

**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 A PLAN OF COMPROMISE OR
ARRANGEMENT INVOLVING MJARDIN GROUP, INC.,
GROWFORCE HOLDINGS INC., 8586985 CANADA
CORPORATION AND HIGHGRADE MMJ
CORPORATION**

B E T W E E N:

**PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY
AS COURT-APPOINTED RECEIVER AND MANAGER OF
BRIDGING FINANCE INC. AND CERTAIN RELATED
ENTITIES AND INVESTMENT FUNDS**

Applicant

- and -

**MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,
8586985 CANADA CORPORATION AND HIGHGRADE
MMJ CORPORATION**

Respondents

**MOTION RECORD
(Re: Stay Extension, DIP Amendment and SISP Approval Order)
(Returnable November 4, 2022)**

October 28, 2022

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**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 A PLAN OF COMPROMISE OR
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**Index
(Re: Stay Extension, DIP Amendment and SISP Approval Order)
(Returnable November 4, 2022)**

Tab	Document
1.	Notice of Motion dated October 28, 2022
2.	Draft Stay Extension, DIP Amendment and SISP Approval Order

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 A PLAN OF COMPROMISE OR
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**PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY
AS COURT-APPOINTED RECEIVER AND MANAGER OF
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Applicant

- and -

**MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,
8586985 CANADA CORPORATION AND HIGHGRADE
MMJ CORPORATION**

Respondents

**NOTICE OF MOTION
(Stay Extension, DIP Amendment and SISP Approval Order)**

PricewaterhouseCoopers Inc., solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the “**Applicant**”), will make a motion to Chief Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on Friday, November 4, 2022, at 9:30 a.m. (Toronto time), or as soon after that time as the motion can be heard, via videoconference.

PROPOSED METHOD OF HEARING:

This motion is to be heard via videoconference, the details of which will be provided by the Court.

THIS MOTION IS FOR:

1. An order substantially in the form attached at Tab 2 of the Motion Record of the Applicant dated October 28, 2022 that, among other things:¹
 - (a) extends the Stay Period (as defined below) until March 3, 2023;
 - (b) approves the amendment to the DIP Term Sheet substantially in the form attached as Appendix “F” to the Fourth Report to extend the maturity date of the DIP Facility from December 21, 2022 to March 3, 2023 (the “**DIP Amendment**”);
 - (c) approves the sale and investment solicitation process substantially in the form attached as Appendix “C” to the Fourth Report (the “**SISP**”) in respect of the Debtors’ assets and business operations;
 - (d) approves the Fourth Report and the activities and conduct of the Monitor described therein; and
2. Such further and other relief as the Applicant may request and this Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

3. The Debtors are part of a group of companies (collectively, the “**MJar Group**”) primarily engaged in cannabis cultivation.

¹ All capitalized terms used but not defined herein are as defined in the Fourth Report of the Monitor dated October 28, 2022 (the “**Fourth Report**”).

4. Bridging is the MJar Group's senior secured creditor having made various loans available to the MJar Group.
5. On June 2, 2022, Chief Justice Morawetz granted an initial order in respect of the Debtors under the CCAA (the "**Initial Order**"). Pursuant to the Initial Order, KSV Restructuring Inc. was appointed as monitor of the Debtors (in such capacity, the "**Monitor**").
6. The Initial Order also approved a DIP financing term sheet dated June 1, 2022, entered into between the Applicant, as lender, and MJar, as borrower (as amended, the "**DIP Term Sheet**"), which approved a debtor-in-possession loan facility (the "**DIP Facility**").
7. On June 9, 2022, the Applicant obtained an Amended and Restated Initial Order (the "**ARIO**") that, among other things, (i) extended the stay of proceedings from June 10, 2022 to September 9, 2022 (the "**Stay Period**"), (ii) approved the appointment of Howards Capital Corp. as the Chief Restructuring Officer of the Debtors (the "**CRO**"), (iii) increased the authorized amount of the DIP Facility from \$250,000 to \$2 million, (iv) increased the amount of the Court-ordered charges granted by the Initial Order, and (v) granted a charge as security for certain consideration potentially payable by MJar to the CRO pursuant to the terms of the CRO's engagement letter.
8. On August 29, 2022, the Court issued an Order pursuant to which, among other things, the Stay Period was extended to November 10, 2022.

