

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 REALTY LTD., ALEAFIA BRANDS INC.,
2672533 ONTARIO INC., 2676063 ONTARIO INC. and
1000682692 ONTARIO INC

Applicants

**MOTION RECORD OF THE MONITOR
(CCAA Termination)**

February 22, 2024

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capacity as Monitor of Aleafia Health Inc. et al.
and not in its personal capacity

TO: **THE SERVICE LIST**

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

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N :

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 REALTY LTD., ALEAFIA BRANDS INC.,
2672533 ONTARIO INC., 2676063 ONTARIO INC. and 1000682692 ONTARIO INC.

Applicants

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TAB 1

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 REALTY LTD., ALEAFIA BRANDS INC.,
2672533 ONTARIO INC., 2676063 ONTARIO INC. and
1000682692 ONTARIO INC

Applicants

NOTICE OF MOTION
(CCAA Termination)

The Monitor, KSV Restructuring Inc. (“**KSV**”), will make a Motion to a Judge presiding over the Commercial List on Friday, March 1, 2024 at 2:00 p.m., or as soon after that time as the Motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- In writing under subrule 37.12.1(1);
- In writing as an opposed motion under subrule 37.12.1(4);
- In person;
- By telephone conference;
- By video conference

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at the following location:

Zoom link to be circulated.

THE MOTION IS FOR

1. An Order, substantially in the form of the draft order included in the Motion Record, among other things:

- (a) abridging the time for, and validating service of, this Notice of Motion and supporting materials such that the motion is properly returnable on March 1, 2024 and dispensing with further service thereof;
- (b) discharging KSV in its capacity as the Monitor of the Remaining Applicants (defined below) effective upon the service by the Monitor of an executed copy of a certificate in substantially the form attached as Schedule “A” to the Order (the “**Monitor’s Termination Certificate**” and the time of service thereof being the “**CCAA Termination Time**”);
- (c) releasing and discharging the Charges (as defined in the Amended and Restated Initial Order) effective at the CCAA Termination Time without any further act or formality;
- (d) from and after the CCAA Termination Time:
 - (i) authorizing the Remaining Applicants to make an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”);
 - (ii) authorizing and empowering the Monitor to file any such assignment in bankruptcy for and on behalf of the Remaining Applicants; and

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- (iii) authorizing and empowering (but not requiring) KSV to act as trustee in the bankruptcy (the “**Trustee**”) of the Remaining Applicants, and to fund reasonable retainers to any such Trustee from the Administrative Expense Amount (as defined in the Stalking Horse Agreement, defined below);
 - (e) authorizing the Trustee to administer the bankruptcy estates of the Remaining Applicants as if such estates were in respect of a single bankrupt for the purposes of carrying out its duties and responsibilities as Trustee under the BIA;
 - (f) granting certain releases (the “**Releases**”) in favour of the Released Parties, the RWB Released Parties and Released D&Os (each as defined below);
 - (g) approving the assignment of the Aleafia Claim (defined below) pursuant to the Assignment Agreement (defined below);
 - (h) extending the Stay Period from March 8, 2024 to the CCAA Termination Time;
 - (i) approving the fees and disbursements of the Monitor and its counsel as described in the Sixth Report of the Monitor dated February 22, 2024 (the “**Sixth Report**”);
and
 - (j) approving the Fourth Report of the Monitor dated November 23, 2023, the Fifth Report of the Monitor dated January 20, 2024 and the Sixth Report, and the actions, conduct and activities of the Monitor referred to therein; and
2. Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE¹

3. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on July 25, 2023 (the “**Initial Order**”), Aleafia Health Inc. (“**AHI**” or “**Aleafia Health**”), Emblem Corp. (“**Emblem Corp**”), Emblem Realty Ltd. (“**Emblem Realty**”), Aleafia Brands Inc. (“**ABI**”), 2672533 Ontario Inc. (“**2672 Ont**”), 2676063 Ontario Inc (“**2676 Ont**”), Emblem Cannabis Corporation (“**Emblem Cannabis**”), Growwise Health Limited (“**Growwise**”), Canabo Medical Corporation (“**Canabo**”), Aleafia Inc. (“**Aleafia Sub**”), Aleafia Farms Inc. (“**Aleafia Farms**”) and Aleafia Retail Inc. (“**Aleafia Retail**”), (the “**Initial Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV was appointed monitor of the Initial Applicants (in such capacity, the “**Monitor**”);

