

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)	FRIDAY, THE 27 th
)	
JUSTICE CONWAY)	DAY OF OCTOBER, 2023
)	

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 **ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED, CANABO MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC.,** and **2676063 ONTARIO INC.**

(each an “**Applicant**” and collectively the “**Applicants**”)

**APPROVAL AND VESTING ORDER
 (“Grimsby Property Approval Order”)**

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order, *inter alia*, (i) approving the sale transaction (the “**Sale Transaction**”) contemplated by an agreement of purchase and sale between Aleafia Farms Inc. (the “**Seller**”), as vendor, and Siva Selvan, for a company to be later incorporated, as purchaser, dated September 15, 2023 (the “**Purchase Agreement**”), together with the schedules thereto, attached as Exhibit “J” to the affidavit of Patricia Symmes-Rizakos dated October 20, 2023 (the “**Fourth Affidavit**”), pursuant to which IFS Rent and Leasing Services Inc. (the “**Purchaser**”) has been designated as the transferee entity hereunder; and (ii) vesting in the Purchaser the Seller’s right, title and interest in the Purchased Assets (as defined in the Purchase Agreement), including real property municipally known as 378 South Service Road, Grimsby, Ontario and legally described in Schedule “C” to this Order (the “**Real Property**”), free and clear

from any encumbrances, except for the Permitted Encumbrances (as defined in the Purchase Agreement), was heard this day via videoconference.

ON READING the Motion Record of the Applicants, including the Fourth Affidavit, the Third Report of KSV Restructuring Inc., in its capacity as monitor of the Applicants (in such capacity, the “**Monitor**”), dated October 25, 2023, and such further materials as counsel may advise, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor and counsel to those parties listed on the counsel slip, and no one else appearing for any other interested person, although duly served as evidenced by the Affidavit of Service of Cristian Delfino, as filed (the “**Affidavit of Service**”).

SERVICE

1. THIS COURT ORDERS that the time for service of the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. THIS COURT ORDERS that capitalized terms used herein that are otherwise not defined shall have the meaning ascribed to them in the Amended and Restated Initial Order made in these CCAA proceedings dated August 4, 2023, the Purchase Agreement or the Fourth Affidavit, as applicable.

APPROVAL AND VESTING

3. THIS COURT ORDERS that the Purchase Agreement and the Sale Transaction be and are hereby approved and that the execution of the Purchase Agreement by the Seller is hereby authorized, with such minor amendments as the Seller and the Purchaser, with the approval of the Monitor, may agree upon. The Seller is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by the Seller to proceed with the Sale Transaction and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS** that upon the delivery of a Monitor's certificate to the Seller or its counsel and to the Purchaser or its counsel (the "**Effective Time**") substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), (i) all of the Seller's right, title and interest in and to the Purchased Assets described in the Purchase Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all Claims and Encumbrances (each as defined below), save and except for the Permitted Encumbrances; and (ii) all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges or other financial or monetary claims whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise but only in respect of the Purchased Assets (collectively, the "**Claims**") including, without limiting the generality of the foregoing (A) any encumbrances or charges created by any order made in these CCAA proceedings but only in respect of the Purchased Assets; (B) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, including those registrations listed on Schedule "B" hereto but only in respect of the Purchased Assets; and (C) all instruments registered on title to the Real Property, including those instruments listed on Schedule "D" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances, easements and restrictive covenants listed on Schedule "E" hereto) and, for greater certainty, this Court orders that all Encumbrances (which for certainty, do not include the Permitted Encumbrances) affecting or relating solely to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets only and shall otherwise be unaffected by this Order.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof in connection with the Sale Transaction.

7. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Seller and the Purchaser regarding the satisfaction or waiver of conditions to Closing under the Purchase Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

8. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Niagara North (No. 30) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the Real Property in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims and Encumbrances (including without limitation those instruments referred to in Schedule "D" hereto) save and except the Permitted Encumbrances, easements and restrictive covenants listed on Schedule "E" hereto.

9. **THIS COURT ORDERS** that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances (other than the Permitted Encumbrances) shall attach to the net proceeds from the Sale Transaction (the "**Net Proceeds**"), with the same priority as they had with respect to the Property immediately prior to the Effective Time, as if the Sale Transaction had not been completed.

10. **THIS COURT ORDERS** that, to the extent that DIP Obligations remain owing by the Applicants under the DIP Term Sheet, the Monitor shall be and is hereby authorized and directed to distribute, for and on behalf of the Applicants, within one (1) day following the day the Monitor's Certificate is delivered in accordance with this Order, the Net Proceeds minus a holdback of \$400,000 in partial repayment of the DIP Obligations then owing by the Applicants under the DIP Term Sheet (a "**Distribution**"). The Distribution made pursuant to this Order shall be and shall be deemed to be made free and clear of all Claims and Encumbrances.

