



May 4, 2020

TO: ALL INTERESTED BIDDERS

Re: James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc. (collectively, the "Companies")

On April 1, 2020, the Ontario Superior Court of Justice (Commercial List) ("**Court**") made an Order (the "**Initial Order**") granting the Companies protection pursuant to the *Companies' Creditors Arrangement Act*. Pursuant to the Initial Order, KSV Kofman Inc. was appointed as monitor ("**Monitor**") and a debtor-in-possession facility up to \$4,000,000 was approved (the "**DIP Facility**"). On April 9, 2020, the Court made an Order (the "**Bidding Procedures and Stalking Horse APA Approval Order**") approving, among other things, a sale and investor solicitation process (the "**SISP**") and bidding procedures related thereto (the "**Bidding Procedures**"). Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Revised Bidding Procedures (as defined below) or the Bidding Procedures and Stalking Horse APA Approval Order, as applicable.

On or around April 26, 2020, with the consent of the Special Committee and the Stalking Horse Bidder, the Bidding Procedures were revised (the "**Revised Bidding Procedures**") and made available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/james-e-wagner-cultivation-corporation>.

Among other things, the Revised Bidding Procedures provide that:

- *A "Qualified Bidder" is "a bidder who submits a bid in substantially the same form as the Stalking Horse Bid, for a purchase price equal to at least CAD\$11.95 million to be satisfied in cash or, in the discretion of each of the Special Committee, the Monitor and the Stalking Horse Bidder, a combination of cash and Marketable Securities, provided that the cash portion of the purchase price is no less than the estimated outstanding amount of the DIP Facility at closing (estimated to be \$4 million) plus \$1 million, and includes the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria that is received by the Monitor before the Bid Deadline is a qualified bid ("Qualified Bid"); and*
- *"All bids (other than the Stalking Horse Bid) must include, unless such requirement is waived by the Monitor after consultation with the Special Committee, the following (collectively, the "Required Bid Terms and Materials"): (i) A base purchase price equal to or greater than CAD\$11.95 million to be satisfied in cash or, in the discretion of each of the Special Committee, the Monitor and the Stalking Horse Bidder, a combination of cash and Marketable Securities, provided that the cash portion of the purchase price is no less than the estimated amount of the DIP Facility at closing (estimated to be \$4 million) plus \$1 million, being the estimated amount payable under the Stalking Horse Bid (\$7.6 million), inclusive of the Closing Cash Payment, plus the amount of the DIP Facility (estimated to be approximately \$4 million) plus the Expense Reimbursement (\$100,000) and \$250,000 bid increment (collectively, the "Base Purchase Price") [...]."*

Please be aware that a motion (the "**Motion**") is currently being scheduled to increase the Companies' authorized borrowings under the DIP Facility from \$4,000,000 to \$5,500,000. If granted, the increase to the DIP Facility will result in an increase to the Base Purchase Price required to be a Qualified Bid. Accordingly, it is expected that a "*Qualified Bidder*" will be "*a bidder who submits a bid in substantially the same form as the Stalking Horse Bid, for a purchase price equal to at least CAD\$13.45 million to be satisfied in cash or, in the discretion of each of the Special Committee, the Monitor and the Stalking Horse Bidder, a combination of cash and Marketable Securities, provided that the cash portion of the purchase price is no less than the estimated outstanding amount of the DIP Facility at closing (estimated to be \$5.5 million) plus \$1 million, and includes the Required Bid Terms and Materials Any bid meeting these criteria that is received by the Monitor before the Bid Deadline is a qualified bid ("Qualified Bid")*";

A further notice will be provided following the Motion to consider the increase to the DIP Facility. Until the Motion can be heard, interested bidders should assume that the increase to the DIP Facility will be approved for the purpose of preparing a Qualified Bid.

Yours very truly,

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

**KSV KOFMAN INC.,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED CCAA MONITOR OF
JAMES E. WAGNER CULTIVATION CORPORATION,
JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD.,
JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.
AND NOT IN ITS PERSONAL CAPACITY**