4. On August 4, 2023, the Honourable Justice Penny granted the Amended and Restated Initial Order (the “**ARIO**”) which, *inter alia*, extended the Stay Period to September 1, 2023, authorized the Initial Applicants to refrain from making certain securities filings during the Stay Period, increased the amounts which the Initial Applicants may borrow under the DIP facility to \$6.6 million, increased the amounts which the Initial Applicants may pay critical third-party suppliers for certain pre-filing obligations to \$500,000 and increased the Charges (as defined in the ARIO);

5. On August 22, 2023, the Honourable Justice Conway granted an order (the “**SISP Order**”) approving a sale and investment solicitation process (“**SISP**”) and approving a Stalking Horse

¹ All capitalized terms not otherwise defined have the meanings given to them in the Sixth Report.

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Asset Purchase and Subscription Agreement (as amended and restated on October 24, 2023, and amended on November 21, 2023 and December 15, 2023, the “**Stalking Horse Agreement**”) between AHI, Emblem Cannabis, Canabo and Aleafia Retail, as sellers (collectively, the “**Sellers**”), and RWB and RWB (PV) Canada Inc., a wholly-owned subsidiary of RWB, as purchaser (in such capacity, the “**Purchaser**”), solely for the purpose of constituting the “**Stalking Horse Bid**” under the SISP;

6. The Stalking Horse Bid was determined to be the successful bid in the SISP and a bid from Siva Selven (for a company to be later incorporated) (the “**Grimsby Purchaser**”) was identified as the successful bid for the Aleafia Farms facility located at 378 South Service Rd., Grimsby, Ontario (the “**Grimsby Facility**”), which was marketed in a standalone marketing process pursuant to the SISP Order;

7. On October 27, 2023, the Initial Applicants brought a motion seeking, among other things:

- (a) an Approval and Vesting Order (the “**Grimsby AVO**”), among other things:
 - (i) approving a sale transaction (the “**Grimsby Transaction**”) for the Grimsby Facility; and
 - (ii) authorizing a distribution to the DIP Lender from the Net Proceeds (as defined in the Grimsby AVO) of the Grimsby Transaction.

The Court granted the Grimsby AVO on October 27, 2023 and the Grimsby Transaction closed on November 1, 2023;

- (b) an Approval and Reverse Vesting Order (the “**RWB ARVO**”), among other things:
 - (i) approving the sale transactions contemplated by the Stalking Horse Agreement (the “**RWB Transactions**”); and
 - (ii) adding a newly incorporated entity, being 1000682692 Ontario Inc. (“**Residual Co.**”, and together with AHI, Emblem Corp, Emblem Realty,

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ABI, 2672 Ont and 2676 Ont, the “**Remaining Applicants**”), as an Applicant in these CCAA proceedings, and upon completion of the RWB Transactions, removing the Purchased Entities as Applicants in these CCAA proceedings.

The Court granted the RWB ARVO on October 30, 2023; and

- (c) an Order (the “**Ancillary Relief Order**”), among other things:
- (i) authorizing and empowering the Monitor to exercise certain enhanced powers following delivery of the Monitor’s Closing Certificate (as defined in the RWB ARVO);
 - (ii) approving a key employee retention plan for certain senior management personnel;
 - (iii) approving an amendment to the DIP Term Sheet pursuant to which the maximum principal amount of the DIP Facility would be increased from \$6.6 million to \$8 million and granting a corresponding increase in the DIP Lender’s Charge; and
 - (iv) extending the Stay Period to and including November 30, 2023;

The Court granted the Ancillary Relief Order on October 30, 2023.