11. **THIS COURT ORDERS** that, notwithstanding (i) the pendency of these proceedings; (ii) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made in respect of the Applicants, the vesting of the Purchased Assets in the Purchaser under the Purchase Agreement, the implementation of the Sale Transaction, and any payments by the Purchaser authorized herein or

pursuant to the Purchase Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

12. THIS COURT ORDERS that, following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances (save and except for the Permitted Encumbrances) as against the Purchased Assets.

13. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Germany or in Australia, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

14. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

15. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order and is enforceable without the need for entry or filing.



Schedule “A” – Form of Monitor’s Certificate

Court File No. CV-23-00703350-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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 **ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED, CANABO MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC.,** and **2676063 ONTARIO INC.**

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MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (the “**Court**”) dated July 25, 2023, KSV Restructuring Inc. was appointed as the monitor (the “**Monitor**”) of the undertaking, property and assets of the Applicants, including the Seller (as defined below).

B. Pursuant to an Order of the Court dated October 27, 2023, the Court approved the agreement of purchase and sale (the “**APS**”) by and between Aleafia Farms Inc. (the “**Seller**”) and Siva Selvan, for a company to be later incorporated (the “**Purchaser**”) dated September 15, 2023 (the “**Transaction**”) which provided for the vesting in the Purchaser of the Seller’s right, title and interest in and to the Purchased Assets (as defined therein) free and clear of all Claims and Encumbrances save and except for the Permitted Encumbrances (each as defined therein) which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser and

the Seller (or their respective counsel) of a certificate confirming receipt of (i) confirmation from the Purchaser and Seller that all conditions of Closing (as defined in the APS) in sections 14 and 15 of the APS have been satisfied and/or waived by the Seller and the Purchaser, as applicable, and (ii) the Purchaser has paid the Purchase Price (as defined in the APS) payable on Closing pursuant to the APS.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APS.

THE MONITOR CERTIFIES the following:

1. The conditions to Closing under the APS have been satisfied and/or waived by the Seller and the Purchaser, as applicable.
2. The Purchaser has paid and the Seller (or the Monitor on the Seller's behalf) has received the Purchase Price, subject to applicable adjustments, for the Purchased Assets payable on Closing pursuant to the APS.
3. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**KSV Restructuring Inc., in its capacity as
Monitor of the Applicants, and not in its
personal capacity**

By: _____
Name:
Title:

Schedule “B” – PPSA Registrations to be Released but only in respect of the Purchased Assets

Date of Registration	Secured Party	File Number	Registration Number	Expiry Date
2021/03/11	Kubota Canada Ltd.	770485293	20210311 1003 1462 8487	2025/03/11
2021/05/26	Kubota Canada Ltd.	772809228	20210526 1001 1462 7536	2027/05/26
2021/10/01	1260356 Ontario Limited	776939868	20211001 1323 9234 9060	2024/10/01
2021/12/20	Red White & Bloom Brands Inc.	779148972	20211220 1034 1590 0434	2026/12/20
2022/06/23	Computershare Trust Company of Canada	784253682	20220623 0958 1793 1948	2032/06/23
2022/08/22	1260356 Ontario Limited	785999808	20220822 1147 1793 6268	2027/08/22

Schedule "C" – Real Property

PIN 46033-0368 (LT)

1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499;

2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY

Address: 378 South Service Road, Grimsby, Ontario

Schedule “D” – Claims to be deleted and expunged from title to Real Property

Instruments on Title – 46033-0368 (LT) Current as of October 4, 2023

Reg No.	Registration Date	Type	Amount	Parties From	Parties To:
NR591525	2021/10/04	Charge	\$20,000,000	Aleafia Farms Inc.	1260356 Ontario Limited
NR600589	2021/12/24	Charge	\$19,000,000	Aleafia Farms Inc.	Next Edge General Partner (Ontario) Inc. NE SPC II LP
NR600591	2021/12/24	No Assgn Rent Gen		Aleafia Farms Inc.	Next Edge General Partner (Ontario) Inc. NE SPC II LP
NR600593	2021/12/24	Postponement		1260356 Ontario Limited	Next Edge General Partner (Ontario) Inc. NE SPC II LP
NR618372	2022/06/27	Charge	\$100,000,000	Aleafia Farms Inc.	Computershare Trust Company of Canada
NR618373	2022/06/27	No Assgn Rent Gen		Aleafia Farms Inc.	Computershare Trust Company of Canada

NR643871	2023/06/12	Transfer of Charge		Next Edge General Partner (Ontario) Inc. NE SPC II LP	Red White & Bloom Brands Inc.
NR643873	2023/06/12	No Assgn Rent Gen		Next Edge General Partner (Ontario) Inc. NE SPC II LP	Red White & Bloom Brands Inc.

