parties will have completed initial questioning by January 26, 2024;
5. The parties will have completed undertaking responses by April 5, 2024;




6. The parties will complete any questioning on undertakings by May 24, 2024, and further undertakings, if any, will be responded to by July 4, 2024;
7. The parties will serve primary expert reports, if any, by September 13, 2024. If no reports are served by September 16, 2024, the parties will complete step 9 below by October 25, 2024;
8. The parties will serve rebuttal expert reports, if any, by October 25, 2024. If no rebuttal reports are served by October 28, 2024, the parties will complete step 9 below by November 15, 2024;
9. Otherwise the parties will file a Form 37 - Request to Schedule a Trial Date and attend a pre-trial conference not later than December 6, 2024, at which point the parties will be trial-ready and will apply for a trial date.

**AGREED TO:**

**JENSEN SHAWA SOLOMON DUGUID HAWKES LLP**

Per:   
Robert Hawkes KC / Gavin Price / Angad Bedi  
Legal Counsel for the Plaintiff,  
420 Investments Ltd.

**BLAKE, CASSELS & GRAYDON LLP**

Per:   
David Tupper / Tom Wagner  
Legal Counsel for the Defendant,  
High Park Shops Inc.

## **TAB 2**

**B301-086304**

COURT FILE NUMBERS 25-3086318  
25-3086304  
25-3086302

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS  
AMENDED,  
IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF 420 INVESTMENTS LTD.,  
420 PREMIUM MARKETS LTD. and GREEN ROCK  
CANNABIS (EC 1) LIMITED

APPLICANTS 420 INVESTMENTS LTD., 420 PREMIUM MARKETS  
LTD. and GREEN ROCK CANNABIS (EC 1) LIMITED

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT **STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
4300 Bankers Hall West  
888-3rd Street SW  
Calgary, AB T2P 5C5

**Karen Fellowes, K.C. / Natasha Doelman**  
Tel: (403) 724-9469 / (403) 781-9196  
Fax: (403) 266-9034  
Email: kfellowes@stikeman.com / ndoelman@stikeman.com

File No.: 155857.1002

Clerk's stamp



C61256  
COM June 27, 2024

**AFFIDAVIT NO. 1 OF SCOTT MORROW  
SWORN JUNE 19, 2024**

I, Scott Morrow, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY:

1. I am the Chief Executive Officer ("**CEO**") of 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**") (collectively, "**FOUR20**" or the "**Applicants**"). I have been the CEO of FOUR20 since January 1, 2021, and a member of the boards of directors since May 6, 2021.
2. I am responsible for overseeing the operations of the Applicants, their liquidity management and, ultimately, for assisting in their restructuring process. Because of my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise

stated. I have also reviewed the records and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary. Where I have relied upon such information, I do verily believe such information to be true.

3. This affidavit is sworn in support of an application (the "**Application**") returnable before the Alberta Court of King's Bench (Commercial List) (the "**Court**") on June 27, 2024, for an Order:

- (a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;
- (b) extending the time within which the Applicants are required to file a proposal to their creditors for 45 days to August 12, 2024, pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended (the "**BIA**");
- (c) directing that the proposal proceedings and estates of the Applicants shall be procedurally consolidated and shall continue under a single estate (each individual estate being an "**Estate**", and the consolidated estate being the "**Consolidated Estate**"), authorizing and directing the Proposal Trustee (defined below) to administer the Estates making up the Consolidated Estate on a consolidated basis and permitting the Applicants to file a joint proposal to its creditors, and granting ancillary relief arising from the procedural consolidation of the Estates;
- (d) authorizing and empowering the Applicants to obtain and borrow under an interim facility loan agreement (such facility, the "**Interim Facility**" and such agreement, the "**Interim Facility Agreement**"), the terms of which are still being negotiated and will be disclosed in a supplemental affidavit if an agreement is reached;
- (e) granting the following super-priority charges on all the property, assets and undertaking of the Applicants (the "**Property**"):
  - i. an Administration Charge (the "**Administration Charge**") to KSV Restructuring Inc. ("**KSV**"), in its capacity as Trustee under the Notices of Intention to Make a Proposal filed by the Applicants (the "**Proposal Trustee**"), counsel to the Proposal Trustee and the Applicants' counsel, as security for their professional fees and disbursements up to the maximum amount of \$300,000;
  - ii. a charge (the "**Interim Lender's Charge**") to secure the Applicants' obligations under the Interim Facility Agreement;

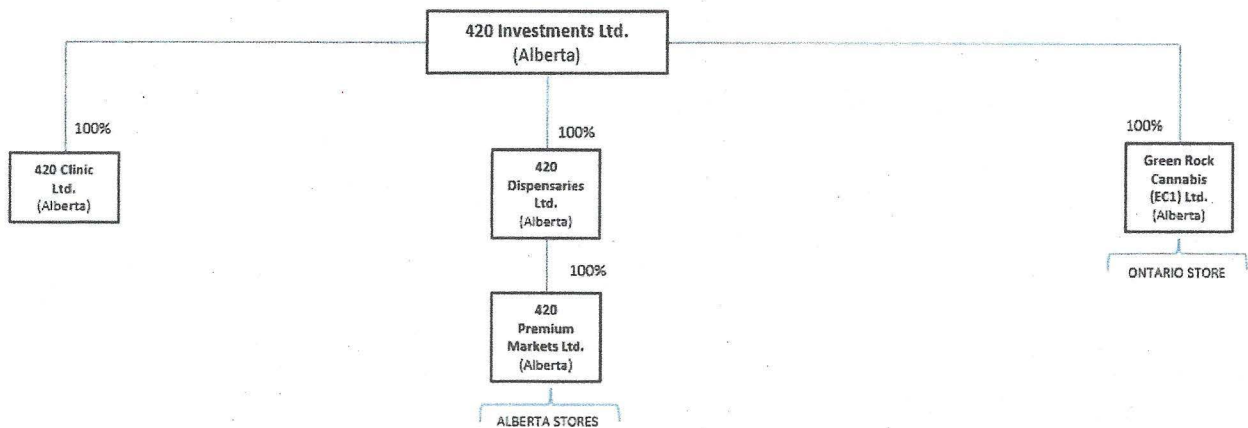
- iii. a directors' and officers' charge (the "**D&O Charge**") in the amount of \$721,000; and
  - iv. a key employee retention plan ("**KERP**") described in the Confidential Exhibit (as defined below) for certain key employees of the Applicants ("**KERP Employees**") and granting a charge as security for payments under the KERP, up to the maximum amount of \$373,928.17 ("**KERP Charge**"); and
- (f) granting the following priority to the Court-ordered charges on the Property of the Applicants;
- i. First – Administration Charge;
  - ii. Second – Interim Lender's Charge;
  - iii. Third – D&O Charge; and
  - iv. Fourth – KERP Charge,
- (g) an Order (the "**Sealing Order**") sealing **Exhibit "Q"** of this Affidavit (the "**Confidential Exhibit**") on the Court record in relation to the KERP and KERP Charge; and
- (h) such further and other relief as this Honourable Court may deem just.
4. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.
5. I have been advised by the Proposal Trustee that the Proposal Trustee supports the Application.
- A. NOTICE OF INTENTION TO MAKE A PROPOSAL**
6. For the reasons described below, on May 29, 2024 (the "**Filing Date**"), each of the Applicants filed Notices of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy Canada under Part III of the BIA in Estate numbers 25-3086318, 25-3086304 and 25-3086302 (the "**NOIs**"). KSV was appointed Proposal Trustee in each of the Applicants' proposal proceedings. Attached and marked as **Exhibit "A"** are copies of the NOIs.
7. For efficiency and due to the related nature of the Applicants' business, the Applicants request the authorization of this Court to consolidate the three proposal proceedings in action nos. 25-3086318, 25-3086304 and 25-3086302 into a single proceeding. I believe this will allow for a more efficient restructuring and will benefit the Applicants' stakeholders.



**B. FOUR20'S BUSINESS**

**(a) Corporate Structure**

8. FOUR20 operates through a group of companies comprising the "FOUR20" brand. The organizational chart showing the corporate structure of FOUR20 is as follows:



9. Each of the Applicants are private corporations existing under the laws of the Province of Alberta, with their registered offices located in Calgary, Alberta. Copies of Alberta corporate searches for each of the Applicants are attached and marked as **Exhibit "B"**.
10. 420 Parent is the ultimate parent company of a group of companies that includes the Applicants, 420 Clinic Ltd. ("**420 Clinic**") and 420 Dispensaries Ltd. ("**420 Dispensaries**"). The group carries on business as a cannabis retailer in Western Canada and Ontario.
11. 420 Parent has five directors: Freida Butcher; Gordon Cameron; Geoff Gobert; Scott Morrow; and Aaron Serruya. 420 Parent is owned by a small group of privately held individuals and corporations.
12. 420 Premium and GRC each have three directors: Freida Butcher; Geoff Gobert; and Scott Morrow. 420 Premium's sole shareholder is 420 Dispensaries, a wholly owned subsidiary of 420 Parent. GRC's sole shareholder is 420 Parent. 420 Dispensaries is a holding company and has no operations or assets other than its holding 420 Premium.
13. 420 Clinic was historically in the business of providing cannabinoid education and introducing patients to medical cannabis treatments through education and referring patients to authorized producers. 420 Clinic is no longer in operations.

14. All of the financial statements of FOUR20 are prepared on a consolidated basis with 420 Dispensaries and 420 Clinic. 420 Dispensaries and 420 Clinic have no material assets or liabilities (excluding the shares of 420 Premium held by 420 Dispensaries).

**(b) FOUR20's Operations**

15. FOUR20 is in the business of direct-to-consumer sales of cannabis and cannabis accessories through its retail locations. Prior to the filing of the NOIs, 420 Premium operated 33 licensed cannabis retail stores under the banner name of "FOUR20" in Alberta. GRC operates one licensed cannabis retail store in Ontario under the banner name "FOUR20".
16. FOUR20 operates in a highly regulated environment, in accordance with the *Cannabis Act* (Canada) and applicable provincial and municipal legislation. Each province and territory is responsible for determining the regime for the sale and distribution of cannabis within its jurisdiction. Among other things, these governments establish rules regarding how cannabis can be sold, how retail stores must be operated, where such stores can be located and who is allowed to sell cannabis. Adult-use recreational cannabis products are only permitted to be sold through retailers authorized by provincial and territorial governments.
17. As set out below, each provincial and territorial government has established its own rules and criteria for obtaining and maintaining a private cannabis retail licence. In general, all provinces and territories require:
- (a) that a licence be obtained and maintained prior to the commencement of any activities with cannabis. The licensing application process considers the physical location of the proposed retail outlet, as well as the financial and personal backgrounds of key persons associated with the proposed licensed operation, including directors and officers of a corporation, investors, retail store managers and security personnel;
  - (b) that a licence is required for each cannabis retail store, and that the location of all cannabis stores is subject to municipal oversight/approval;
  - (c) that specified physical security measures be in place at the retail store location (including physical security requirements around locks, as well as visual monitoring and protection by way of a third-party monitored alarm system) to ensure that there is no unauthorized entry and/or unauthorized access to cannabis;
  - (d) certain requirements for employees of the proposed cannabis retail store, including background and/or criminal record checks and requirements for employee training prior to beginning their employment at the store; and

- (e) that the licensee maintain and submit certain records, and be subject to inspection by the provincial or territorial regulator.
18. As of the date of filing NOIs, 420 Premium and GRC held all required permits and licences to sell cannabis at all then operated stores as follows:
- (a) In Alberta, 420 Premium holds 33 licences to operate cannabis retail stores, issued by the Alberta Gaming, Liquor and Cannabis Commission;<sup>1</sup> and
- (b) In Ontario, GRC held one licence to operate a cannabis retail store, issued by the Alcohol and Gaming Commission of Ontario.
- (c) **Employees**
19. As of the Filing Date, the Applicants employed a total of 175 active employees and 10 employees on leave. Of those 175 active employees, 127 were paid hourly and 48 were paid by salary. The Applicants also engaged three part time contractors.
20. As of the Filing Date, the Applicants employed approximately 168 active employees in Alberta, and seven active employees in Ontario. The majority of the Applicants' employees work in retail operations.
21. None of the Applicants' employees are subject to a collective bargaining agreement. The Applicants do not have a pension plan in place.
- (d) **Leased Locations**
22. All of 420 Premium's retail stores are operated from leased premises. 420 Premium also has a leased property in Calgary, Alberta, which it used as a corporate office. As of the date of filing the NOIs, 420 Premium was party to 44 leases. GRC operates from one leased premises in Ontario. Attached and marked as **Exhibit "C"** is a chart showing all FOUR20 leases as of the date of filing the NOIs.
23. After filing the NOIs, 420 Premium disclaimed 16 leases to preserve liquidity and facilitate the making of a viable proposal: seven operating locations, three subleased locations and four non-operating locations, including its head office (collectively, the "**Disclaimed Leases**"). Attached and marked as **Exhibit "D"** is a chart summarizing the Disclaimed Leases and copies of the notices of disclaimer (the "**Notices of Disclaimer**") sent with respect to each of those leased locations.

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<sup>1</sup> This figure excludes licences that may still be held by the Applicants in connection with closed stores.



24. The Notices of Disclaimer in respect of the disclaimed locations were issued by FOUR20, in consultation with the Proposal Trustee, after it was determined that they were in the best interests of the respective companies, creditors, employees and other stakeholders, and necessary for the making of a viable proposal.
25. The Proposal Trustee supported the issuance of the Notices of Disclaimer for each of the Disclaimed Leases.

**C. FINANCIAL POSITION OF FOUR20**

26. A copy of FOUR20's unaudited consolidated financial statements for the fiscal year ended December 31, 2023, is attached as **Exhibit "E"**.

**(a) Assets**

27. As appears in FOUR20's Q4 2023 Financial Statement as at December 31, 2023, FOUR20 had assets with an unaudited book value of approximately \$32,449,000, which consisted of the following:

<b>Asset Type</b>	<b>Value (\$)</b>
<u><i>Current Assets</i></u>	
Cash	1,378,000
Trade and other receivables	515,000
Merchandise inventories	2,167,000
Prepaid and other assets	432,000
<u><i>Non-Current Assets</i></u>	
Deposits	552,000
Property and equipment, net	6,514,000
Right-of-use assets, net	17,207,000
Goodwill (inc. Intangibles)	3,684,000
<b>Total Assets</b>	<b><u>32,449,000</u></b>

**(b) Liabilities**

28. As appears in FOUR20's Q4 2023 Financial Statement as at December 31, 2023, FOUR20 has liabilities with an unaudited book value of approximately \$30,720,000, which consisted of the following:

Liability Type	Value (\$)
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	2,411,000
Debentures and loans <sup>2</sup>	8,452,000
Other current liabilities	82,000
<u>Non-Current Liabilities</u>	
Lease liabilities	19,775,000
<b>Total Liabilities</b>	<b><u>30,720,000</u></b>

29. FOUR20 lacks adequate working capital, with \$4,492,000 in current assets and \$10,945,000 in current liabilities as of December 31, 2023 (if the HP Loan (as defined below) is excluded from FOUR20's current liabilities, then the current liabilities are \$3,945,000). Even if FOUR20 could realize on the full book value of its current assets, then it would still be unable to satisfy its current liabilities in the immediate term.

30. The Applicants sought creditor protection primarily as a result of the adverse outcome in the Tilray Proceeding (defined below). Additionally, as a result of unprofitable store locations and non-operating leases, the Applicants have experienced some ongoing financial liquidity issues.

**(c) Shareholder Loans**

31. As of the date of filing the NOIs, the shareholder loans of 420 Parent totaled \$340,000, plus interest. There are no shareholder loans to 420 Premium and GRC.

**(d) Secured Debt**

32. Attached and marked as **Exhibit "F"** are copies of the personal property registry searches of 420 Parent, 420 Premium and GRC.