8. On November 27, 2023, the Court issued an Order, among other things, extending the Stay Period to and including January 26, 2024 to allow the RWB Transactions additional time to close;
9. On or around January 12, 2024, the parties received the required regulatory approvals in order to satisfy the remaining conditions under the Stalking Horse Agreement. Accordingly, the RWB Transactions closed on January 12, 2024 upon the delivery of the Monitor’s Closing Certificate to the Sellers and the Purchaser;
10. As the RWB Transactions have now closed, the Remaining Applicants no longer have any business operations or remaining material assets;

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11. On January 24, 2024, the Court issued an Order, among other things, extending the Stay Period to and including March 8, 2024, to allow the Monitor additional time to negotiate the terms of a CCAA termination order, including the potential releases to be sought therein, to the extent possible, with certain affected stakeholders in these CCAA proceedings;

CCAA Termination

12. The Monitor is now seeking an order from the Court to effect a wind-up and termination of these CCAA proceedings (the “**CCAA Termination Order**”);

13. Pursuant to the proposed CCAA Termination Order, the Monitor will be authorized to issue the Monitor’s Termination Certificate following the completion of any other matters necessary to complete these CCAA proceedings to the Monitor’s satisfaction;

14. The costs of the wind-down are to be funded through the Administrative Expense Amount, of which the Monitor is currently holding approximately \$298,000, pursuant to the terms of the Stalking Horse Agreement. At the CCAA Termination Time, it is contemplated that these CCAA proceedings and the stay of proceedings in favour of the Remaining Applicants will be terminated and KSV will be released and discharged as Monitor of the Remaining Applicants;

15. In order to facilitate the orderly and efficient wind-up of the Remaining Applicants’ estates, the proposed CCAA Termination Order authorizes the Monitor to make an assignment in bankruptcy from and after the CCAA Termination Time and to fund a reasonable reserve to the bankruptcy estates for the administration of the bankruptcies.

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16. In order to reduce the costs of the bankruptcy process and to facilitate the orderly administration of the bankruptcy estates, the Monitor is seeking an order from the Court to procedurally consolidate the bankruptcies (the “**Consolidated Proceedings**”). The Consolidated Proceedings will allow for, among other things, one newspaper notice, one mailing to all creditors of the Remaining Applicants and one creditors’ meeting;

17. The Monitor believes that procedurally consolidating the bankruptcy proceedings at this stage is appropriate as: (a) the consolidation sought will allow the Trustee to advance these proceedings in the most expedient and efficient manner for the benefit of stakeholders; (b) it will facilitate the orderly administration of these proceedings; (c) creditor rights will not be prejudiced by the procedural consolidation; and (d) it will reduce costs;

18. The proposed CCAA Termination Order provides for a release of all claims against:

- (a) (a) the Monitor and its legal counsel; (b) counsel to the Applicants and, in the case of (a) and (b), each of their respective affiliates and present and former officers, directors, partners, employees and agents, as applicable (collectively, the “**Released Parties**”), in respect of any claims of any kind whatsoever based on any act or omission, transaction, dealing or other occurrence in respect of these CCAA proceedings or their respective conduct in these CCAA proceedings, including any actions taken by KSV or its counsel following the CCAA Termination Time with respect to the Remaining Applicants or these CCAA proceedings;

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- (b) RWB and the Purchaser (collectively, the “**RWB Released Parties**”), in respect of any claims of any kind whatsoever based on any act or omission, transaction, dealing or other occurrence existing or taking place following the commencement of these CCAA proceedings and prior to the CCAA Termination Time in respect of the DIP Facility and the Senior Loan Agreement (each as defined in the Stalking Horse Agreement), the repayment thereof, and/or the realization on the security granted in connection therewith; and

- (c) the directors and officers of the Remaining Applicants and Purchased Entities who were directors or officers on the date of the Initial Order (collectively, the “**Released D&Os**”), in respect of any claims of any kind whatsoever based on any act or omission, transaction, dealing or other occurrence existing or taking place following the commencement of these CCAA proceedings and prior to the CCAA Termination Time in respect of the Remaining Applicants and Purchased Entities, the business, operations, assets, property and affairs of the Remaining Applicants and the Purchased Entities and/or these CCAA proceedings;