Schedule “E”

Permitted Encumbrances, Easements and Restrictive Covenants related to the Purchased Assets (unaffected by the Approval and Vesting Order)

Any of the following encumbrances:

GENERAL ENCUMBRANCES

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any royalties, mines and minerals in the Crown or in any other person.
2. Subdivision agreements, site plan control agreements, development agreements, heritage easements and agreements relating thereto, servicing agreements, utility agreements, permits, licenses, airport zoning regulations and other similar agreements with Governmental Authorities or private or public utilities affecting the development or use of any Lands.
3. Rail siding agreements or facility, cost sharing, servicing, reciprocal use or other similar agreements.
4. Any easements, servitudes, or rights-of-way in favour of any Governmental Authority, any private or public utility, any railway company or any adjoining owner.
5. Any unregistered easements, servitudes, rights-of-way or other unregistered interests or claims not disclosed by registered title in respect of the provision of utilities to the Lands.
6. Any rights of expropriation, access or use or any other similar rights conferred or reserved by applicable law.
7. Encumbrances for real or immovable property taxes (which term includes charges, rates and assessments) or charges for electricity, power, gas, water and other services and utilities in connection with the Lands that have accrued but are not yet due and owing or, if due and owing, are adjusted for on Closing.
8. Restrictive covenants, private deed restrictions and other similar land use control agreements.
9. Minor encroachments by the Buildings/Purchased Assets over neighbouring lands and/or permitted under agreements with neighbouring landowners and minor encroachments over

the Lands by improvements of neighbouring landowners and/or permitted under agreements with neighbouring landowners.

10. The provisions of all applicable laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning of the Lands.
11. The exceptions and qualifications contained in Section 44(1) of the Land Titles Act (Ontario) (other than paragraphs 4, 6 and 11).
12. Security given to a public utility or any municipality or governmental or other public authority when required by the operations of the Lands in the ordinary course of business, including, without limitation, the right of the municipality to acquire portions of the Lands for road widening or interchange construction and the right of the municipality to complete improvements, landscaping or remedy deficiencies in any pedestrian walkways or traffic control or monitoring to be provided to the Lands.
13. Any minor title defects, irregularities, easements, servitudes, encroachments, rights-of-way or other discrepancies in title or possession relating to the Lands which would be disclosed by an up-to-date plan of survey, real property report, certificate of location, or technical description.
14. Permits, licenses, agreements, servitudes, easements, (including, without limitation, heritage easements and agreements relating thereto), restrictions, restrictive covenants, options, rights-of-way, public ways, rights in the nature of an easement or servitude and other similar rights in land granted to or reserved by other persons (including, without in any way limiting the generality of the foregoing, permits, licenses, agreements, easements, rights-of-way, sidewalks, public ways, and rights in the nature of easements or servitudes for sewers, drains, steam, gas and water mains or electric light and power or telephone and telegraph conduits, poles, wires and cables) (other than those described in items 4 and 5 of this Schedule) which do not materially impair the current use, operation or marketability of the Lands.
15. Undetermined or inchoate liens incidental to construction, renovations or current operations, a claim for which shall not at the time have been registered against the Lands or of which notice in writing shall not at the time have been given to the Seller pursuant to the Construction Act (Ontario) or similar legislation, and in respect of any of the foregoing

cases, the Seller has, where applicable, complied with the holdback or other similar provisions or requirements of the relevant construction contracts.

16. Any reference plans or plans registered pursuant to the Boundaries Act (Ontario).
17. Any unregistered interests in the Lands of which the Purchaser has actual notice.
18. All rights of first refusal, option to purchase or similar rights relating to the Lands.
19. All instruments which are registered against title to Lands: (i) as of the date that is one (1) Business Days prior to the date of execution of this Agreement, including the Specific Encumbrances listed below; or (ii) otherwise agreed to by the Purchaser; or (iii) permitted by this Schedule "E", except for those encumbrances to be vested off pursuant to Schedule "D" hereto.

SPECIFIC ENCUMBRANCES

1. Instrument No. RO437966 registered on October 15, 1981 and being an Agreement re: Easement to The Corporation of the Town of Grimsby.
2. Instrument No. NR529869 registered on December 12, 2019 and being a Transfer Easement from Aleafia Farms Inc. to Grimsby Power Incorporated.
3. Instrument No. NR262008 registered on February 16, 2011 and being a Bylaw for Public Highway from The Regional Municipality of Niagara
4. Instrument No. NR384106 registered on June 19, 2015 and being a Notice from The Corporation of the Town of Grimsby.

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Court File No.: CV-23-00703350-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

APPROVAL AND VESTING ORDER

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