**(i) Nomos Litigation Funding Agreement**

33. On September 24, 2020, 420 Parent, as borrower, and Nomos Capital I-A LP ("**Nomos**"), as lender, entered into a litigation funding agreement (the "**Funding Agreement**") related to the Tilray Proceeding (as defined and described below).

34. Pursuant to the terms of the Funding Agreement, Nomos agreed to provide 420 Parent funding of legal fees and disbursements up to a maximum amount of \$1,000,000 incurred in relation to the

<sup>2</sup> Includes the HP Loan of \$7,000,000. As discussed below, the HP Loan was the subject of a summary judgment on February 7, 2024, which resulted in the HP Judgment being awarded against 420 Parent in the amount of \$9,810,364.12.

Tilray Proceeding. The Funding Agreement provided Nomos with a priority secured interest in any proceeds arising from the Tilray Proceeding and Property of 420 Parent.

35. On the Filing Date, in accordance with Section 13 of the Funding Agreement, Nomos terminated the Funding Agreement, and the parties waived the ten-day notice requirement thereunder. Attached and marked as **Exhibit "G"** is a copy of the email evidencing the termination of the Funding Agreement.
36. Nomos elected to receiving the "Investment Repayment Amount" under the Funding Agreement, which means the aggregate amount of funds advanced by Nomos in respect of legal fees, disbursements and expenses, together with interest calculated at a rate of 12% per annum, compounded monthly.
37. As of the Filing Date, \$1,062,660.57 was due and owing to Nomos under the terms of the Nomos Funding Agreement (the "**Nomos Loan**").

(ii) **High Park Loan Agreement**

38. On August 28, 2019, 420 Parent, High Park Shops Inc. ("**High Park**") and Tilray, Inc. ("**Tilray**") each entered into an arrangement agreement (the "**Arrangement Agreement**") relating to the purchase of outstanding shares in 420 Parent by High Park and Tilray (the "**Tilray Transaction**"). High Park was formed for the purpose of the acquisition of 420 Parent and is a subsidiary of Tilray.
39. In connection with the Tilray Transaction, 420 Parent, as borrower, and High Park, as lender, entered into a Loan Agreement (the "**HP Loan Agreement**") whereby High Park agreed to advance \$7,000,000 to 420 Parent (the "**HP Loan**"). In accordance with the terms of the HP Loan Agreement, High Park advanced \$5,000,000 to 420 Parent on August 29, 2019, and a further \$2,000,000 on November 29, 2019. Attached and marked as **Exhibit "H"** is a copy of the HP Loan Agreement.
40. 420 Parent's obligations under the HP Loan Agreement are secured by a general security agreement dated August 28, 2019, executed by 420 Parent (the "**HP GSA**"). Pursuant to the GSA, the Applicants granted a charge on all 420 Parent's Property in favour of High Park. Due to the expiry of the registration of the HP GSA, the HP Loan ranks in second priority to the Nomos Loan. A copy of the HP GSA is attached as **Exhibit "I"**.
41. In late January and February of 2020, High Park and Tilray delivered a series of breach notices and notices that purported to terminate the Arrangement Agreement. Attached and marked as **Exhibit "J"** is a copy of the Notice of Termination of the Arrangement Agreement.



42. On February 21, 2020, 420 Parent commenced an action relating to the wrongfully terminated Arrangement Agreement (the "**420 Claim**"). High Park and Tilray each defended the 420 Claim. 420 Parent's position is that the Arrangement Agreement was wrongfully terminated. 420 Parent is seeking specific performance or, alternatively, damages in excess of \$130 million. The 420 Claim has not yet been determined.
43. On March 11, 2020, High Park provided 420 Parent with a Notice of Acceleration, which demanded full payment of the HP Loan immediately. Attached and marked as **Exhibit "K"** is a copy of the Notice of Acceleration.
44. On March 20, 2020, High Park filed a counterclaim in relation to the HP Loan (the "**HP Claim**") and together with the 420 Claim, the "**Tilray Proceeding**") and three years later filed an application for summary judgment on March 2, 2023. On February 7, 2024, Applications Judge J.R. Farrington granted High Park summary judgment on the HP Claim in the amount of \$9,810,364.12, inclusive of pre-judgment interest and costs (the "**HP Judgment**"). Attached and marked as **Exhibit "L"** is a copy of the HP Judgment and associated Writ of Enforcement.
45. As of the Filing Date, the HP Judgment remains outstanding. 420 Parent has appealed the HP Judgment to a Justice of the Alberta Court of King's Bench, which is currently scheduled to be heard on December 5, 2024.

(iii) **Stoke Canada Finance Corp.**

46. On June 26, 2023, 420 Premium and Stoke Canada Finance Corp. ("**Stoke**") entered into an asset-based loan agreement whereby Stoke agreed to provide to 420 Premium a revolving line of credit in the original principal amount of \$500,000 to be evidenced by one or more promissory notes (the "**Stoke Line of Credit**"). The Stoke Line of Credit was secured by a general security agreement dated June 26, 2023. As of the date of filing, 420 Premium owed \$300,497.48 to Stoke in relation to the Stoke Line of Credit.

(e) **Unsecured Creditors**

47. As of the date of filing the NOIs, the Applicants owed the following amounts to unsecured creditors:
  - (a) 420 Parent: \$921,693.86;
  - (b) 420 Premium: \$1,394,828.17; and
  - (c) GRC: \$0.00.
48. The Applicants obligations to the Canada Revenue Agency are current.

**D. EVENTS LEADING TO THE APPLICANTS' INSOLVENCY**

**(a) Market Conditions and Leased Locations**

49. FOUR20 has been operating at a loss since its inception. While FOUR20's financial difficulties were driven by a variety of factors, the significant net losses suffered by the business are largely in relation market conditions and uneconomic and/or non-operating leased locations.

**(i) Market Conditions**

50. On April 13, 2017, the Government of Canada introduced Bill C-45 - the *Cannabis Act* (Canada) - intended to legalize the production and sale of cannabis for recreational purposes in Canada. After the Senate passed Bill C-45, the Government of Canada announced that the production and use of recreational cannabis would become legal on October 17, 2018.
51. I understand, based on my experience and exposure to the cannabis industry, that this industry has experienced a variety of challenges since its legalization including increased competition, oversupply of industry capacity, margin pressure; a decrease in the availability of adequate funding; a period in which the Alberta Gaming, Liquor and Cannabis Commission ("**AGLC**") froze licence distribution; and general regulatory uncertainty. There remains an entrenched black market for cannabis in Canada that, to my knowledge, continues to operate notwithstanding the strict regulations of the *Cannabis Act* (Canada). Each of these factors contribute to downward pressure on revenue, and in the case of the Applicants, has resulted in financial returns that are lower than what was initially expected when the cannabis industry was legalized. Given how many peer companies I have witnessed commence insolvency proceedings, I do not believe that the Applicants are not alone in their financial struggles.

**(ii) Leased Locations**

52. 420 Premium entered into several leases in anticipation of receiving licences from the AGLC. However, licences for these locations were ultimately not issued for a variety of unanticipated reasons, such as their proximity to a sensitive use area or a decline in expected revenue due to market deterioration and/or increased competition. 420 Premium also entered into leases for stores that were licensed and subsequently closed following a review of operating results and revised expectations regarding their potential profitability.
53. As a result, 420 Premium is party to multiple uneconomic leases. I understand that this situation is not unique to 420 Premium. To my knowledge, there are several major cannabis retailers in Canada that hold or held leases for anticipated cannabis retail stores that, for a variety of reasons, were never licensed by the applicable licensing authority and never ultimately opened. Similarly, I am aware of major cannabis retailers that entered into leases and opened or planned to open cannabis

retail stores but either closed the stores after opening or never proceeded to open them due to low profits or profit forecasts.

54. Lease obligations are a significant portion the Applicants' overall liabilities, representing approximately 64% of FOUR20's aggregate liabilities as of December 31, 2023. As of the Filing Date, the Applicants' lease obligations were approximately \$19,553,000. The Applicants' lease obligations have impacted cash flows, and this impact has been exacerbated due to the retail locations related to these lease obligations not generating the level of revenue that they were anticipated to generate.
55. In an effort to downsize its business, 420 Premium negotiated out of 11 leases in exchange for paying significant settlement amounts for uneconomic and non-operating locations beginning in or around March 2020. Notwithstanding these efforts, FOUR20 continued to struggle with profitability in its remaining portfolio of locations on the Filing Date. After the Filing Date, 420 Premium disclaimed 16 leases in an effort to preserve liquidity and facilitate the making of a viable proposal, as discussed above.

**(b) Ongoing Litigation with Tilray and High Park**

56. As noted above, 420 Parent has been actively involved in the Tilray Proceeding since February 2020. 420 Parent believes that the 420 Claim is well-founded. The 420 Claim has not yet been determined. Tilray and High Park walking away from the Arrangement Agreement, and the resulting and on-going litigation has resulted in a net drain on 420 Parent's resources, including that it was required to obtain the Nomos Loan and became further indebted.
57. On February 7, 2024, Applications Judge J.R. Farrington granted the HP Judgment in the amount of \$9,810,364.12. The 420 Claim and HP Judgment are closely related and stem from the Arrangement Agreement with Tilray and High Park, as the HP Loan was advanced for the purposes of building out and opening new locations.
58. As a result of the HP Judgment and related enforcement steps, the Applicants urgently required creditor protection to stabilize its business operations with a view to restructuring its business. If High Park were to enforce the HP Judgment, it would have disastrous consequences for the Applicants' stakeholders, landlords, suppliers and 185 employees, and its ability to remain a going concern.



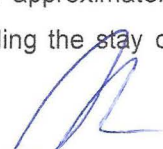


E. POST-FILING ISSUES

(a) **Cash Management System**

59. In the ordinary course of business, 420 Premium uses a cash management system (the "**Cash Management System**") to, among other things, collect funds and pay expenses associated with its retail operations. This Cash Management System provides 420 Premium with the ability to efficiently and accurately track and control revenue and to ensure cash availability. The Applicants had 44 bank accounts on the day the NOIs were filed.
60. 420 Premium uses Moneris Solutions Corporation ("**Moneris**") to facilitate credit and debit card purchases. Attached and marked as **Exhibit "M"** is a copy of the National Merchant Agreement with Moneris (the "**Merchant Agreement**").
61. 420 Premium typically receives the proceeds of a sale facilitated by Moneris within a matter of days; however, a customer may initiate a chargeback at a later date or 420 Premium may be assessed a fee, penalty, or amount that creates a debt owing by 420 Premium to Moneris. On June 10, 2024 (i.e., post-NOI filing), without any advance notice or effort to engage with the Applicants or the Proposal Trustee, the Applicants received notice from Moneris that, effective immediately, Moneris would allocate 25% of value of the transactions it processes to a reserve (the "**Reserve**") until the Reserve has \$100,000. Moneris also shifted to collecting interchange and other fees on a daily basis. Moneris alleges that the Reserve and change in payment terms is necessary due to the "increased financial risk" to Moneris of providing the Applicants with payment processing services. Moneris characterizes the payments it sends 420 Premium as an advance of credit and that it is not required to advance further money or credit to an entity subject to a notice of intention under the BIA. Attached and marked as **Exhibit "N"** is a copy of the notice received from Moneris in relation to the Reserve.
62. The effect of Moneris allocating 25% of transaction proceeds to the Reserve was unexpected and has resulted in reduced cash flow receipts. The Applicants have concerns that the reduced cash flows will be detrimental to their financial situation and hinder their ability to restructure. The Applicants' ability to order inventory for stores may be impacted.

(b) **Garnished Funds from 420 Parent**

63. In connection with the HP Judgment, High Park served a Financial Statement of Debtor under the *Civil Enforcement Act* and took steps to garnish 420 Parent's Bank of Montreal bank account on the Filing Date.
64. Since High Park served the garnishee summons, the Bank of Montreal seized approximately \$15,500 (the "**Garnished Funds**") from 420 Parent's bank account notwithstanding the stay of
- 

proceedings in place for the NOIs. The exact quantum of the Garnished Funds is unknown as the Applicants no longer have access to the relevant bank account. The Bank of Montreal had notice of the Applicants' NOIs at the time it garnished the Garnished Funds because it had been sent a letter advising it of the Applicants NOIs. Attached and marked as **Exhibit "O"** is a copy of this letter. Despite multiple requests from the Proposal Trustee and 420 Parent to the Bank of Montreal, the Garnished Funds have not been returned to 420 Parent.

65. It is my understanding that the Bank of Montreal has transferred the Garnished Funds to the Accounting Department of the Alberta Court of King's Bench and that the Accounting Department is currently in possession of the Garnished Funds. If, however, this transfer has not yet happened and the Bank of Montreal is still in possession of the Garnished Funds, then I understand, based on correspondence between Ryan Pernal (the Applicants' Chief Financial Officer) and a representative of the Bank of Montreal, that the Bank of Montreal will require a "withdrawal letter from the court to release the garnishment."
66. 420 Parent requires the Garnished Funds for its continued operations. Recovery of the Garnished Funds will assist the Applicants' ability to fund on-going obligations during the proposal proceedings. It is, accordingly, important that the 420 Parent recover the Garnished Funds.

**F. REQUIREMENT FOR AN EXTENSION OF TIME TO FILE A PROPOSAL**

67. As a result of the NOIs, the Applicants must file a proposal on or before June 28, 2024 (the "**Filing Period**"), unless an extension is granted.
68. Since the Filing Date, the Applicants have acted, and continue to act, in good faith and with due diligence and have taken the following steps, among others:
- (a) prepared and analyzed lists of creditors and identified issues specific to certain creditors;
  - (b) provided the Proposal Trustee with access to their books and records;
  - (c) worked with the Proposal Trustee on the preparation of cash flow projections and weekly monitoring for the Applicants;
  - (d) communicated with stakeholders regarding the proposal process;
  - (e) worked with counsel and other professional advisors in beginning to develop a proposal;
  - (f) sent 16 Notices of Disclaimer in relation to the Disclaimed Leases for uneconomic, subleased or non-operating locations;



- (g) terminated 15 full time employees and 34 part time employees;
- (h) consolidated inventory to operating stores from locations subjected to the Disclaimed Leases;
- (i) reduced compensation in employment and contractor contracts;
- (j) sent a Notice of Disclaimer in relation to the head office space and have moved to a remote working environment;
- (k) commenced the process of creating a sales and investment solicitation process and liaised with potential bidders; and
- (l) reviewed operating expenses, pursued the collection of accounts receivable and took other steps to ensure the Applicants remain financially viable during these proposal proceedings.

69. The requested extension of the Filing Period is being sought to protect the Applicants' business and operations while the Applicants work to develop a viable proposal for the benefit of stakeholders. I believe that preserving the value of the business in the proposed manner will achieve a better result for the Applicants' stakeholders than would a liquidation. I believe that the requested extension of the Filing Period will allow the Applicants, in consultation with the Proposal Trustee, to:

- (a) engage a sales advisor to canvass the market for potential refinancing or asset sale transactions, including a potential sale of the 420 Claim; and
- (b) continue formulating a viable proposal for the benefit of all stakeholders.

70. Without an extension of the Filing Period, the Applicants would be forced to shut down operations, which would be extremely detrimental to the Applicants' landlords, suppliers, lenders, customers, and employees. Accordingly, it is the Applicants' view that an extension of the Filing Period will not materially prejudice any of the Applicants' creditors.

71. To date, I have not been made aware of any creditor of the Applicants intending to object to an extension of the stay of proceedings and time for filing a proposal.

72. The Applicants believe that an extension of the Filing Period is necessary and appropriate in the circumstances.




**G. REQUIREMENT FOR ADMINISTRATION CHARGE**

73. The requested relief contains a first priority Administration Charge against the Applicants' Property as security for professional fees and disbursements incurred by their counsel, the Proposal Trustee and the Proposal Trustee's counsel both prior to and after the filing of the NOI.
74. The Applicants require the services of their counsel, the Proposal Trustee and the Proposal Trustee's counsel to develop a viable proposal. I believe that the Administration Charge is reasonable and appropriate in the circumstances and critical to the success of the Applicants' proposal proceedings.