19. In the Monitor’s view, the Released Parties, the RWB Released Parties and the Released D&Os have facilitated and significantly contributed to these CCAA proceedings, including the RWB Transactions, and the Releases are appropriately limited in scope and tailored given the exclusions described in the Sixth Report;

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Assignment Agreement

20. Pursuant to its enhanced powers granted in the Ancillary Relief Order, the Monitor, on behalf of AHI and Emblem Corp (collectively, the “**Assignor**”), has reached an agreement (the “**Assignment Agreement**”) with certain holders of convertible debentures issued by AHI (the “**Debentureholders**”), subject to approval by the Court;

21. The Assignment Agreement provides for the assignment to the Debentureholders through Computershare Trust Company of Canada, in its capacity as trustee, of any and all claims of the Assignor against Manning Elliott LLP (the “**Auditor**”), whom AHI engaged for certain auditing and related services, and its directors, officers, partners, managers, employees, insurers and agents (the “**Aleafia Claim**”);

22. The Debentureholders are owed not less than \$43,000,000 by the Assignor. The Debentureholders have agreed to pay \$5,000,000 for the assignment of the Aleafia Claim (the “**Consideration**”), which Consideration will be satisfied entirely by way of reduction to the amounts due and owing by the Assignor to the Debentureholders;

23. The Monitor recommends that the Court approve the assignment of the Aleafia Claim. The Debentureholders constitute secured creditors of the Assignor and have not received, and are not expected to receive, any distributions in these CCAA proceedings. There was also limited interest expressed in the assets of the Initial Applicants through the SISP and the Monitor is not aware of any other party who has expressed interest in the Aleafia Claim;

Stay Extension

24. The Stay Period is set to expire on March 8, 2024. Pursuant to the proposed CCAA Termination Order, the Monitor is requesting an extension of the stay to the CCAA Termination Time in the event that the Monitor is not in a position to deliver the Monitor's Termination Certificate by March 8, 2024;

25. The Remaining Applicants, with the assistance and oversight of the Monitor, have been acting, and continue to act, in good faith and with due diligence;

26. No creditor is expected to suffer material prejudice if the extension is granted;

27. The Monitor is not aware of any party opposed to an extension of the Stay Period; and

28. The remaining Administrative Expense Amount is projected to provide sufficient liquidity to fund the expenses in these CCAA proceedings to and including the CCAA Termination Time;

Professional Fees

29. Provided the Court approves the proposed CCAA Termination Order, all of the matters to be addressed in these CCAA proceedings, aside from those limited matters required to wind down these proceedings as detailed in the Sixth Report, will have been completed. As a result, the Monitor seeks approval of: (i) its fees and disbursements incurred since the commencement of these CCAA proceedings to January 31, 2024; (ii) the fees and disbursements of the Monitor's counsel incurred since the commencement of these CCAA proceedings to February 15, 2024; and (iii) the Estimated Remaining Fees, which will be necessary for the Monitor and its counsel to

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complete its remaining duties in these CCAA proceedings (estimated not to exceed \$125,000 in aggregate);

30. The Monitor is of the view that the hourly rates charged by its counsel are consistent with the rates charged by large corporate law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, that its billings reflect work performed consistent with the Monitor's instructions, and that the overall fees charged by counsel and the Monitor are reasonable and appropriate in the circumstances;

Other Grounds

31. The provisions of the CCAA, including section 11, and the inherent and equitable jurisdiction of this Court;

32. Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

33. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

34. The Sixth Report of the Monitor dated February 22, 2024; and

35. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

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February 22, 2024

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Counsel for KSV Restructuring Inc., in its
capacity as Monitor of Aleafia Health Inc. et al.
and not in its personal capacity

TO: **THE SERVICE 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
REALTY LTD., ALEAFIA BRANDS INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC. and 1000682692 ONTARIO INC.

Applicants

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

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

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

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Aleafia Health Inc. et al. and not in its personal capacity

TAB 2

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

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

THE HONOURABLE)	FRIDAY, THE 1 ST
)	
JUSTICE CONWAY)	DAY OF MARCH, 2024

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

AND IN THE MATTER OF PLAN OF COMPROMISE OR
ARRANGEMENT OF ALEAFIA HEALTH INC., EMBLEM
CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS INC.,
2672533 ONTARIO INC., 2676063 ONTARIO INC. and
1000682692 ONTARIO INC.