**H. REQUIREMENT FOR INTERIM FACILITY AND INTERIM LENDER'S CHARGE**

75. Attached and marked as **Exhibit "P"** is a projected 13-week cashflow statement that the Applicants have prepared with the assistance of the Proposal Trustee.
76. The Applicants are in the process of negotiating the Interim Facility Agreement. The Interim Facility is intended to cover any potential liquidity shortfall. The terms of the Interim Facility Agreement, if an agreement is reached, will be provided to this Court as part of a supplemental affidavit. It is expected that a term of the Interim Facility Agreement will be that the Interim Facility be secured by a second ranking super-priority Interim Lender's Charge.

**I. REQUIREMENT FOR A D&O CHARGE**

77. In order to continue to carry on business during these proposal proceedings, the Applicants require the active and committed involvement of their directors and officers ("**D&Os**"). The requested relief contains a third ranking charge against the Applicants' Property as security for any obligations and liabilities the Applicants' D&Os may incur after the Filing Date, up to the maximum amount of \$721,000.
78. The Applicants maintain directors' and officers' liability insurance (the "**D&O Insurance**") for the D&Os which provides up to \$2 million in aggregate coverage for all claims. It is uncertain whether the coverage provided by the D&O Insurance will be sufficient to adequately protect the D&Os from liability and/or to incentivize the D&Os to continue their service with the Applicants.
79. A successful restructuring of the Applicants will only be possible with the continued participation of the Applicants' D&Os. These individuals have specialized expertise and relationships with the Applicants' stakeholders. In addition, the D&Os have gained significant knowledge of the cannabis industry that cannot be easily replaced or replicated.
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80. Since the continued assistance of the D&Os is required to ensure the success of the proposal proceedings, the D&Os require, in turn, that the Applicants indemnify them for liabilities which they may incur in the context of their positions with the Applicants after the filing of these proposal proceedings, including liabilities relating to employee vacations accrued prior to these proposal proceedings.
81. Although the Applicants intend to comply with all applicable laws and regulations, including with respect to the timely remittance of deductions at source and federal and provincial sales taxes, the directors and officers remain nevertheless concerned about their potential personal liability, particularly in the present circumstances.
82. The Applicants therefore seek the D&O Charge over its Property in the amount of \$721,000 favour of the D&Os in connection with any claim which may be asserted against them from and after the commencement of these proposal proceedings, including employee related claims, to the extent that such claims are not sufficiently covered by the D&O Insurance.
83. The Proposal Trustee has advised that it is supportive of the proposed D&O Charge and quantum thereof.
84. I believe that in these circumstances, the requested D&O Charge is reasonable and adequate given the corresponding potential exposure of the Applicants' D&Os to personal liability. The quantum of the D&O Charge was specifically sized by the Applicants, in consultation with the Proposal Trustee, taking into account the exposure to the D&Os for unpaid employee wages and related source deductions, excise tax payable, and employee termination and vacation pay based upon the potential director liabilities that could be outstanding at any time during the proposal proceedings.
85. The proposed D&O Charge would apply only to the extent that the D&Os do not have coverage under the D&O Insurance, or there is insufficient coverage.

**J. REQUIREMENT FOR A KERP AND KERP CHARGE**

86. Prior to and since the filing of the NOIs, the Applicants' employees and officers have been working tirelessly to consider and implement the steps required to both stabilize and restructure the Applicants' business. In particular, the KERP Employees have expended significant time and effort in demanding circumstances to stabilize the Applicants' business and preserve value for its stakeholders.
87. As with any company in creditor protection proceedings, there is significant uncertainty regarding the employment future of the Applicants' employees (either with the Applicants or a prospective investor in, or purchaser of, its assets and business). This uncertainty, combined with the need to



continue the Applicants' day-to-day operations, preserve value of the companies and undertake significant work required to guide the Applicants' restructuring efforts, have emphasized the importance of retaining the KERP Employees.

88. In consultation with its legal counsel and the Proposal Trustee, the Applicants have developed a draft key employee retention plan ("**KERP**"), the terms and conditions of which are set forth in the Confidential Exhibit (**Exhibit "Q"** hereto) for which the Applicants seek the Sealing Order.
89. The KERP identifies KERP Employees that are critical to the implementation and success of the proposal proceedings. The KERP Employees have been drawn from a broad range of various teams and departments within the Applicants' business and include members of its senior management, operations, human resources and finance teams. They collectively provide critical leadership, experience and resources to run the Applicants' business operations.
90. In addition to the day-to-day operations of the Applicants, the retention of the KERP Employees will be significant to the Applicants in completing the necessary steps to successfully restructure in the proposal proceedings. They will provide strategic and technical direction for the restructuring efforts and will be necessary to identify, develop and implement initiatives intended to maximize value.
91. I believe that the KERP Employees will have more certain employment opportunities available to them with other companies due to their experience and expertise. Without the benefit of the KERP, there is a very real and genuine risk that the KERP Employees will consider other employment opportunities.
92. The Applicants have considered the roles of the KERP Employees in both its ongoing business operations and its restructuring efforts in light of the role played by the Proposal Trustee and do not believe there is any unwarranted duplication of roles.
93. Under the terms of the KERP each of the KERP Employees will receive a retention payment (the "**Retention Payment**") as an incentive to continue their respective employment for the duration of the proposal proceedings, which shall be earned in the following manner:
  - (a) 25% of the total Retention Payment and the end of week 7 of the proposal proceedings;  
and
  - (b) 75% of the remaining total Retention Payment following the closing of an asset sale transaction or a restructuring transaction that results in the conclusion of the proposal proceedings.



94. The Retention Payment will only be paid to the respective KERP Employees if they have not resigned or been terminated for cause. If the KERP Employees are terminated without cause, the full amount of the Retention Payment(s) then due and owing (to the extent not already paid) will be payable upon termination.
95. It is anticipated that the Retention Payments payable under the KERP will be funded out of the Applicants' cash flow. To ensure that the KERP Employees receive reasonable assurances that their entitlements under the KERP are secure in light of the Applicants' proposal proceedings, the Applicants' requests a KERP Charge in respect of their obligations under the KERP in a maximum amount of \$373,928.17 on account of anticipated Retention Payments. The KERP Charge is intended to provide the KERP Employees with a reasonable level of assurance the Retention Payments will be paid.
96. The proposed KERP Charge would rank fourth after the Administration Charge, Interim Lender's Charge and the D&O Charge. On June 18, 2024, the Applicants' Board of Directors approved the KERP and the associated KERP Charge.
97. The Proposal Trustee has advised that it is supportive of the approval of the KERP and the corresponding KERP Charge. Accordingly, I believe that it is appropriate in the circumstances for this Court to approve the KERP and grant the KERP Charge.

**K. RESTRICTED COURT ACCESS**

98. The Confidential Exhibit includes a list of the KERP Employees, their salaries, their Retention Payment, and a short summary of their roles and importance to the Applicants' business and restructuring efforts.
99. Disclosure of the information contained in the Confidential Exhibit will be prejudicial to the Applicants, the KERP Employees and others. Among other issues, disclosure of the Confidential Exhibit could (a) create morale and other issues as between employees who are either not subject to the KERP or are receiving different entitlements under the KERP; (b) allow the Applicants' business competitors and others to attempt to induce the KERP Employees to depart from their employment for more lucrative opportunities; and (c) make it more difficult for the Applicants to negotiate employment terms for replacement employees if required. In addition, and generally speaking, salary and compensation levels for employees is a particularly personal and private matter to employees.
100. The Applicants are proposing that the Confidential Exhibit be sealed on the Court file and not form part of the public record. In doing so, the Applicants believe that (a) the Sealing Order is as narrow as possible and only seeks to maintain the confidentiality the KERP Employees and KERP; (b) the

scope of the proposed Sealing Order is proportionate and restricted to only what is necessary; (c) there are no reasonable alternatives to the Sealing Order that will prevent the risk of disclosure; and (d) the benefits of the Sealing Order outweigh the risks.

**L. CONCLUSION**

101. I make this Affidavit in support of the Applicants' Application to extend the stay of proceedings and the time for filing a proposal by an additional 45 days, and for certain other ancillary relief, and for no improper purpose.

SWORN at Calgary, Alberta, this 19 day of June  
2024.



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NATASHA DOELMAN  
BARRISTER & SOLICITOR



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SCOTT MORROW



## TAB 3



Form 49  
Rule 13.19

B301-086318

COURT FILE NUMBERS 25-3086318 / ~~B301-086318~~

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED,  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD. and GREEN ROCK CANNABIS (EC 1) LIMITED

APPLICANTS 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD. and GREEN ROCK CANNABIS (EC 1) LIMITED

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
4300 Bankers Hall West  
888-3rd Street SW  
Calgary, AB T2P 5C5

Clerk's stamp

LL



C80230

Aug 12, 2024  
COM

**Karen Fellowes, K.C. / Natasha Doelman**  
Tel: (403) 724-9469 / (403) 781-9196  
Fax: (403) 266-9034  
Email: kfellowes@stikeman.com / ndoelman@stikeman.com

File No.: 155857.1002

**AFFIDAVIT NO. 2 OF SCOTT MORROW  
SWORN AUGUST 6, 2024**

I, Scott Morrow, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY:

1. I am the Chief Executive Officer ("CEO") of 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**") (collectively, "**FOUR20**" or the "**Applicants**"). I have been the CEO of FOUR20 since January 1, 2021, and a member of the boards of directors since May 6, 2021.
2. I am responsible for overseeing the operations of the Applicants, their liquidity management and, ultimately, for assisting in their restructuring process. Because of my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records and have spoken with certain of the directors, officers



and/or employees of the Applicants, as necessary. Where I have relied upon such information, I do verily believe such information to be true.

3. This affidavit is sworn in support of an application (the "**Application**") returnable before the Alberta Court of King's Bench (Commercial List) (the "**Court**") on August 12, 2024, for an Order:

- (a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;
- (b) pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended (the "**BIA**") extending the time within which the Applicants are required to file a proposal to their creditors for 45 days up to and including September 26, 2024 (the "**Second Stay Extension**");
- (c) directing that the appeal of the judgment of Applications Judge J.R. Farrington dated January 7, 2024 (the "**HP Judgment**"), in Alberta Court of King's Bench Action No. 2001-02873 (the "**Tilray Proceeding**") be scheduled on the Calgary Commercial List for September 13, 2024 at 2:00pm before the Honourable Justice C.D. Simard, or such other date as the parties may agree in writing or this Honourable Court may direct; and
- (d) such further and other relief as this Honourable Court may deem just.

4. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.

5. I have been advised by the Proposal Trustee that the KSV Restructuring Inc. (the "**Proposal Trustee**") in its capacity as Proposal Trustee supports this Application.

**A. BACKGROUND**

6. On May 29, 2024 (the "**Filing Date**"), the Applicants each filed Notices of Intention to Make a Proposal (the "**NOI Proceedings**") with the Office of the Superintendent of Bankruptcy Canada pursuant to section 50.4(1) of the BIA (the "**NOIs**"). KSV Restructuring Inc. was appointed Proposal Trustee in the NOI Proceedings. Further information with respect to the Applicants and these NOI Proceedings is provided in my affidavit sworn June 19, 2024 (the "**First Morrow Affidavit**"). This Affidavit should be read in conjunction with the First Morrow Affidavit, a copy of which is attached hereto (without exhibits) as **Exhibit "A"**. Unless otherwise defined herein, capitalized terms have the meaning ascribed to them in the First Morrow Affidavit.

7. On June 27, 2024, the Court granted, among other things, an Order granting an extension of time for the Applicants to file a proposal with the Official Receiver under section 50.4(9) of the BIA to



August 12, 2024 (the "**First Stay Extension**"). A copy of the Order is attached hereto as **Exhibit "B"**.

**B. REQUIREMENT FOR AN EXTENSION OF TIME TO FILE A PROPOSAL**

8. As a result of the First Stay Extension, the Applicants must file a proposal on or before August 12, 2024 (the "**Filing Period**"), unless the Second Stay Extension is granted. Since the First Stay Extension, the Applicants have continued to pursue numerous activities with a view to advancing its NOI Proceedings, restructuring its affairs and working towards its goal of presenting a proposal to its creditors (a "**Proposal**"). These steps have included, but are not limited to:

- (a) continuing to provide the Proposal Trustee with access to the Applicants' books and records;
- (b) working with the Proposal Trustee and the Applicants' counsel, Stikeman Elliott LLP ("**Stikeman**") generally, and in particular with respect to:
  - (i) exploring and considering the various exit strategies available to the Applicants in the context of these NOI Proceedings, including the structure and financing of any Proposal and/or sales process;
  - (ii) preparing cash flow projections and identifying issues with respect to the Applicants' financial condition;
- (c) communicating and engaging with stakeholders, employees, contractors and vendors;
- (d) communicating through counsel and the Proposal Trustee the release of funds withheld by Moneris and the Bank of Montreal;
- (e) reviewing its operating expenses, pursuing collection of accounts receivable and taking other steps to ensure the Applicants remain financially viable;
- (f) closing nine operating and seven non-operating locations, as well as the Applicants' head office space (collectively, the "**Disclaimed Leases**");
- (g) operating the remaining portfolio of 27 stores in the ordinary course;
- (h) consolidating inventory from store locations subject to the Disclaimed Leases to operating stores;
- (i) communicating with the Court and counsel to tentatively schedule the appeal of the HP Judgment pending the outcome of this Application;



- (j) communicating with the Court and the Challenging Landlords (as defined below) to provide information and schedule their respective applications to challenge the Notices of Disclaimer issued in respect of the Disclaimed Leases (the "**Disclaimer Applications**");
  - (k) held meetings with potential sales advisors to assist with development of a marketing strategy and sales and investment solicitation process;
  - (l) advanced discussions with potential stalking horse bidders; and
  - (m) reviewed operating expenses, pursued the collection of accounts receivable and took other steps to ensure the Applicants remain financially viable during these proposal proceedings.
9. The Second Stay Extension up to and including September 26, 2024 is being sought to protect the Applicants' business and operations while the Applicants work to develop a viable proposal for the benefit of stakeholders. I believe that preserving the value of the business in the proposed manner will achieve a better result for the Applicants' stakeholders than would a liquidation.
10. I believe that the Second Stay Extension will allow the Applicants, in consultation with the Proposal Trustee, to:
- (a) continue the restructuring of its business and affairs, and pursue strategic alternatives;
  - (b) engage a sales advisor to canvass the market for potential refinancing or asset sale transactions, and formulate a potential SISP process for approval by the Court;
  - (c) continue discussions with a potential stalking horse bidder;
  - (d) preserve and enhance the Applicants' business for the benefit of all stakeholders;
  - (e) continue formulating a viable proposal for the benefit of all stakeholders;
  - (f) allow for the hearing of the appeal of the HP Judgment which is sought to be scheduled for September 13, 2024 pending the outcome of this Application; and
  - (g) allow for the hearing of the Disclaimer Applications which are presently scheduled for September 19, 2024.
11. The Applicants' creditors will not be prejudiced by the Second Stay Extension. Rather, the Second Stay Extension is critical to ensure that the Applicants can continue its operations and maximize the value of its assets which will benefit its Proposal or restructuring to the benefit of the Applicants and their respective stakeholders.





12. To date, I have not been made aware of any creditor of the Applicants intending to object to the Second Stay Extension. Accordingly, I believe that the Second Stay Extension is necessary and appropriate in the circumstances.
13. The Proposal Trustee supports the requested Second Stay Extension.

**C. LANDLORD DISCLAIMER APPLICATIONS**

14. As of the date of filing the NOIs, 420 Premium was party to 44 leases. After filing the NOIs, 420 Premium issued 16 Notices of Disclaimer for nine (9) uneconomic operating locations and seven (7) non-operating locations, including its head office (collectively, the **"Disclaimed Leases"**).
15. The Notices of Disclaimer for the Disclaimed Leases were issued by FOUR20, in consultation with and approval of the Proposal Trustee, after it was determined that they were in the best interests of the respective companies, creditors, employees and other stakeholders, and necessary for the making of a viable proposal. The Proposal Trustee has estimated that the disclaimer of operating leases alone will result in an estimated net improvement in profitability of approximately \$850,000 annually.
16. Since the issuance of the Notices of Disclaimer, two landlords have filed applications to challenge the same pursuant to section 65.2(1) of the BIA – Strathcona Building Inc. and Meadowlands Development Corporation (together, the **"Landlords"**).
17. I am advised by my counsel, and verily believe, that the Disclaimer Applications are scheduled to be heard by this Court on September 19, 2024.
18. I am further advised by my counsel, and verily believe, that communications are ongoing with counsel for the Landlords with the view to resolving the Disclaimer Applications in advance of the hearing. I believe resolution of the Disclaimer Applications is necessary and desirable to preserve the value of FOUR20's estate to the benefit of all stakeholders.

**D. REQUEST FOR EARLIER APPEAL DATE ON COMMERCIAL LIST**

19. On August 28, 2019, 420 Parent, High Park Shops Inc. (**"High Park"**) and Tilray, Inc. (**"Tilray"**) each entered into an arrangement agreement (the **"Arrangement Agreement"**) relating to the purchase of outstanding shares in 420 Parent by High Park and Tilray (the **"Tilray Transaction"**). High Park was formed for the purpose of the acquisition of 420 Parent and is a subsidiary of Tilray.
20. In connection with the Tilray Transaction, 420 Parent, as borrower, and High Park, as lender, entered into a Loan Agreement (the **"HP Loan Agreement"**) whereby High Park agreed to advance \$7,000,000 to 420 Parent on a secured basis (the **"HP Loan"**).



21. In late January and February of 2020, High Park and Tilray delivered a series of breach notices and notices that purported to terminate the Arrangement Agreement.
22. On February 21, 2020, 420 Parent commenced an action for breach of contract and related relief with respect to the terminated Arrangement Agreement (the "**420 Claim**"). High Park and Tilray each defended the 420 Claim (the "**HP Defence**"). 420 Parent's position is that the Arrangement Agreement was wrongfully terminated. 420 Parent is seeking specific performance or, alternatively, damages in excess of \$130 million. The 420 Claim has not yet been determined, although questioning has occurred, and undertakings are in the course of being answered. Attached and marked as **Exhibit "B"** is a copy of the 420 Claim, attached as **Exhibit "C"** is a copy of the HP Defence and attached as **Exhibit "D"** is a copy of the Statement of Defence to Counterclaim.
23. On March 20, 2020, High Park filed a counterclaim in relation to the HP Loan (the "**HP Counterclaim**") and three years later filed an application for summary judgment on March 2, 2023. Attached and marked as **Exhibit "E"** is a copy of the HP Counterclaim.
24. On February 7, 2024, Applications Judge J.R. Farrington granted High Park summary judgment on the HP Counterclaim in the amount of \$9,810,364.12, inclusive of pre-judgment interest and costs (the "**HP Judgment**"). Attached and marked as **Exhibit "F"** is a copy of the endorsement, HP Judgment, and associated Writ of Enforcement. High Park's attempts to execute on the Writ of Enforcement was the main trigger for the NOI filing.
25. 420 Parent has appealed the HP Judgment to a single Justice of the Alberta Court of King's Bench, which is currently scheduled to be heard on December 5, 2024. Materials in relation to the appeal of the HP Judgment have been filed by High Park and 420 Parent.
26. The Applicants believe that there is merit to their appeal of the HP Judgment on the basis that the Applications Judge failed to consider the effect of set-off rights and other errors in law. Attached and marked as **Exhibit "G"** is a copy of the Brief of Argument filed by 420 Parent in relation to the appeal. High Park has filed their own Brief in response, which is attached as **Exhibit "H"**, and has indicated that they may wish to amend their materials to reflect further legal arguments relating to the effect of these proceedings.
27. The Applicants believe that the 420 Claim is a significant asset in the estate of 420 Parent, and intend to pursue the litigation in order to monetize this asset and bring value to the estate and stakeholders.
28. High Park and Tilray have advised the Applicants that they intend to participate in these proceedings, either through a vote on a proposal, a credit bid on assets through a SISP, or a sale



or assignment of their debt and security. An earlier hearing of the appeal will clarify their role in these proceedings.

29. While the 420 Claim and the Appeal are not technically part of the NOI Proceeding, they represent a significant asset and liability in the estates of the Applicants, and are therefore integral to the success of this restructuring process.
30. I am advised by my counsel and verily believe that the Commercial Coordinator has tentatively reserved September 13, 2024, at 2:00pm before Justice Simard for the appeal pending the outcome of this Application. Attached and marked as **Exhibit "I"** is a copy of the requesting letter to tentatively schedule the appeal and the approval received from the Court for the same.
31. I am further advised by my counsel and verily believe that all relevant parties to the appeal of the HP Judgment have confirmed their availability and willingness to proceed on September 13, 2024. I also understand that counsel are in the process of negotiating an interim schedule for steps leading up to the appeal.

**E. CONCLUSION**

32. I make this Affidavit in support of the Applicants' Application to extend the stay of proceedings and the time for filing a proposal by an additional 45 days, and for certain other ancillary relief, and for no improper purpose.
33. I am not physically present before the Commissioner for Oaths (the "**Commissioner**") taking this Affidavit, but I am linked with the Commissioner by video technology and the remote commissioning process has been utilized.

SWORN via video conference this 6 day of  
August, 2024.

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ARCHER BELL  
BARRISTER & SOLICITOR



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SCOTT MORROW

## TAB 4



**Court File Number**      **2401-17986**

Form 49  
Rule 13.19

COURT FILE NUMBER      25-3086318 / B301-086318

Clerk's stamp

COURT      COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE      CALGARY

MATTER      IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420  
PREMIUM MARKETS LTD., GREEN ROCK CANNABIS  
(EC 1) LIMITED and 420 DISPENSARIES LTD.

APPLICANTS      420 INVESTMENTS LTD., 420 PREMIUM MARKETS  
LTD., GREEN ROCK CANNABIS (EC 1) LIMITED, and  
420 DISPENSARIES LTD.

DOCUMENT      **AFFIDAVIT**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT      **STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
4300 Bankers Hall West  
888-3rd Street SW  
Calgary, AB T2P 5C5

**Karen Fellowes, K.C. / Natasha Doelman**  
Tel: (403) 724-9469 / (403) 781-9196  
Fax: (403) 266-9034  
Email: [kfellowes@stikeman.com](mailto:kfellowes@stikeman.com) / [ndoelman@stikeman.com](mailto:ndoelman@stikeman.com)

File No.: 155857.1002

**AFFIDAVIT OF SCOTT MORROW**  
**SWORN SEPTEMBER 10, 2024**

I, Scott Morrow, of the City of Beaumont, in the Province of Alberta, MAKE OATH AND SAY:

1. I am the Chief Executive Officer ("**CEO**") of 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**"), Green Rock Cannabis (EC 1) Limited ("**GRC**") and 420 Dispensaries Ltd. ("**420 Dispensaries**") (collectively, "**FOUR20**" or the "**Applicants**"). I have been the CEO of FOUR20 since January 1, 2021, and a member of the boards of directors since May 6, 2021.
2. I am responsible for overseeing the operations of the Applicants, their liquidity management and, ultimately, for assisting in their restructuring process. Because of my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise





stated. I have also reviewed the records and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary. Where I have relied upon such information, I do verily believe such information to be true.

3. This affidavit is sworn in support of an application (the “**Application**”) returnable before the Alberta Court of King’s Bench (Commercial List) (the “**Court**”) on September 19, 2024, for the following relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”):

- (a) An Initial Order (the “**Initial Order**”) substantially in the form attached as **Schedule “A”** to the Application for the following relief:
  - (i) abridging the time for serving and deeming service of this Originating Application and supporting materials good and sufficient;
  - (ii) declaring that each of the Applicants are companies to which the CCAA applies;
  - (iii) declaring the proposal proceedings of 420 Parent, 420 Premium and GRC (collectively, the “**420 NOI Entities**”) commenced under Division I of Part III of the *Bankruptcy and Insolvency Act* (the “**BIA**”, and such proceedings the “**NOI Proceeding**”) are taken up and continued under the CCAA pursuant to section 11.6(a) thereof, declaring that Division I of Part III of the BIA has no further application to the 420 NOI Entities, and terminating the NOI Proceedings, provided that, notwithstanding the termination of the NOI Proceedings, the charges granted in the First Stay Extension Order and KERP Sealing Order (each as defined below) be taken up and continued to apply in these CCAA proceedings;
  - (iv) appointing KSV Restructuring Inc. (“**KSV**”) as Monitor of the Applicants;
  - (v) stay, for an initial period of not more than 10 days, all proceedings and remedies taken or that might be taken in respect of the Applicants;
  - (vi) authorizing the Applicants to carry on business in a manner consistent with the preservation of its business and property;
  - (vii) authorizing the Applicants to pay the reasonable expenses incurred by it in carrying out its business in the ordinary course;
  - (viii) authorizing the Applicants to pay the reasonable fees and disbursements of the Monitor and its counsel, and Applicants’ professional advisors;

- (ix) continuing and taking up under the CCAA such charges and the amounts secured under the First Stay Extension Order as defined below (except for the KERP Charge, which will be reduced due to amounts already paid out to entitled recipients), confirming such charges attach to all of the assets and property of the Applicants and continue to rank in priority to all other charges, mortgages, liens, security interests and other encumbrances therein, and in the following order of priority amongst themselves:
    - (A) first – a charge in favour of the Monitor, its legal counsel, and the Applicants' legal counsel in respect of their fees and disbursements, to a maximum amount of \$300,000 (the “**Administrative Charge**”);
    - (B) second – a charge in favour of the directors and officers of the Applicants, to a maximum amount of \$433,000 (the “**D&O Charge**”);
    - (C) third – a charge in favour of certain key employees of the Applicants, to a maximum amount of \$373,928.17 less amount already paid. (the “**KERP Charge**”);
  - (b) an Order (the “**SISP Approval Order**”) substantially in the form attached as **Schedule “B”** to the Application:
    - (i) approving the sales and investment solicitation process (“**SISP**”) attached as **Appendix “A”** to the SISP Approval Order to be undertaken by the Applicants, the Monitor and the Sales Advisor, and authorizing and directing them to implement the SISP in accordance with the terms thereof;
  - (c) an Order (the “**Claims Procedure Order**”) substantially in the form attached as **Schedule “C”** to the Application approving the solicitation, determination and resolution of claims against the estate of the Applicants (the “**Claims Process**”);
  - (d) Such further and other relief as this Honourable Court deems just.
4. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.
- A. OVERVIEW**
5. FOUR20 is a cannabis retailer who has faced financial difficulties since its inception, primarily due to the financial burden from unprofitable or non-operating leasehold store locations. Adding to this financial burden, 420 Parent has been engaged in lengthy litigation as a result of a failed corporate

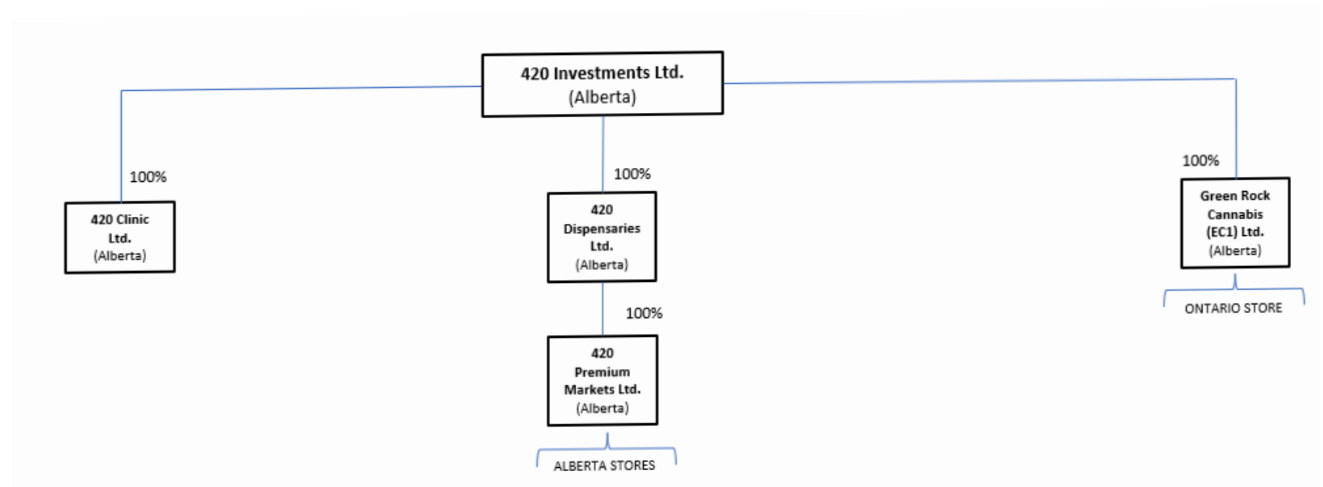
transaction (the “**Litigation**”) and the counterparty to that litigation obtained a Summary Judgment Order (as defined below) on its counterclaim and commenced enforcement proceedings including the registration of a writ of enforcement, a garnishee of bank accounts, and other steps. As a result, on May 29, 2024 (the “**Filing Date**”), three associated members of the 420 corporate group (the 420 NOI Entities) filed Notices of Intention to Make a Proposal (the “**NOIs**”) with the Office of the Superintendent of Bankruptcy Canada under Part III of the BIA. KSV was appointed Proposal Trustee for each of the 420 NOI Entities. Attached and marked as **Exhibit “A”** are copies of the NOIs.

6. Through the NOI Process, FOUR20 has worked diligently to downsize its operations, including closing stores, terminating employees and vacating its corporate head office. FOUR20 has also obtained an order expediting its appeal of the Summary Judgment Order (as defined below), which will bring certainty to the process. FOUR20 now seeks to launch a SISP and Claims Process, which will extend these process beyond the 6-month deadline under the NOI Proceedings. As a result, FOUR20 needs to convert the NOI Proceedings into proceedings under the CCAA, and proposes to add an additional member of its affiliated corporate group to the proceedings, in order to give potential bidders maximum flexibility for an asset sale or share sale.

## B. FOUR20’S BUSINESS

### (a) Corporate Structure

7. FOUR20 operates through a group of companies comprising the “FOUR20” brand. The organizational chart showing the corporate structure of FOUR20 is as follows:



8. Each of the Applicants are private corporations existing under the laws of the Province of Alberta, with their registered offices located in Calgary, Alberta. Copies of Alberta corporate searches for each of the Applicants are attached and marked as **Exhibit “B”**.

9. 420 Parent is the ultimate parent company of a group of companies that includes the Applicants and 420 Clinic Ltd. ("**420 Clinic**"). The group carries on business as a cannabis retailer predominantly in Western Canada, with a single retail location in Ontario.
10. 420 Parent has five directors: Freida Butcher; Gordon Cameron; Geoff Gobert; Scott Morrow; and Aaron Serruya. 420 Parent is owned by a small group of privately held individuals and corporations.
11. 420 Premium, 420 Dispensaries and GRC each have three directors: Freida Butcher; Geoff Gobert; and Scott Morrow. GRC's sole shareholder is 420 Parent. 420 Premium's sole shareholder is 420 Dispensaries, a wholly owned subsidiary of 420 Parent. 420 Dispensaries is a holding company and has no operations or assets other than its shareholdings in 420 Premium.
12. 420 Clinic's sole shareholder is 420 Parent. 420 Clinic was historically in the business of providing cannabinoid education and introducing patients to medical cannabis treatments through education and referring patients to authorized producers. 420 Clinic is no longer in operations.
13. All of the financial statements of FOUR20 are prepared on a consolidated basis with 420 Dispensaries and 420 Clinic. 420 Dispensaries and 420 Clinic have no material assets or liabilities (excluding the shares of 420 Premium held by 420 Dispensaries).