(collectively, the "**Applicants**")

ORDER

(CCAA TERMINATION)

THIS MOTION, made by KSV Restructuring Inc. ("**KSV**"), in its capacity as Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things: (i) approving the Monitor's Reports (as hereinafter defined) and the activities described therein; (ii) approving the fees and disbursements of the Monitor and the Monitor's counsel; (iii) terminating these proceedings of the Applicants under the CCAA upon the Monitor's service of the Monitor's Termination Certificate (as hereinafter defined) on the service list in these CCAA proceedings (the "**Service List**"); (iv) discharging KSV as Monitor at the CCAA Termination Time (as hereinafter defined); (v) terminating the Charges (as hereinafter defined) at the CCAA Termination Time; (vi) approving the assignment transaction (the "**Assignment Transaction**") contemplated by an assignment agreement (the "**Assignment Agreement**") between Aleafia Health Inc. and Emblem Corp., as assignor (collectively, the "**Assignor**"), and the convertible debentureholders of Aleafia Health Inc. through Computershare Trust Company of

Canada, in its capacity as trustee under that certain debenture indenture dated June 27, 2019, as supplemented, amended and revised, as assignee (collectively, the “**Assignee**”), substantially in the form attached as Appendix “A” to the Sixth Report the Monitor dated February 22, 2024 (the “**Sixth Report**”); (vii) vesting all of the Assignor’s right, title and interest in and to the Aleafia Claim (as defined in the Assignment Agreement) in the Assignee; and (viii) approving certain releases, was heard this day by Zoom videoconference,

ON READING the Motion Record of the Monitor, the Sixth Report, and on hearing the submissions of counsel for the Monitor, counsel for the Applicants, counsel for the Applicants’ directors and officers, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Marleigh Dick affirmed February [●], 2024:

DEFINED TERMS

1. **THIS COURT ORDERS** that all terms capitalized but not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Initial Order dated August 4, 2023 made in these CCAA proceedings (the “**Amended and Restated Initial Order**”), or the Approval and Reverse Vesting Order dated October 30, 2023 made in these CCAA proceedings, as applicable.

SERVICE

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

APPROVAL OF MONITOR’S REPORTS AND ACTIVITIES

3. **THIS COURT ORDERS** that each of the Fourth Report of the Monitor dated November 23, 2023, the Fifth Report of the Monitor dated January 20, 2024 and the Sixth Report (collectively, the “**Monitor’s Reports**”), and the actions, conduct and activities of the Monitor referred to therein, be and are hereby approved; provided, however, that only KSV, in its capacity as Monitor and in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor for the period from July 4, 2023 to January 31, 2024, as set out in the Sixth Report and the Affidavit of Noah Goldstein sworn February 22, 2024 appended thereto, are hereby approved.

5. **THIS COURT ORDERS** that the fees and disbursements of Osler, Hoskin & Harcourt LLP (“**Osler**”), legal counsel to the Monitor, for the period from July 15, 2023 to February 15, 2024, as set out in the Sixth Report and Affidavit of Martino Calvaruso sworn February 21, 2024 appended thereto, are hereby approved.

6. **THIS COURT ORDERS** that the Estimated Remaining Fees (as defined in the Sixth Report) of the Monitor and Osler in connection with the completion by the Monitor of its remaining duties and administration of these CCAA proceedings is hereby approved, and the Monitor and Osler shall not be required to pass their accounts in respect of any further activities in connection with the completion by the Monitor of its remaining duties and administration of these CCAA proceedings.

TERMINATION OF CCAA PROCEEDINGS & DISCHARGE OF THE MONITOR

7. **THIS COURT ORDERS** that upon service by the Monitor of an executed certificate substantially in the form attached hereto as **Schedule “A”** (the “**Monitor’s Termination Certificate**”) on the Service List certifying that, to the knowledge of the Monitor, all matters to be attended to in connection with these CCAA proceedings have been completed, these CCAA proceedings shall be terminated without any further act or formality (the “**CCAA Termination Time**”), save and except as expressly provided in this Order, and provided that nothing herein impacts the validity of any Orders made in these CCAA proceedings or any actions or steps taken by any Person in connection therewith.