**(b) FOUR20's Operations**

14. FOUR20 is in the business of direct-to-consumer sales of cannabis and cannabis accessories through its retail locations. Prior to the filing of the NOIs, 420 Premium operated 33 licensed cannabis retail stores under the name of "FOUR20" in Alberta. GRC operates one licensed cannabis retail store in Ontario under the name "FOUR20".
15. FOUR20 operates in a highly regulated environment, in accordance with the *Cannabis Act* (Canada) and applicable provincial and municipal legislation. Each province and territory is responsible for determining the regime for the sale and distribution of cannabis within its jurisdiction. Among other things, these governments establish rules regarding how cannabis can be sold, how retail stores must be operated, where such stores can be located and who is allowed to sell cannabis. Adult-use recreational cannabis products are only permitted to be sold through retailers authorized by provincial and territorial governments.
16. As of the date of filing NOIs, 420 Premium and GRC held all required permits and licences to sell cannabis at all then operated stores as follows:



(a) In Alberta, 420 Premium holds 33 licences to operate cannabis retail stores, issued by the Alberta Gaming, Liquor and Cannabis Commission;<sup>1</sup> and

(b) In Ontario, GRC held one licence to operate a cannabis retail store, issued by the Alcohol and Gaming Commission of Ontario.

**(c) Employees**

17. As of the Filing Date, the Applicants employed a total of 175 active employees and 10 employees on leave. The Applicants also engaged three part time contractors. Since the Filing Date, the Applicants have terminated 15 full time employees and 34 part time employees to right size the FOUR20 business and improve cash flows.

**(d) Leased Locations**

18. All of 420 Premium's retail stores are operated from leased premises. 420 Premium also had a leased property in Calgary, Alberta, which it used as a corporate office. As of the date of filing the NOIs, 420 Premium was party to 44 leases. GRC operates from one leased premises in Ontario.

19. After filing the NOIs, 420 Premium issued 16 Notices of Disclaimer for nine (9) uneconomic operating locations and seven (7) non-operating locations, including its head office (collectively, the "**Disclaimed Leases**").

20. The Notices of Disclaimer for the Disclaimed Leases were issued by 420 Premium, in consultation with and approval of the Proposal Trustee, after it was determined that they were in the best interests of the respective companies, creditors, employees and other stakeholders, and necessary for the making of a viable proposal. The Proposal Trustee has estimated that the disclaimer of operating leases alone will result in an estimated net improvement in profitability of approximately \$850,000 annually.

21. Since the issuance of the Notices of Disclaimer, two landlords have filed applications to challenge the same pursuant to section 65.2(1) of the BIA (the "**Disclaimer Applications**") – Strathcona Building Inc. and Meadowlands Development Corporation (together, the "**Landlords**")

22. I am advised by my counsel, and verily believe, that the Disclaimer Applications were originally scheduled to be heard by this Court on September 19, 2024, but were adjourned *sine die* by consent to provide the Landlords with certain requested information.

23. The Applicants are in the process of compiling such requested information with the view to resolving the Disclaimer Applications. I believe resolution of the Disclaimer Applications is necessary and

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<sup>1</sup> This figure excludes licences that may still be held by the Applicants in connection with closed stores.

desirable to preserve the value of the Applicants' estates for the benefit of all stakeholders and that any ongoing issues related to the Disclaimer Applications may be dealt with in the CCAA Proceedings should this application be granted.

**C. FINANCIAL POSITION OF FOUR20**

24. A copy of FOUR20's unaudited consolidated financial statements for the fiscal year ended December 31, 2023, is attached as **Exhibit "C"**.

**(a) Assets**

25. As appears in FOUR20's Q4 2023 Financial Statement as at December 31, 2023, FOUR20 had assets with an unaudited book value of approximately \$32,449,000, which consisted of the following:

<b>Asset Type</b>	<b>Value (\$)</b>
<u>Current Assets</u>	
Cash	1,378,000
Trade and other receivables	515,000
Merchandise inventories	2,167,000
Prepaid and other assets	432,000
<u>Non-Current Assets</u>	
Deposits	552,000
Property and equipment, net	6,514,000
Right-of-use assets, net	17,207,000
Goodwill (inc. Intangibles)	3,684,000
<b>Total Assets</b>	<b><u>32,449,000</u></b>

**(b) Liabilities**

26. As appears in FOUR20's Q4 2023 Financial Statement as at December 31, 2023, FOUR20 has liabilities with an unaudited book value of approximately \$30,720,000, which consisted of the following:

<b>Liability Type</b>	<b>Value (\$)</b>
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	2,411,000

Debentures and loans <sup>2</sup>	8,452,000
Other current liabilities	82,000
<u>Non-Current Liabilities</u>	
Lease liabilities	19,775,000
<b>Total Liabilities</b>	<b><u>30,720,000</u></b>

27. While the financial statements above represent the financial condition in December of 2023, it was already clear that FOUR20 lacks adequate working capital, with \$4,492,000 in current assets and \$10,945,000 in current liabilities. Even if FOUR20 could realize on the full book value of its current assets, then it would still be unable to satisfy its current liabilities in the immediate term.

**(c) Shareholder Loans**

28. As of the date of filing the NOIs, the shareholder loans of 420 Parent totaled \$340,000, plus interest. There are no shareholder loans to 420 Premium, 420 Dispensaries and GRC.

**(d) Secured Debt**

29. Attached and marked as **Exhibit “D”** are copies of the personal property registry searches of 420 Parent, 420 Premium, 420 Dispensaries and GRC.

**(i) 420 Parent**

**(1) Nomos Litigation Funding Agreement**

30. On September 24, 2020, 420 Parent, as funded party, and Nomos Capital I-A LP, as funder, entered into a litigation funding agreement (the “**Funding Agreement**”) related to the Tilray Proceeding (as defined and described below). The Funding Agreement was assigned from Nomos Capital I-A LP to Nomos Capital I, L.P. (“**Nomos**”) on September 24, 2021. The Funding Agreement provides Nomos with a priority secured interest in any proceeds arising from the Tilray Proceeding and property of 420 Parent. As of the Filing Date, \$1,062,660.57 was due and owing to Nomos under the terms of the Nomos Funding Agreement (the “**Nomos Loan**”).

**(2) High Park Loan Agreement**

31. On August 28, 2019, 420 Parent, High Park Shops Inc. (“**High Park**”) and Tilray, Inc. (“**Tilray**”) each entered into an arrangement agreement (the “**Arrangement Agreement**”) relating to High Park and Tilray purchasing all of the outstanding shares in 420 Parent (the “**Tilray Transaction**”).

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<sup>2</sup> Includes the HP Loan of \$7,000,000. As discussed below, the HP Loan was the subject of a Summary Judgment Order on February 7, 2024, which resulted in the HP Judgment being awarded against 420 Parent in the amount of \$9,810,364.12.

I understand that High Park was formed for the purpose of the acquisition of 420 Parent and is a subsidiary of Tilray.

32. In connection with the Tilray Transaction, 420 Parent, as borrower, and High Park, as lender, entered into a Loan Agreement (the “**HP Loan Agreement**”) whereby High Park agreed to advance \$7,000,000 to 420 Parent (the “**HP Loan**”). In accordance with the terms of the HP Loan Agreement, High Park advanced \$5,000,000 to 420 Parent on August 29, 2019, and a further \$2,000,000 on November 29, 2019. 420 Parent’s obligations under the HP Loan Agreement are secured by a general security agreement dated August 28, 2019, executed by 420 Parent. No other FOUR20 entities are parties to the GSA and no guarantees of the HP Loan were sought or given by any other FOUR20 entities.
33. In late January and February of 2020, High Park and Tilray delivered a series of breach notices and notices that purported to terminate the Arrangement Agreement.
34. On February 21, 2020, 420 Parent commenced an action for breach of contract and related relief with respect to the terminated Arrangement Agreement (the “**420 Claim**”). High Park and Tilray each defended the 420 Claim (the “**HP Defence**”). 420 Parent’s position is that the Arrangement Agreement was wrongfully terminated. 420 Parent is seeking specific performance or, alternatively, damages in excess of \$130 million, which includes set-off of any amounts advanced under the HP Loan . The 420 Claim has not yet been determined, although questioning has occurred, and undertakings are in the course of being answered. Attached and marked as **Exhibit “E”** is a copy of the 420 Claim and attached as **Exhibit “F”** is a copy of the HP Defence.
35. On March 11, 2020, High Park provided 420 Parent with a Notice of Acceleration, which demanded full payment of the HP Loan immediately.
36. On March 20, 2020, High Park filed a counterclaim in relation to the HP Loan (the “**HP Counterclaim**”) and three years later filed an application for summary judgment on March 2, 2023. Attached and marked as **Exhibit “G”** is a copy of the HP Counterclaim and attached as **Exhibit “H”** is a copy of the Statement of Defence to Counterclaim.
37. On February 7, 2024, Applications Judge J.R. Farrington granted High Park summary judgment (the “**Summary Judgment Order**”) on the HP Counterclaim in the amount of \$9,810,364.12, inclusive of pre-judgment interest and costs (the “**HP Judgment**”). Attached and marked as **Exhibit “I”** is a copy of the endorsement, HP Judgment, and associated Writ of Enforcement. High Park’s attempts to execute on the Writ of Enforcement was the main trigger for the NOI filing.
38. 420 Parent has appealed the HP Judgment. The appeal of the HP Judgment was originally scheduled to be heard on December 5, 2024, however at the Second Stay Extension Application



(as defined below) the Court ordered that the appeal be heard on an expedited basis on the Commercial List. The appeal is scheduled to be heard on the Commercial List on October 8, 2024 by the Honourable Justice Feasby of the Alberta Court of King's Bench. 420's brief of argument in relation to the appeal is attached as **Exhibit "J"** and attached as **Exhibit "K"** is High Park's brief of argument. Additional written submissions may be filed by either party in advance of the appeal in accordance with the Scheduling Order (as defined below).

**(ii) 420 Premium**

**(1) Stoke Canada Finance Corp.**

39. On June 26, 2023, 420 Premium and Stoke Canada Finance Corp. ("**Stoke**") entered into an asset-based loan agreement whereby Stoke agreed to provide to 420 Premium a revolving line of credit in the original principal amount of \$500,000 to be evidenced by one or more promissory notes (the "**Stoke Line of Credit**"). The Stoke Line of Credit was secured by a general security agreement dated June 26, 2023. As of the date of filing, 420 Premium owed \$300,497.48 to Stoke in relation to the Stoke Line of Credit.

**(e) Unsecured Creditors**

40. As of the date of filing the NOIs, the Applicants owed the following amounts to unsecured creditors:
- (a) 420 Parent: \$921,693.86;
  - (b) 420 Premium: \$1,394,828.17; and
  - (c) GRC: \$0.00.
41. There will be additional claims from landlords as a result of lease disclaimers. These will be better determined through the claims process, subject to any reductions due to mitigation
42. The Applicants obligations to the Canada Revenue Agency are current.

**D. EVENTS LEADING TO THE APPLICANTS' INSOLVENCY**

**(a) Market Conditions and Leased Locations**

43. FOUR20 has been operating at a loss since its inception. While FOUR20's financial difficulties were driven by a variety of factors, the significant net losses suffered by the business are largely in relation market conditions and uneconomic and/or non-operating leased locations.

**(i) Market Conditions**

44. On April 13, 2017, the Government of Canada introduced Bill C-45 - the *Cannabis Act* (Canada) - intended to legalize the production and sale of cannabis for recreational purposes in Canada. After the Senate passed Bill C-45, the Government of Canada announced that the production and use of recreational cannabis would become legal on October 17, 2018.
45. I understand, based on my experience and exposure to the cannabis industry, that this industry has experienced a variety of challenges since its legalization including increased competition, oversupply of industry capacity, margin pressure; a decrease in the availability of adequate funding; a period in which the Alberta Gaming, Liquor and Cannabis Commission ("**AGLC**") froze licence distribution; and general regulatory uncertainty. There remains an entrenched black market for cannabis in Canada that, to my knowledge, continues to operate notwithstanding the strict regulations of the *Cannabis Act* (Canada). Each of these factors contribute to downward pressure on revenue, and in the case of the Applicants, has resulted in financial returns that are lower than what was initially expected when the cannabis industry was legalized. Given how many peer companies I have witnessed commence insolvency proceedings, I do not believe that the Applicants are alone in their financial struggles.

**(ii) Leased Locations**

46. 420 Premium entered into several leases in anticipation of receiving licences from the AGLC. However, licences for these locations were ultimately not issued for a variety of unanticipated reasons, such as their proximity to a sensitive use area or a decline in expected revenue due to market deterioration and/or increased competition. 420 Premium also entered into leases for stores that were licensed and subsequently closed following a review of operating results and revised expectations regarding their potential profitability.
47. As a result, prior to the Lease Disclaimers and negotiations described below, 420 Premium was party to multiple uneconomic leases. I understand that this situation is not unique to 420 Premium. To my knowledge, there are several major cannabis retailers in Canada that hold or held leases for anticipated cannabis retail stores that, for a variety of reasons, were never licensed by the applicable licensing authority and never ultimately opened. Similarly, I am aware of major cannabis retailers that entered into leases and opened or planned to open cannabis retail stores but either closed the stores after opening or never proceeded to open them due to low profits or profit forecasts.
48. Lease obligations are a significant portion the Applicants' overall liabilities, representing approximately 64% of FOUR20's aggregate liabilities as of December 31, 2023. As of the Filing Date, the Applicants' lease obligations were approximately \$19,553,000. The Applicants' lease

obligations have impacted cash flows, and this impact has been exacerbated due to the retail locations related to these lease obligations not generating the level of revenue that they were anticipated to generate.

49. In an effort to downsize its business, 420 Premium negotiated out of 11 leases in exchange for paying significant settlement amounts for uneconomic and non-operating locations beginning in or around March 2020. Notwithstanding these efforts, FOUR20 continued to struggle with profitability in its remaining portfolio of locations on the Filing Date. After the Filing Date, 420 Premium disclaimed 16 leases in an effort to preserve liquidity and facilitate the making of a viable proposal, as discussed above. I understand that the Proposal Trustee was supportive of the Lease Disclaimers.

**(b) Ongoing Litigation with Tilray and High Park**

50. As described above, 420 Parent has been actively involved in the Tilray Proceeding since February 2020. 420 Parent believes that the 420 Claim is well-founded and is a very valuable asset which will result in a significant award (over \$130 million) if successful at trial. The 420 Claim has not yet been determined and the on-going litigation has resulted in a net drain on 420 Parent's resources. The 420 Claim and HP Judgment are closely related and stem from the Arrangement Agreement with Tilray and High Park, as the HP Loan was advanced for the purposes of building out and opening new locations following the close of the proposed arrangement.
51. As a result of the HP Judgment and related enforcement steps taken by High Park and Tilray, the Applicants urgently required creditor protection to stabilize its business operations with a view to restructuring its business and commenced proceedings under the BIA. If High Park were to have enforced the HP Judgment, it would have had disastrous consequences for the Applicants' stakeholders, landlords, suppliers and the then 185 FOUR20 employees, and ability to remain a going concern.

**E. THE NOI PROCEEDINGS**

52. As noted above, the NOI Entities (420 Parent, 420 Premium and GRC) commenced NOI Proceedings on May 29, 2024. KSV was appointed Proposal Trustee in the NOI Proceedings.
53. On June 27, 2024, the NOI Entities brought an application (the "**First Stay Extension Application**") to the Alberta Court of King's Bench (the "**Court**") for an Order: (i) extending the time for the NOI Entities to file a proposal to August 12, 2024, (ii) administratively consolidating the NOI Entities' estates, and (iii) granting an Administration Charge, a D&O Charge and KERP Charge; and (iv) approving a KERP. The Court granted the NOI Entities First Stay Extension Application in full (the "**First Stay Extension Order**"). The Court also granted a sealing order with respect to the

KERP (the “**KERP Sealing Order**”). Attached and marked as **Exhibit “L”** is a copy of the First Stay Extension Order and attached as **Exhibit “L”** is a copy of the KERP Sealing Order

54. On August 12, 2024, the NOI Entities brought an application (the “**Second Stay Extension Application**”) to the Court for an Order: (i) extending the time for the Applicants to file a proposal to September 26, 2024 (the “**Stay Period**”) (the “**Second Stay Extension Order**”), and (ii) scheduling an appeal of a judgment granted by Applications Judge J.R. Farrington in Alberta Court of King’s Bench Action No. 2001-02873 (the “**Scheduling Order**”). The Second Stay Extension Application was granted in full. Attached and marked as **Exhibit “M”** is a copy of the Second Stay Extension Order and attached as **Exhibit “M”** is a copy of the Scheduling Order.
55. Since the commencement of the NOI Proceedings, the Applicants have acted, and continue to act, in good faith and with due diligence and have taken the following steps, among others:
- (a) continuing to provide the Proposal Trustee with access to the Applicants’ books and records;
  - (b) working with the Proposal Trustee and the Applicants’ counsel, Stikeman Elliott LLP (“**Stikeman**”) generally, and in particular with respect to:
    - (i) exploring and considering the various exit strategies available to the Applicants in the context of these NOI Proceedings, including the structure and financing of any Proposal and/or sales process;
    - (ii) preparing cash flow projections and identifying issues with respect to the Applicants’ financial condition;
  - (c) communicating and engaging with stakeholders, employees, contractors and vendors;
  - (d) communicating through counsel and the Proposal Trustee the release of funds withheld by Moneris and the Bank of Montreal;
  - (e) reviewing its operating expenses, pursuing collection of accounts receivable and taking other steps to ensure the Applicants remain financially viable;
  - (f) issuing the Notices of Disclaimer for the Disclaimed Leases;
  - (g) terminating 15 full time employees and 34 part time employees;
  - (h) consolidating inventory to operating stores from locations subjected to the Disclaimed Leases;



- (i) reduced compensation in employment and contractor contracts;
- (j) operating the remaining portfolio of 27 stores in the ordinary course;
- (k) scheduling the appeal of the HP Judgment on an expedited basis;
- (l) communicating with the Landlords to prepare requested information and schedule their respective Disclaimer Applications;
- (m) held meetings with potential sales advisors, including the Proposal Trustee, to assist with development of a marketing strategy and sales and investment solicitation process;
- (n) developing the SISP;
- (o) developing the Claims Process;
- (p) advanced discussions with potential stalking horse bidders; and
- (q) reviewed operating expenses, pursued the collection of accounts receivable and took other steps to ensure the Applicants remain financially viable during these proposal proceedings.

**F. REQUIREMENT FOR CONVERSION TO CCAA PROCEEDINGS**

56. The Applicants are in urgent need of protection under the CCAA to preserve value for all stakeholders. Unless an extension to file a proposal is granted, or these NOI Proceedings are converted to CCAA proceedings, the Applicants will be deemed bankrupt on September 26, 2024, being the last day of the Stay Period. In addition, the six months available to complete the NOI Proceeding under the BIA ends on November 29, 2024.
57. The Applicants have developed the SISP and Claims Process (each described further below) in consultation with the Sales Advisor and Proposal Trustee, which contemplate a conclusion date beyond the Stay Period. As such, there is insufficient time available under the NOI Proceedings for the Applicants to conclude and close a transaction under the SISP.

**G. CCAA RELIEF SOUGHT**

**(i) Applicability of the CCAA**

58. The Applicants are companies to which the CCAA applies. The Board of Directors of each of the Applicants have resolved to authorize the within CCAA proceedings.

59. The Applicants are affiliated companies for the purposes of the CCAA. The Applicants have claims against them in excess of \$5,000,000 CAD. The Applicants are insolvent and unable to meet their obligations generally as they become due.

(ii) **Stay of Proceedings and ARIO**

60. The Applicants require time to conclude the SISP and Claims Process. Unless an extension is granted, or the NOI Proceedings are converted to the CCAA proceedings, the Applicants will be automatically bankrupt as of September 26, 2024. Further, it is in the parties' best interest to ensure the stay of proceedings continues beyond September 26, 2024, until such time as the Applicants can finalize the Claims Process and, with the assistance of the Proposed Monitor, commence the SISP, select a successful bidder, return to Court to seek approval of the successful bidder and then close that transaction.
61. Given the imminent commencement of the SISP and Claims Process, the Applicants seek a stay of proceedings against the Applicants and their property until December 16, 2024, pursuant to the ARIO, which is being sought concurrently with the initial CCAA application, in order to provide stability and maintain the status quo in respect of the Applicants until the SISP has closed.
62. I have been advised by the Applicants' legal counsel that typically in a CCAA proceeding, an ARIO is granted at a "comeback hearing" that takes place within ten days of the Initial Order being granted, and that this ten-day period is provided to allow the debtor sufficient time to notify its creditors of the comeback hearing.
63. Given that all major stakeholders have been involved in the NOI Proceedings and have notice of these applications, the Applicants propose to bring an application for the ARIO immediately after (and assuming) the Initial Order is granted. It should be noted that all of the Applicants' creditors have been notified of the insolvency proceedings and consequent stay of proceedings by virtue of the statutory notice that was issued by the Proposal Trustee at the outset of the NOI Proceedings, a copy of which is attached hereto as **Exhibit "N"** (the "**Statutory Notice**"). All pertinent documentation in the NOI Proceedings has been posted on the Proposal Trustee's website, a reference to which is contained in the Statutory Notices. Parties interested in following the proceedings have asked to be placed on the Service List maintained by the Applicants and the Proposal Trustee in the NOI Proceedings, and the entire Service List has been provided with notice of these proceedings. On this basis, the Applicants' creditors have been aware of the stay imposed as a result of the NOI Proceedings.
64. Given the prior notice of the NOI Proceedings, I do not believe that any creditors will be prejudiced by the consecutive granting of the Initial Order and the ARIO. Proceeding in this manner will also preserve resources by decreasing professional fees and will conserve valuable judicial resources.

65. The stay of proceedings is critical for the Applicants' ability to conduct the Claims Process and SISP and complete transactions thereunder for the benefit of their respective stakeholders. Without the benefit of a stay of proceedings, there could be an immediate and significant erosion of value to the detriment of all stakeholders. The need for a stay is demonstrated by garnishment steps taken by High Park and Tilray in relation to the HP Loan which predicated these insolvency proceedings.

**(iii) Proposed Monitor**

66. The Applicants seek the appointment of the Proposed Monitor, KSV Restructuring Inc., as monitor in these proceedings. KSV is qualified and competent to act at the Proposed Monitor under the CCAA and has consented to as the Proposed Monitor of the Applicants in the within proceedings, subject to approval of the Court and is supportive of the relief sought. Attached and marked as **Exhibit "O"** is a copy of the Proposed Monitor's Consent to Act.
67. The professionals of KSV who will have carriage over this matter as the Proposed Monitor have acquired knowledge of the Applicants, their business, financial circumstances and strategic and restructuring efforts to date through its role as Proposal Trustee. I believe that the Proposed Monitor is capable of assisting the Applicants with their restructuring efforts in these CCAA proceedings. The Proposed Monitor is a licensed insolvency trustee and has not served an auditor of the Applicants.
68. In addition to any powers or obligations provided for by the CCAA, the Applicants hereby request that this Court grant the Proposed Monitor the powers, rights, obligations and protections detailed in the Initial Order and, if granted, the Amended and Restated Initial Order, including the orders relating to the Administration Charge.

**(iv) Cash-Flow Forecast**

69. The Applicants, with the assistance of the Proposed Monitor, have prepared cash flow statements, attached to the Pre-Filing Report of the Monitor (the "Cash-Flow Projections").
70. As set out in the Cash-Flow Projections, the Applicants' principal use of cash will be used to fund working capital, and run the Sales Process, the Claims Process and other restructuring fees.

**(v) Continuation of Court-Ordered Charges**

71. The First Stay Extension Order granted, among other things, certain court ordered charges (collectively, the "**Charges**") as follows:

- (a) first – the Administrative Charge in favour of the Monitor, its legal counsel, and the Applicants' legal counsel in respect of their fees and disbursements, to a maximum amount of \$300,000;
  - (b) second – the D&O Charge in favour of the directors and officers of the Applicants, to a maximum amount of \$433,000; and
  - (c) third – a KERP Charge in favour of certain key employees of the Applicants, to a maximum amount of \$373,928.17.
72. The Applicants seek to continue the Charges in the CCAA Proceedings to secure the continued involvement of professionals, the directors and officers of the Applicants and certain key employees subject to the KERP. Each of these parties are critical to the success of the Applicants' restructuring efforts. Moreover, to reflect that some of the KERP has been paid out to eligible recipients, the Applicants seek a reduction of the KERP to account for these payments in an amount to be confirmed.
73. The Applicants also seek to extend the Administration Charge to secure the professional fees of KSV in its capacity as Monitor, along with the legal fees of the Monitor's legal counsel. In addition, the Administration Charge would be continued to cover any unpaid fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, the Applicants' legal counsel incurred during the NOI Proceedings that have not otherwise been paid to date.
74. I believe the Charges are reasonable and appropriate in the circumstances and is critical to the success of the Applicants' insolvency proceedings. The proposed Court-Ordered Charges sought are in the same quantum as in the NOI Proceedings, except for the KERP Charge, as explained above.

**(vi) Approval of SISP**

75. The Applicants and the Proposed Monitor, which will assist the Applicants in canvassing the market for, and assessing, potential bidders or refinancing transaction alternatives through the SISP have prepared the SISP whereby interested parties will have the opportunity to submit an offer to: (i) purchase shares or assets of the Applicants (or any one of them), or (ii) make an investment in the Applicants' business by way of a refinancing, reorganization, recapitalization, restructuring or other business transaction involving the Applicants, or any one of them. The SISP will be a key step in the restructuring process to maximize value for the Applicants' creditors and stakeholders. Attached and marked as **Exhibit "P"** is a copy of the proposed SISP.



76. The SISP contemplates a two-phase sale process to occur over approximately 10 weeks. Phase I of the SISP is intended to solicit non-binding letters of intent from potential bidders. Phase II of the SISP is intended to allow bidders to perform further due diligence and submit binding offers in accordance with the criteria specified in the SISP. The key milestones and deadlines in the SISP are as follows:

Milestone	Deadline
Commencement Date (prepare data room and associates documents)	On or before September 27, 2024
Marketing Stage: Publication of Notice and Sending Teaser to Know Potential Buyers	On or before October 4, 2017
Completion of "Phase I" – interested parties to submit a non-binding letter of intent	November 15, 2024
Completion of "Phase II" – interested parties to submit a binding offer that meets at least the requirements set forth in the SISP	November 30, 2024
Selection of the highest or otherwise best bid(s) (the "Successful Bid(s)")	December 6, 2024
Seek a Court order approving the Successful Bid(s)	As soon as practical
Close the transaction contemplated in the Successful Bid(s)	As soon as practical

77. The timeline of the SISP was designed balance the Applicants concerns with a lengthy and expensive CCAA proceeding, with the need for sufficient flexibility to allow interested parties a reasonable opportunity to formulate and submit bids to maximize the Applicant's success in the SISP.
78. Notably, the SISP does not contemplate a sale or disposition of the 420 Claim and expressly excludes the litigation with High Park and Tilray. The Applicants believe that the 420 Claim is compelling and a significant asset in the estate of 420 Parent (over ~\$130M), and intend to pursue the litigation in order to monetize this asset and bring value to the estate and stakeholders.
79. High Park and Tilray have advised that they intend to participate in a sales process, either through a vote on a proposal, a credit bid on assets through a SISP, or a sale or assignment of their debt and security. The Applicants have well-founded concerns that High Park and Tilray may credit bid the 420 Claim and attempt to purchase the shares of 420 parent in order to abandon the litigation, which may strip 420 Parent of its most significant asset to the detriment of all stakeholders.

80. The Proposed Monitor has advised that it is supportive of the proposed SISP and is prepared to assist the Applicants in carrying out the SISP.

**(vii) Approval of Claims Process**

81. The Applicants are seeking this Court's approval of a Claim Process substantially in the form proposed in the Claims Procedure Order. The Claims Process is designed to be completed before the conclusion of the SISP and to address all creditors of the Applicants, including secured and unsecured creditors, as well as landlords of 420 Premium.
82. The estimated timing for execution of the Claim Process is as follows:

Milestone	Deadline
Claims Process Order to be granted	September 19, 2024
Claims package will be sent to all claimants, posted on website and published	September 20, 2024
Claims bar date for claimants to file proof of claim	October 20, 2024
Deadline for receipt by the Monitor of any notice of dispute	15 days following date of Notice of Revision or Disallowance
Deadline for filing application with respect to notice of dispute	10 days following delivery of Notice of Dispute

83. The Claims Process provides for a timely and efficient process for determination of the claims of the Applicants. In particular, it will provide some clarity to potential investors and bidders who wish to participate in the SISP process or the Applicants plan of arrangement.
84. The Proposed Monitor supports the establishment of the Claims Process in the form of the proposed Claims Procedure Order and is prepared to assist with the implementation of the Claims Process.

**H. CONCLUSION**

85. I make this Affidavit in support of the Applicants' Application for an Initial Order and, to the extent that the Initial Order is granted, the Amended and Restated Initial Order pursuant to the CCAA.

SWORN at Beaumont, Alberta, this 10th day of  
September, 2024.



---

**A Commissioner for Oaths  
in and for the Province of Alberta**



---

**SCOTT MORROW**

**SHIVANGI KAUR PARMAR**

A Commissioner for Oaths  
in and for Alberta

My Commission Expires February 19, 2026

## TAB 5

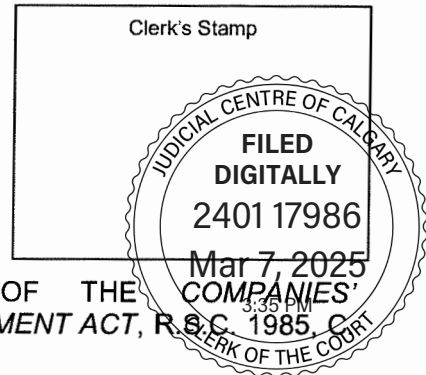
COURT FILE NUMBERS 2401-17986

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER

IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C.  
C-36, AS AMENDED



AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420  
PREMIUM MARKETS LTD., GREEN ROCK  
CANNABIS (EC 1) LIMITED and 420  
DISPENSARIES LTD.

APPLICANTS

420 INVESTMENTS LTD., 420 PREMIUM MARKETS  
LTD., GREEN ROCK CANNABIS (EC 1) LIMITED,  
AND 420 DISPENSARIES LTD.

RESPONDENT

HIGH PARK SHOPS INC.

DOCUMENT

**AFFIDAVIT**

PARTY FILING THIS DOCUMENT HIGH PARK SHOPS INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT  
BLAKE, CASSELS & GRAYDON LLP  
3500 Bankers Hall East,  
855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J

Attention: Kelly Bourassa / Jenna Willis  
Telephone: 403-260-9697/ 403-260-9750  
Facsimile: 403-260-9700  
Email: kelly.bourassa@blakes.com  
jenna.willis@blakes.com  
File Ref.: 191284/35



## AFFIDAVIT OF CARL MERTON AFFIRMED ON MARCH 6, 2025

I, Carl Merton, of the City of Lakeshore in the Province of Ontario, AFFIRM AND SAY THAT:

1. I am the Chief Financial Officer of High Park Shops Inc. ("**High Park**"). I have personal knowledge of the matters in this Affidavit, except when I say that they are based upon information and belief, in which case I believe them to be true.
2. This affidavit is affirmed in support of (a) High Park's opposition to the Applicants' application for a Stay Extension Order and a Creditors' Meeting Order, and (b) High Park's application for orders enhancing the Monitor's powers, directing the Monitor to resume the sales and investment solicitation process (the "**SISP**") and sealing the Confidential Exhibits to the Affidavit of Lisa Roy.
3. I previously affirmed an affidavit on June 24, 2024, which was filed in the proceedings previously commenced by 420 Investments Ltd. ("**420 Parent**") and certain other Applicants under the *Bankruptcy and Insolvency Act* (the "**NOI Proceedings**").