8. **THIS COURT ORDERS** that the Monitor shall file a copy of the Monitor’s Termination Certificate with the Court and post a copy of the Monitor’s Termination Certificate on the case Website maintained by the Monitor as soon as is practicable following the CCAA Termination Time.

DISCHARGE OF MONITOR

9. **THIS COURT ORDERS** that effective at the CCAA Termination Time, KSV shall be and is hereby discharged from its duties as Monitor and shall have no further duties, obligations or responsibilities as Monitor from and after the CCAA Termination Time; provided that, notwithstanding its discharge as Monitor, KSV shall have the authority to carry out, complete or address any matters in its role as Monitor that are ancillary or incidental to these CCAA proceedings following the CCAA Termination Time, as may be required or appropriate (collectively, the “**Monitor Incidental Matters**”). In completing any such Monitor Incidental Matters, KSV and its advisors shall continue to have the benefit of the provisions of all Orders made in these CCAA proceedings and all protections under the CCAA, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as Monitor, and nothing in this Order shall affect, vary, derogate from or amend any of the protections in favour of the Monitor pursuant to any Order issued in these CCAA proceedings.

10. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, the Monitor’s discharge or the termination of these CCAA proceedings, nothing herein shall affect, vary, derogate from, limit or amend, and KSV shall continue to have the benefit of, all of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Amended and Restated Initial Order, or any other Order of this Court in these CCAA proceedings or otherwise, all of which are expressly continued and confirmed following the CCAA Termination Time, including in connection with the Monitor Incidental Matters and any other actions taken by KSV following the CCAA Termination Time with respect to the Applicants or these CCAA proceedings.

TERMINATION OF PRIORITY CHARGES

11. **THIS COURT ORDERS** that each of the Charges shall be and are hereby terminated, released and discharged at the CCAA Termination Time without any further act or formality.

BANKRUPTCY

12. **THIS COURT ORDERS** that, from and after the CCAA Termination Time, (a) each of the Applicants is hereby authorized to make an assignment into bankruptcy pursuant to the

Bankruptcy and Insolvency Act, RSC 1985, c. B-3 (“**BIA**”); (b) the Monitor is hereby authorized and empowered, as a Monitor Incidental Matter, to file any such assignment in bankruptcy for and on behalf of any of the Applicants, and to take any steps incidental thereto; and (c) KSV is hereby authorized and empowered, but not required, to act as trustee in bankruptcy (the “**Trustee**”) in respect of any of the Applicants, and to fund reasonable retainers to any such Trustee from the Administrative Expense Amount (as defined in the Amended and Restated Stalking Horse Agreement).

13. **THIS COURT ORDERS** that the Trustee shall be and is hereby authorized to administer the bankruptcy estates as if such estates were in respect of a single bankrupt for the purposes of carrying out its duties and responsibilities as trustee under the BIA (the “**Consolidated Proceedings**”), including, without limitation:

- (a) administering the bankruptcy estates of Aleafia Health Inc., Emblem Corp., Emblem Realty Ltd., Aleafia Brands Inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and 1000682692 Ontario Inc. under a single court file number and title of proceeding;
- (b) sending a notice of the first meeting of creditors (the “**Notice**”) in the manner prescribed by section 102 of the BIA by sending a consolidated Notice for all of the Applicants to accompany the Notice set out in subsection 102(2) of the BIA;
- (c) convening meetings of creditors and inspectors in the bankrupt estates of the Applicants through one combined advertisement and conducting such meetings jointly provided that the results of any creditors’ vote shall be separately tabulated for each such bankrupt estate;
- (d) using a consolidated form of proof of claim that directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
- (e) maintaining a consolidated bank account with respect to the Applicants’ respective bankruptcy estates;
- (f) issuing consolidated reports in respect of the bankruptcy estates of the Applicants;

- (g) performing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of the Applicants required under the BIA; and
- (h) appointing a single group of inspectors to be the inspectors for the consolidated bankruptcy estates of the Applicants.