### Status of the Litigation

4. On February 21, 2020, 420 Parent commenced an action (the "**420 Claim**") against High Park and Tilray Brands, Inc. ("**Tilray**") relating to the termination of an arrangement agreement. High Park and Tilray deny all allegations made in and are actively defending the 420 Claim.
5. On March 20, 2020, High Park filed a counterclaim against 420 Parent (the "**HP Counterclaim**") relating to the obligations owed by 420 Parent under a loan agreement dated August 28, 2019 (the "**Loan Agreement**").
6. In March 2023, High Park filed an application for summary judgment in respect of the HP Counterclaim.
7. On February 7, 2024, Applications Judge J.R. Farrington granted summary judgment on the HP Counterclaim in the amount of \$9,810,364.12 inclusive of pre-judgment interest and costs (the "**HP Summary Judgment**").

NH

8. 420 Parent appealed the HP Summary Judgment. On October 16, 2024, the Honourable Justice Feasby of the Court of King's Bench of Alberta released his decision, overturning the HP Summary Judgment. High Park filed a Civil Notice of Appeal on October 29, 2024, appealing Justice Feasby's decision (the "**Appeal**").
9. I am informed by Tom Wagner of Blake, Cassels & Graydon LLP, counsel for High Park and Tilray, that the Appeal is scheduled to be heard on April 17, 2025.
10. In addition to and separate from the Appeal (which relates only to the HP Counterclaim), the 420 Claim has not been determined. I am informed by Mr. Wagner that the current status of the 420 Claim is that initial questioning is largely completed, except for the questioning of one former director of 420 Parent, who was unavailable at the relevant time. Responses to undertakings, however, have not yet been exchanged. I am informed by Mr. Wagner that a number of steps remain outstanding in this litigation, including the completion of initial questioning, questioning on undertakings, and the exchange of expert reports, prior to a trial date being scheduled.

#### **The SISP and the Joint Bid**

11. High Park has, throughout these insolvency proceedings, indicated that it intended to participate in a sales process including by credit bidding the secured debt owed to it by 420 Parent under the Loan Agreement.
12. High Park actively engaged in good faith throughout the SISP. In this process, High Park identified and partnered with One Plant (Retail) Corp. ("**One Plant**") to jointly submit a bid.
13. On November 15, 2024, High Park and One Plant submitted a non-binding letter of intent in accordance with the SISP (the "**Joint LOI**"). The Joint LOI proposed an acquisition of 100% of the shares of 420 Parent by way of reverse vesting order. The Joint LOI presented two options for the purchase price, one involving cash consideration and a credit bid of amounts owed to High Park under the Loan Agreement, the other involving only cash consideration.

14. A virtual meeting was held between the Monitor, High Park and their respective counsel on November 18, 2024, at High Park's request, in order for High Park to explain the Joint LOI in more detail.
15. On November 22, 2024, the Monitor confirmed by email that High Park was deemed to be a "Qualified Phase 2 Bidder" and was invited to participate in "Phase 2" of the SISP. High Park did not receive any other feedback from the Monitor or the Applicants in respect of the Joint LOI. A copy of the Monitor's November 22, 2024 email is attached to this Affidavit as **Exhibit "A"**.
16. On December 20, 2024, High Park and One Plant submitted a Phase 2 bid to the Monitor in accordance with the SISP (the "**Joint Bid**"). On or about December 19, 2024, High Park and One Plant paid a cash deposit to the Monitor in trust in connection with the Joint Bid, in accordance with the SISP.
17. The Joint Bid was submitted in the form of a subscription agreement in accordance with a template that was provided in the SISP data room maintained by the Monitor.
18. Consistent with the Joint LOI, the Joint Bid presents two options for the purchase price, one involving cash consideration and a credit bid of amounts owed to High Park under the Loan Agreement, the other involving only cash consideration.
19. I have reviewed the summary of claims detailed in paragraph 3.0.2 of the Monitor's Second Report dated February 7, 2025. Based on that summary, the cash consideration offered under either structure in the Joint Bid would be sufficient to repay in full:
  - (a) all secured claims and all unsecured third-party claims submitted in respect of 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Limited; and
  - (b) all creditors of 420 Parent whose claims rank in priority to High Park's claim, including the secured claim of Nomos Capital I, L.P.

20. The Joint Bid is not conditional on completion of unperformed due diligence, nor is it conditional on financing.
21. Pursuant to the Joint Bid, the purchaser agreed to assume lease obligations in respect of all stores operated by the Applicants other than up to three stores to be identified by the purchaser prior to closing. The Joint Bid also provided that intercompany debt owed by the operating companies to 420 Parent would be assumed liabilities.
22. Pursuant to the Joint Bid, the purchaser agreed to make offers of employment to at least 90% of the employees of the Applicants including both store-level and head office employees.

#### **FOUR20's Rejection of all Phase 2 Qualified Bids**

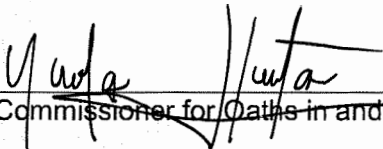
23. After the Joint Bid was submitted on December 20, 2024, High Park did not receive any feedback or questions from the Monitor or the Applicants.
24. On January 7, 2025, High Park received a letter from the Monitor (the "**January 7 Letter**"), which confirmed that the Joint Bid was deemed a "Phase 2 Qualified Bid" but advised that no bid would be selected as a Successful Bid and FOUR20 had instead elected to advance one or more plans of arrangement. A copy of the January 7 Letter is attached to this Affidavit as **Exhibit "B"**.

#### **Confidential Exhibits**

25. High Park seeks an order sealing the Confidential Exhibits to the Affidavit of Lisa Roy, to be sworn and filed, being the Joint LOI, the Joint Bid and certain correspondence relating to the Joint Bid, on the Court file pending further order of the Court. Each of these documents contains commercially sensitive information relating to High Park and One Plant's joint offer submitted in the SISP.
26. In the event that the SISP is reopened or any other sales process is conducted with respect to the Applicants, disclosure of the details of the offer made by High Park and One Plant set out in the Confidential Exhibits would prejudice High Park and One Plant in that process and could prejudice the Applicants.

27. I am not physically present before the Commissioner for Oaths taking this Affidavit, but I am linked to the Commissioner for Oaths by video conference. I affirm this Affidavit remotely pursuant to the process described at Court of King's Bench Notice to the Profession and Public #2020-02 dated March 25, 2020.

AFFIRMED BEFORE ME at the City of Calgary, in the Province of Alberta, this 6th day of March, 2025.

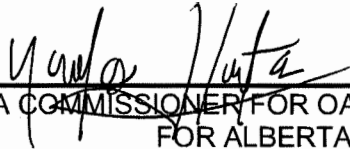
  
Commissioner for Oaths in and for Alberta

**Nicolas Huertas**  
**Barister & Solicitor**

**CARL MERTON**



THIS IS **EXHIBIT "A"** REFERRED  
TO IN THE AFFIDAVIT OF  
**CARL MERTON**  
AFFIRMED BEFORE ME THIS 6<sup>th</sup>  
DAY OF MARCH, 2025

  
A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

**Nicolas Huertas**  
Barrister & Solicitor

---

**From:** Eli Brenner <ebrenner@ksvadvisory.com>  
**Sent:** Friday, November 22, 2024 1:07 PM  
**To:** Daniel Fuke  
**Cc:** Michael Serruya; Dylan Chochla; Mitchell.Gendel@aphria.com; Hunter, Carole; Pawlyk, Jerri; selnesm@bennettjones.com; Andrew Basi  
**Subject:** [EXTERNAL] Re: 420 Phase I LOI- High Park and One Plant

**DLA Piper (Canada) LLP ALERT:** This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Hi Daniel et al,

Thank you for submitting your joint letter of intent ("**LOI**") in the above-noted matter.

The Monitor, in consultation with FOUR20, is pleased to inform you that High Park Shops Inc. and One Plant (Retail) Corp. (together, the "**Interested Party**") is deemed to be a "**Phase 2 Qualified Bidder**" and is invited to participate in Phase 2 of the Sale Process.

The Monitor has not made any determination of the credit bid component of your offer, and it is anticipated that if your bid is selected as the Successful Bid, the Monitor may seek advice and direction from the Court regarding the credit bid component of your bid.

The Monitor, in consultation with FOUR20, is preparing a bid process letter for Phase 2 (the "**Bid Process Letter**"), which will include a draft purchase and sale agreement and a share subscription agreement (the "**Draft Purchase/Share Subscription Agreement**"). It is anticipated that both the Bid Process Letter and the Draft Purchase/Share Subscription Agreement will be circulated to Phase 2 Qualified Bidders and made available in the data room early next week.

Furthermore, based on feedback from a number of interested parties, and in accordance with paragraph 44 of the SISP, the Monitor is extending the Phase 2 Bid Deadline to submit binding offers to 12 p.m. (Calgary Time) on Friday December 20, 2024, and the deadline to determine successful bid(s) to Monday January 6, 2025.

The Monitor understands that you may require additional due diligence in order to submit a final and binding offer. Please contact me with any further due diligence requests.

Should you have any questions with respect to the foregoing, please contact me. Thank you.



Eli Brenner  
Managing Director

T 416.932.6028  
M 416.573.8572  
W [www.ksvadvisory.com](http://www.ksvadvisory.com)

**From:** Daniel Fuke <dfuke@fasken.com>

**Sent:** Friday, November 15, 2024 1:34 PM

**To:** Eli Brenner <ebrenner@ksvadvisory.com>; kfellowes@stikeman.com <kfellowes@stikeman.com>;  
ndoelman@stikeman.com <ndoelman@stikeman.com>; selnesm@bennettjones.com <selnesm@bennettjones.com>

**Cc:** Michael Serruya <michael@serruyaequity.com>; Dylan Chochla <dchochla@fasken.com>;  
Mitchell.Gendel@aphria.com <Mitchell.Gendel@aphria.com>; carole.hunter@ca.dlapiper.com  
<carole.hunter@ca.dlapiper.com>; Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>

**Subject:** 420 Phase I LOI- High Park and One Plant

All,

Please find attached a sales process letter of intent submitted jointly by High Park Shops Inc. and One Plant (Retail) Corp., together with supporting materials.

Regards,  
Dan

**Daniel Fuke (He/Him)**

Partner

T +1 416 865 4436

dfuke@fasken.com | [//www.fasken.com/en/daniel-fuke](https://www.fasken.com/en/daniel-fuke)

# FASKEN

**Fasken Martineau DuMoulin LLP**

333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6

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THIS IS **EXHIBIT "B"** REFERRED  
TO IN THE AFFIDAVIT OF  
**CARL MERTON**  
AFFIRMED BEFORE ME THIS 6<sup>th</sup>  
DAY OF MARCH, 2025

  
A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

**Nicolas Huertas**  
**Barrister & Solicitor**



**KSV Advisory Inc.**  
1165, 324 – 8<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 2Z2  
T +1 416 932 6262  
F +1 416 932 6266

info@ksvadvisory.com

January 7, 2025

**DELIVERED BY EMAIL**

**To:** Phase 2 Qualified Bidders<sup>1</sup>

**From:** KSV Restructuring Inc., in its capacity as Monitor of the Applicants (defined below), and not in its personal capacity

**Re:** Evaluation of the Phase 2 Bids of the SISP for 420 Investments Ltd., 420 Premium Markets Ltd., Green Rock Cannabis (EC 1) Limited and 420 Dispensaries Ltd. ("FOUR20" or the "Applicants")

We are writing in our capacity as Court appointed monitor (the "Monitor") of the Applicants.

Thank you for submitting your Phase 2 Bid pursuant to the SISP.

We confirm that your offer submitted on December 20, 2024, was deemed as a Phase 2 Qualified Bid.

After thorough consideration and a comprehensive review and evaluation of all Phase 2 Qualified Bids received, the Monitor has consulted with the Applicants and the Applicants have advised that no Phase 2 Qualified Bids will be selected as a Successful Bid and the Applicants will not be seeking Court approval to enter into a definitive agreement with any Phase 2 Qualified Bidder through the SISP.

The Applicants have elected to seek Court Approval to advance one or more Plans of Arrangement that are intended to provide realizations to creditors that are excess of any potential realizations creditors may receive by advancing a Phase 2 Qualified Bid and will allow the Applicants to continue their business as a going concern. The Plan of Arrangement is being developed and details regarding this plan will be communicated to stakeholders in due course.

---

<sup>1</sup> Capitalized terms in this letter have the meaning provided to them in the Sale and Investment Solicitation Process ("SISP") Order, dated September 19, 2024 (the "SISP Order"), unless otherwise defined herein. A copy of the SISP Order can be found here: [SISP Order](#).



The Monitor will also be contacting you to obtain wire instructions for return of your deposit. The Monitor and the Applicants sincerely appreciate your participation in the SISF and your interest in this opportunity.

\* \* \*

Yours very truly,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS,  
AND NOT IN ITS PERSONAL CAPACITY**



COURT FILE NUMBERS 2401-17986

Clerk's Stamp

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C.  
C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420  
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CANNABIS (EC 1) LIMITED and 420  
DISPENSARIES LTD.

APPLICANTS 420 INVESTMENTS LTD., 420 PREMIUM MARKETS  
LTD., GREEN ROCK CANNABIS (EC 1) LIMITED,  
AND 420 DISPENSARIES LTD.

RESPONDENT HIGH PARK SHOPS INC.

DOCUMENT **AFFIDAVIT**

PARTY FILING THIS DOCUMENT HIGH PARK SHOPS INC.

ADDRESS FOR SERVICE AND BLAKE, CASSELS & GRAYDON LLP  
CONTACT INFORMATION OF 3500 Bankers Hall East,  
PARTY FILING THIS DOCUMENT 855 - 2nd Street S.W.  
Calgary, Alberta T2P 4J

Attention: Kelly Bourassa / Jenna Willis  
Telephone: 403-260-9697/ 403-260-9750  
Facsimile: 403-260-9700  
Email: kelly.bourassa@blakes.com  
jenna.willis@blakes.com  
File Ref.: 191284/35

## AFFIDAVIT OF CARL MERTON AFFIRMED ON MARCH 6, 2025

I, Carl Merton, of the City of Lakeshore in the Province of Ontario, AFFIRM AND SAY THAT:

1. I am the Chief Financial Officer of High Park Shops Inc. ("**High Park**"). I have personal knowledge of the matters in this Affidavit, except when I say that they are based upon information and belief, in which case I believe them to be true.
2. This affidavit is affirmed in support of (a) High Park's opposition to the Applicants' application for a Stay Extension Order and a Creditors' Meeting Order, and (b) High Park's application for orders enhancing the Monitor's powers, directing the Monitor to resume the sales and investment solicitation process (the "**SISP**") and sealing the Confidential Exhibits to the Affidavit of Lisa Roy.
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8. 420 Parent appealed the HP Summary Judgment. On October 16, 2024, the Honourable Justice Feasby of the Court of King's Bench of Alberta released his decision, overturning the HP Summary Judgment. High Park filed a Civil Notice of Appeal on October 29, 2024, appealing Justice Feasby's decision (the "**Appeal**").
9. I am informed by Tom Wagner of Blake, Cassels & Graydon LLP, counsel for High Park and Tilray, that the Appeal is scheduled to be heard on April 17, 2025.
10. In addition to and separate from the Appeal (which relates only to the HP Counterclaim), the 420 Claim has not been determined. I am informed by Mr. Wagner that the current status of the 420 Claim is that initial questioning is largely completed, except for the questioning of one former director of 420 Parent, who was unavailable at the relevant time. Responses to undertakings, however, have not yet been exchanged. I am informed by Mr. Wagner that a number of steps remain outstanding in this litigation, including the completion of initial questioning, questioning on undertakings, and the exchange of expert reports, prior to a trial date being scheduled.

#### **The SISP and the Joint Bid**

11. High Park has, throughout these insolvency proceedings, indicated that it intended to participate in a sales process including by credit bidding the secured debt owed to it by 420 Parent under the Loan Agreement.
12. High Park actively engaged in good faith throughout the SISP. In this process, High Park identified and partnered with One Plant (Retail) Corp. ("**One Plant**") to jointly submit a bid.
13. On November 15, 2024, High Park and One Plant submitted a non-binding letter of intent in accordance with the SISP (the "**Joint LOI**"). The Joint LOI proposed an acquisition of 100% of the shares of 420 Parent by way of reverse vesting order. The Joint LOI presented two options for the purchase price, one involving cash consideration and a credit bid of amounts owed to High Park under the Loan Agreement, the other involving only cash consideration.

14. A virtual meeting was held between the Monitor, High Park and their respective counsel on November 18, 2024, at High Park's request, in order for High Park to explain the Joint LOI in more detail.
15. On November 22, 2024, the Monitor confirmed by email that High Park was deemed to be a "Qualified Phase 2 Bidder" and was invited to participate in "Phase 2" of the SISP. High Park did not receive any other feedback from the Monitor or the Applicants in respect of the Joint LOI. A copy of the Monitor's November 22, 2024 email is attached to this Affidavit as **Exhibit "A"**.
16. On December 20, 2024, High Park and One Plant submitted a Phase 2 bid to the Monitor in accordance with the SISP (the "**Joint Bid**"). On or about December 19, 2024, High Park and One Plant paid a cash deposit to the Monitor in trust in connection with the Joint Bid, in accordance with the SISP.
17. The Joint Bid was submitted in the form of a subscription agreement in accordance with a template that was provided in the SISP data room maintained by the Monitor.
18. Consistent with the Joint LOI, the Joint Bid presents two options for the purchase price, one involving cash consideration and a credit bid of amounts owed to High Park under the Loan Agreement, the other involving only cash consideration.
19. I have reviewed the summary of claims detailed in paragraph 3.0.2 of the Monitor's Second Report dated February 7, 2025. Based on that summary, the cash consideration offered under either structure in the Joint Bid would be sufficient to repay in full:
  - (a) all secured claims and all unsecured third-party claims submitted in respect of 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Limited; and
  - (b) all creditors of 420 Parent whose claims rank in priority to High Park's claim, including the secured claim of Nomos Capital I, L.P.



20. The Joint Bid is not conditional on completion of unperformed due diligence, nor is it conditional on financing.
21. Pursuant to the Joint Bid, the purchaser agreed to assume lease obligations in respect of all stores operated by the Applicants other than up to three stores to be identified by the purchaser prior to closing. The Joint Bid also provided that intercompany debt owed by the operating companies to 420 Parent would be assumed liabilities.
22. Pursuant to the Joint Bid, the purchaser agreed to make offers of employment to at least 90% of the employees of the Applicants including both store-level and head office employees.

#### **FOUR20's Rejection of all Phase 2 Qualified Bids**

23. After the Joint Bid was submitted on December 20, 2024, High Park did not receive any feedback or questions from the Monitor or the Applicants.
24. On January 7, 2025, High Park received a letter from the Monitor (the "**January 7 Letter**"), which confirmed that the Joint Bid was deemed a "Phase 2 Qualified Bid" but advised that no bid would be selected as a Successful Bid and FOUR20 had instead elected to advance one or more plans of arrangement. A copy of the January 7 Letter is attached to this Affidavit as **Exhibit "B"**.

#### **Confidential Exhibits**

25. High Park seeks an order sealing the Confidential Exhibits to the Affidavit of Lisa Roy, to be sworn and filed, being the Joint LOI, the Joint Bid and certain correspondence relating to the Joint Bid, on the Court file pending further order of the Court. Each of these documents contains commercially sensitive information relating to High Park and One Plant's joint offer submitted in the SISP.
26. In the event that the SISP is reopened or any other sales process is conducted with respect to the Applicants, disclosure of the details of the offer made by High Park and One Plant set out in the Confidential Exhibits would prejudice High Park and One Plant in that process and could prejudice the Applicants.

27. I am not physically present before the Commissioner for Oaths taking this Affidavit, but I am linked to the Commissioner for Oaths by video conference. I affirm this Affidavit remotely pursuant to the process described at Court of King's Bench Notice to the Profession and Public #2020-02 dated March 25, 2020.

AFFIRMED BEFORE ME at the City of  
Calgary, in the Province of Alberta, this 6th  
day of March, 2025.

\_\_\_\_\_  
Commissioner for Oaths in and for Alberta



\_\_\_\_\_  
CARL MERTON

THIS IS **EXHIBIT "A"** REFERRED  
TO IN THE AFFIDAVIT OF  
**CARL MERTON**  
AFFIRMED BEFORE ME THIS 6<sup>th</sup>  
DAY OF MARCH, 2025

---

A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

---

**From:** Eli Brenner <ebrenner@ksvadvisory.com>  
**Sent:** Friday, November 22, 2024 1:07 PM  
**To:** Daniel Fuke  
**Cc:** Michael Serruya; Dylan Chochla; Mitchell.Gendel@aphria.com; Hunter, Carole; Pawlyk, Jerritt; selnesm@bennettjones.com; Andrew Basi  
**Subject:** [EXTERNAL] Re: 420 Phase I LOI- High Park and One Plant

**DLA Piper (Canada) LLP ALERT:** This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Hi Daniel et al,

Thank you for submitting your joint letter of intent ("**LOI**") in the above-noted matter.

The Monitor, in consultation with FOUR20, is pleased to inform you that High Park Shops Inc. and One Plant (Retail) Corp. (together, the "**Interested Party**") is deemed to be a "**Phase 2 Qualified Bidder**" and is invited to participate in Phase 2 of the Sale Process.

The Monitor has not made any determination of the credit bid component of your offer, and it is anticipated that if your bid is selected as the Successful Bid, the Monitor may seek advice and direction from the Court regarding the credit bid component of your bid.

The Monitor, in consultation with FOUR20, is preparing a bid process letter for Phase 2 (the "**Bid Process Letter**"), which will include a draft purchase and sale agreement and a share subscription agreement (the "**Draft Purchase/Share Subscription Agreement**"). It is anticipated that both the Bid Process Letter and the Draft Purchase/Share Subscription Agreement will be circulated to Phase 2 Qualified Bidders and made available in the data room early next week.

Furthermore, based on feedback from a number of interested parties, and in accordance with paragraph 44 of the SISP, the Monitor is extending the Phase 2 Bid Deadline to submit binding offers to 12 p.m. (Calgary Time) on Friday December 20, 2024, and the deadline to determine successful bid(s) to Monday January 6, 2025.

The Monitor understands that you may require additional due diligence in order to submit a final and binding offer. Please contact me with any further due diligence requests.

Should you have any questions with respect to the foregoing, please contact me. Thank you.



**Eli Brenner**  
Managing Director

**T** 416.932.6028  
**M** 416.573.8572  
**W** [www.ksvadvisory.com](http://www.ksvadvisory.com)

**From:** Daniel Fuke <dfuke@fasken.com>

**Sent:** Friday, November 15, 2024 1:34 PM

**To:** Eli Brenner <ebrenner@ksvadvisory.com>; kfellowes@stikeman.com <kfellowes@stikeman.com>;  
ndoelman@stikeman.com <ndoelman@stikeman.com>; selnesm@bennettjones.com <selnesm@bennettjones.com>  
**Cc:** Michael Serruya <michael@serruyaequity.com>; Dylan Chochla <dchochla@fasken.com>;  
Mitchell.Gendel@aphria.com <Mitchell.Gendel@aphria.com>; carole.hunter@ca.dlapiper.com  
<carole.hunter@ca.dlapiper.com>; Pawlyk, Jerriitt <jerriitt.pawlyk@ca.dlapiper.com>  
**Subject:** 420 Phase I LOI- High Park and One Plant

All,

Please find attached a sales process letter of intent submitted jointly by High Park Shops Inc. and One Plant (Retail) Corp., together with supporting materials.

Regards,  
Dan

**Daniel Fuke** (He/Him)

Partner

T +1 416 865 4436

dfuke@fasken.com | [//www.fasken.com/en/daniel-fuke](https://www.fasken.com/en/daniel-fuke)

# FASKEN

**Fasken Martineau DuMoulin LLP**

333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6

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THIS IS **EXHIBIT "B"** REFERRED  
TO IN THE AFFIDAVIT OF  
**CARL MERTON**  
AFFIRMED BEFORE ME THIS 6<sup>th</sup>  
DAY OF MARCH, 2025

---

A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA





**KSV Advisory Inc.**  
1165, 324 – 8<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 2Z2  
T +1 416 932 6262  
F +1 416 932 6266

info@ksvadvisory.com

January 7, 2025

**DELIVERED BY EMAIL**

**To:** Phase 2 Qualified Bidders<sup>1</sup>

**From:** KSV Restructuring Inc., in its capacity as Monitor of the Applicants (defined below), and not in its personal capacity

**Re:** Evaluation of the Phase 2 Bids of the SISP for 420 Investments Ltd., 420 Premium Markets Ltd., Green Rock Cannabis (EC 1) Limited and 420 Dispensaries Ltd. ("FOUR20" or the "Applicants")

We are writing in our capacity as Court appointed monitor (the "**Monitor**") of the Applicants.

Thank you for submitting your Phase 2 Bid pursuant to the SISP.

We confirm that your offer submitted on December 20, 2024, was deemed as a Phase 2 Qualified Bid.

After thorough consideration and a comprehensive review and evaluation of all Phase 2 Qualified Bids received, the Monitor has consulted with the Applicants and the Applicants have advised that no Phase 2 Qualified Bids will be selected as a Successful Bid and the Applicants will not be seeking Court approval to enter into a definitive agreement with any Phase 2 Qualified Bidder through the SISP.

The Applicants have elected to seek Court Approval to advance one or more Plans of Arrangement that are intended to provide realizations to creditors that are excess of any potential realizations creditors may receive by advancing a Phase 2 Qualified Bid and will allow the Applicants to continue their business as a going concern. The Plan of Arrangement is being developed and details regarding this plan will be communicated to stakeholders in due course.

---

<sup>1</sup> Capitalized terms in this letter have the meaning provided to them in the Sale and Investment Solicitation Process ("**SISP**") Order, dated September 19, 2024 (the "**SISP Order**"), unless otherwise defined herein. A copy of the SISP Order can be found here: [\*\*SISP Order\*\*](#).

The Monitor will also be contacting you to obtain wire instructions for return of your deposit. The Monitor and the Applicants sincerely appreciate your participation in the SISP and your interest in this opportunity.

\* \* \*

Yours very truly,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS,  
AND NOT IN ITS PERSONAL CAPACITY**



COURT FILE NUMBERS 2401-17986

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED  
AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420 PREMIUM  
MARKETS LTD., GREEN ROCK CANNABIS (EC 1) LIMITED  
and 420 DISPENSARIES LTD.

APPLICANTS 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD.,  
GREEN ROCK CANNABIS (EC 1) LIMITED, AND 420  
DISPENSARIES LTD.

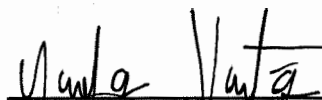
RESPONDENT HIGH PARK SHOPS INC.

DOCUMENT **CERTIFICATE OF REMOTE COMMISSIONING**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT BLAKE, CASSELS & GRAYDON LLP  
3500 Bankers Hall East,  
855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J8

Attention: Kelly Bourassa / Jenna Willis  
Telephone: 403-260-9697/ 403-260-9750  
Facsimile: 403-260-9700  
Email: kelly.bourassa@blakes.com  
jenna.willis@blakes.com  
File Ref.: 191284/35

**TAKE NOTICE** that this Certificate certifies that I, Nicolas Huertas, was the Commissioner for Oaths signing the Affidavit of Carl Merton in this Action on March 6, 2025 (the "**Affidavit**") via videoconference. As commissioner, I confirm that the affiant and I followed the process outlined by the Alberta Court of King's Bench in Notice to the Profession and Public #2020-02 dated March 25, 2020. In addition to the steps described in the Affidavit, I compared each page of the copy I received from the affiant with the initialed copy that was before me while I was linked by videoconference with the affiant. Upon being satisfied that the two copies were identical, I affixed my name to the jurat.

  
\_\_\_\_\_  
Nicolas Huertas  
Nicolas Huertas  
Barrister & Solicitor

## **TAB 6**

COURT FILE NUMBERS 2401-17986

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER

IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C.  
C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420  
PREMIUM MARKETS LTD., GREEN ROCK  
CANNABIS (EC 1) LIMITED and 420  
DISPENSARIES LTD.

APPLICANTS

420 INVESTMENTS LTD., 420 PREMIUM MARKETS  
LTD., GREEN ROCK CANNABIS (EC 1) LIMITED,  
AND 420 DISPENSARIES LTD.

RESPONDENT

HIGH PARK SHOPS INC.

DOCUMENT

**AFFIDAVIT**

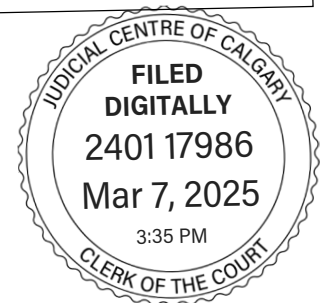
PARTY FILING THIS DOCUMENT

HIGH PARK SHOPS INC.


ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP  
3500 Bankers Hall East,  
855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J

Attention: Kelly Bourassa / Jenna Willis  
Telephone: 403-260-9697/ 403-260-9650  
Facsimile: 403-260-9700  
Email: kelly.bourassa@blakes.com  
jenna.willis@blakes.com  
File Ref.: 191284/35



This is **Exhibit "27"** referred to in the Affidavit of  
Lisa Roy sworn before me this 7 day of  
March, 2025.

  
A COMMISSIONER FOR OATHS IN AND FOR  
ALBERTA

Nicolas Huertas  
Barrister & Solicitor





**KSV Advisory Inc.**  
1165, 324 – 8<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 2Z2  
T +1 416 932 6262  
F +1 416 932 6266

info@ksvadvisory.com

---

January 7, 2025

**DELIVERED BY EMAIL**

**To:** Phase 2 Qualified Bidders<sup>1</sup>

**From:** KSV Restructuring Inc., in its capacity as Monitor of the Applicants (defined below), and not in its personal capacity

**Re:** Evaluation of the Phase 2 Bids of the SISP for 420 Investments Ltd., 420 Premium Markets Ltd., Green Rock Cannabis (EC 1) Limited and 420 Dispensaries Ltd. (“**FOUR20**” or the “**Applicants**”)

We are writing in our capacity as Court appointed monitor (the “**Monitor**”) of the Applicants.

Thank you for submitting your Phase 2 Bid pursuant to the SISP.

We confirm that your offer submitted on December 20, 2024, was deemed as a Phase 2 Qualified Bid.

After thorough consideration and a comprehensive review and evaluation of all Phase 2 Qualified Bids received, the Monitor has consulted with the Applicants and the Applicants have advised that no Phase 2 Qualified Bids will be selected as a Successful Bid and the Applicants will not be seeking Court approval to enter into a definitive agreement with any Phase 2 Qualified Bidder through the SISP.

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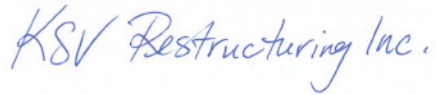
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<sup>1</sup> Capitalized terms in this letter have the meaning provided to them in the Sale and Investment Solicitation Process (“**SISP**”) Order, dated September 19, 2024 (the “**SISP Order**”), unless otherwise defined herein. A copy of the SISP Order can be found here: [\*\*SISP Order\*\*](#).

The Monitor will also be contacting you to obtain wire instructions for return of your deposit. The Monitor and the Applicants sincerely appreciate your participation in the SISP and your interest in this opportunity.

\* \* \*

Yours very truly,

A handwritten signature in blue ink that reads "KSV Restructuring Inc." The signature is written in a cursive, flowing style.

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS,  
AND NOT IN ITS PERSONAL CAPACITY**