14. **THIS COURT ORDERS** that the Consolidated Proceedings are not a substantive consolidation of the bankrupt estates of the Applicants and will automatically terminate if the Trustee is replaced as licensed insolvency trustee of any, but not all, of the estates of the Applicants.

15. **THIS COURT ORDERS** that the Consolidated Proceedings do not:

- (a) affect the separate legal status of the corporate structure of the Applicants;
- (b) cause any of the bankrupt estates of the Applicants to be liable for any claim for which it is otherwise not liable, or cause any of the Applicants to have any interest in any asset which it otherwise would not have; or
- (c) affect the bankrupt estates of the Applicants filing obligations under the BIA.

APPROVAL OF ASSIGNMENT TRANSACTION

16. **THIS COURT ORDERS** that the Assignment Agreement and the Assignment Transaction are hereby approved, the execution of the Assignment Agreement by the Monitor, for and behalf of the Assignor, is hereby authorized and approved, with such minor amendments to the Assignment Agreement as the parties thereto may deem necessary, and the Monitor shall have no liability or obligation to any person in connection with the Assignment Agreement, its execution thereof on behalf of the Assignor, the Aleafia Claim and the Assignment Transaction.

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

18. **THIS COURT ORDERS** that, upon the Effective Date (as defined in the Assignment Agreement), all of the right, title and interests of the Assignor in and to the Aleafia Claim shall vest absolutely in the Assignee, free and clear of all Claims and Encumbrances, without any further act or formality.

RELEASES

19. **THIS COURT ORDERS** that, effective at the CCAA Termination Time, Aird & Berlis LLP, KSV in its capacity as Monitor and in its personal capacity, and Osler, and each of their respective affiliates and current and former officers, directors, partners, employees and agents, as applicable (collectively, the “**Released Parties**” and each a “**Released Party**”) shall be and are hereby forever irrevocably released and discharged from any and all claims that any Person may have or be entitled to assert against the Released Parties now or hereafter, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence in any way relating to, arising out of, or in respect of, these CCAA proceedings and/or with respect to their respective conduct in these CCAA proceedings, including any actions required or steps taken in carrying out any Monitor Incidental Matters or any other actions taken by KSV or Osler following the CCAA Termination Time with respect to the Applicants or these CCAA proceedings (collectively, the “**Released Claims**”), and any such Released Claims are hereby irrevocably and permanently released, discharged, stayed, extinguished and forever barred, and the Released Parties shall have no liability in respect thereof; provided that, nothing in this paragraph shall waive, discharge, release, cancel or bar any claim or liability arising out of any gross negligence or wilful misconduct on the part of the applicable Released Party.

20. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against any Released Party in any way arising from or related to its respective Released Claim, except with prior leave of this Court on at least seven (7) days’ prior written notice to the applicable Released Parties.

21. **THIS COURT ORDERS** that, effective at the CCAA Termination Time, RWB and the Purchaser (collectively, the “**RWB Released Parties**” and each an “**RWB Released Party**”) shall

be and are hereby forever irrevocably released and discharged from any and all claims that any Person may have or be entitled to assert against the RWB Released Parties now or hereafter, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place following the commencement of these CCAA proceedings and prior to the CCAA Termination Time in respect of the DIP Facility and the Senior Loan Agreement (each as defined in the Amended and Restated Stalking Horse Agreement), the repayment thereof, and/or the realization on the security granted in connection therewith (collectively, the “**RWB Released Claims**”), and any such RWB Released Claims are hereby and shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the RWB Released Parties; provided that, nothing in this paragraph shall waive, discharge, release, cancel or bar any claim or liability arising out of any gross negligence or wilful misconduct on the part of the applicable RWB Released Party.

22. **THIS COURT ORDERS** that, effective at the CCAA Termination Time, the directors and officers of the Applicants and the Purchased Entities who were directors or officers as at the date of the commencement of these CCAA proceedings (collectively, the “**Released D&Os**” and each a “**Released D&O**”) shall be and are hereby forever irrevocably released and discharged from any and all claims that any Person may have or be entitled to assert against the Released D&Os now or hereafter, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place following the commencement of these CCAA proceedings and prior to the CCAA Termination Time in respect of the Applicants and the Purchased Entities, the business, operations, assets, property and affairs of the Applicants and the Purchased Entities and/or these CCAA proceedings (collectively, the “**D&O Released Claims**”), and any such D&O Released Claims are hereby irrevocably and permanently released, discharged, stayed, extinguished and forever barred, and the Released D&Os shall have no liability in respect thereof; provided that, nothing in this paragraph shall waive, discharge, release, cancel or bar any claim or liability (a) arising out of any gross negligence or wilful misconduct on the

part of the applicable Released D&O; (b) that is not permitted to be released pursuant to section 5.1(2) of the CCAA; and (c) that is a Insured Claim (as hereinafter defined).

INSURED CLAIMS

23. **THIS COURT ORDERS** that, notwithstanding anything set out in any of the Orders made by the Court in these CCAA proceedings, any Person shall be permitted to commence or continue an action, application or other proceeding in respect of any claim or liability which is an insured claim (the “**Insured Claims**”) under any insurance policy maintained by any of the Applicants (collectively, the “**Insurance Policies**”) to the point of determination of liability, if any. The Person asserting an Insured Claim shall be entitled to recover solely from the proceeds under the Insurance Policies to the extent available in respect of any such Insured Claim, and recovery of such Insured Claim shall be irrevocably and forever limited solely to such proceeds, without any additional rights of enforcement, recovery or recourse as against any of the Applicants or the Released D&Os, and such Person shall have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from any of the Applicants or any of the Released D&Os, other than enforcing such Person’s rights to be paid by the applicable insurer(s) from the proceeds of the applicable Insurance Policies. Nothing herein shall prejudice, compromise, release or otherwise affect any rights or defences of any insurer with respect to its obligations under any of the Insurance Policies.

EXTENSION OF THE STAY PERIOD

24. **THIS COURT ORDERS** that that the Stay Period be and is hereby extended to the CCAA Termination Time.

GENERAL

25. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

26. **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 Monitor, the Applicants 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.

27. **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.

28. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.

Schedule “A”

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 PLAN OF COMPROMISE OR
ARRANGEMENT OF ALEAFIA HEALTH INC., EMBLEM
CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS INC.,
2672533 ONTARIO INC., 2676063 ONTARIO INC. and
1000682692 ONTARIO INC.

(collectively, the “**Applicants**”)

MONITOR’S TERMINATION CERTIFICATE**RECITALS**

1. KSV Restructuring Inc. (“**KSV**”) was appointed as Monitor (in such capacity, the “**Monitor**”) in the within proceedings commenced under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 25, 2023 (Court File No. CV-23-00703350-00CL).
2. Pursuant to an Order of this Court dated March 1, 2024 (the “**CCAA Termination Order**”), among other things, KSV shall be discharged as Monitor and these CCAA proceedings shall be terminated upon the service of this Monitor’s Termination Certificate on the service list in these CCAA proceedings, all in accordance with the terms of the CCAA Termination Order.

THE MONITOR HEREBY CERTIFIES the following:

3. To the knowledge of the Monitor, all matters to be attended to in connection with these CCAA proceedings have been completed.

ACCORDINGLY, the CCAA Termination Time (as defined in the CCAA Termination Order) has occurred.

DATED at Toronto, Ontario this _____ day of _____, 2024.

KSV RESTRUCTURING INC., solely in its capacity as the Monitor of the Applicants and not in its personal or corporate capacity

Per: _____

Name:

Title:

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
REALTY LTD., ALEAFIA BRANDS INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC. and 1000682692 ONTARIO INC.

Applicants

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

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

PROCEEDING COMMENCED AT TORONTO

**ORDER
(CCAA TERMINATION ORDER)**

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Counsel for KSV Restructuring Inc., in its capacity as Monitor of
Aleafia Health Inc. et al. and not in its personal capacity

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
REALTY LTD., ALEAFIA BRANDS INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC. and 1000682692 ONTARIO INC.

Applicants

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

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

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD (CCAA TERMINATION)

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