Stay Extension

9. The Applicant seeks an approximately 16-week extension of the Stay Period to March 3, 2023. The proposed extension of the Stay Period is required to allow the Debtors to continue operating their business while carrying out operational and other restructuring

efforts, including pursuing the proposed SISP, and, if a Successful Bid is identified, negotiate, conclude transaction documentation and return to Court for approval prior to the end of the proposed extended Stay Period.

10. The Cash Flow Forecast demonstrates that the Debtors will have sufficient liquidity to meet its obligations during the proposed extension to the Stay Period.
11. The Applicant and the Debtors have acted, and continue to act, in good faith and with due diligence. The Monitor supports the proposed extension of the Stay Period.

DIP Amendment

12. The DIP Facility currently matures on December 21, 2022.
13. The Applicant and the Debtor, in consultation with the Monitor, have negotiated the DIP Amendment that extends the maturity date of the DIP Facility to March 3, 2023, which is consistent with the requested extension of the Stay Period. No other amendments to the DIP Term Sheet are contemplated at this time.
14. The DIP Amendment is necessary to allow the Debtors and Monitor time to conduct the proposed SISP and pursue a potential restructuring transaction. No stakeholder will be materially prejudiced by the DIP Amendment and the Monitor supports approval of the DIP Amendment.

Proposed SISP

15. The Applicant is seeking the Court's approval of a SISP, the details of which are described in the Fourth Report. The purpose of the SISP is to solicit interest in and opportunities for a sale of, or investment in, all or part of the Debtors' assets and business operations. Such

opportunities may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of all or part of the Debtors as a going concern, or a sale of all, substantially all, or a portion of the Debtors' assets and business operations as a going concern or otherwise.

16. The proposed SISP has been developed through consultation amongst the Monitor, the CRO and the Applicant, who is the key stakeholder in the CCAA proceedings, and is intended to identify the best opportunity or opportunities in the circumstances for maximizing value for the Debtors' stakeholders.
17. During Phase 1, the SISP contemplates the preparation of marketing materials, a broad canvassing of the market via both public and targeted noticing, entering into non-disclosure agreements with interested parties and the provision of due diligence access before submission of letters of interest are due on December 15, 2022. The Monitor and the Debtors, in consultation with the Applicant, will assess the results of Phase 1 of the SISP and either proceed to implement a second phase of the SISP, or alternatively may elect to proceed to negotiate and execute definitive transaction documentation with a bidder or terminate the SISP. The SISP provides that the Applicant is entitled to submit a credit bid (or bids) of the secured indebtedness owing to Bridging by the Debtors in the SISP.
18. The proposed SISP will be overseen by the Monitor, who has experience in running other SISPs and supports approval of the proposed SISP.
19. Any proposed transaction arising from the SISP will be subject to the approval of this Court.

Other Grounds

20. The provisions of the CCAA, including ss. 11.02(2), 11.2 and 36 thereof, and the statutory, inherent, and equitable jurisdiction of this Court; and
21. Such further and other grounds as counsel may advise and this Court may permit.

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

1. The Fourth Report (including the appendices attached thereto); and
2. Such further and other evidence as counsel may advise and this Court may permit.

October 28, 2022

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**Schedule “A”
SERVICE LIST**

Court File No. CV-00678813-00CL

**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 A PLAN OF COMPROMISE OR ARRANGEMENT INVOLVING
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA
CORPORATION AND HIGHGRADE MMJ CORPORATION**

B E T W E E N:

**PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS
COURT-APPOINTED RECEIVER AND MANAGER OF
BRIDGING FINANCE INC. AND CERTAIN RELATED
ENTITIES AND INVESTMENT FUNDS**

Applicant

- and -

**MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,
8586985 CANADA CORPORATION AND HIGHGRADE MMJ
CORPORATION**

Respondents

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

Court File No.: CV-22-00682101-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT INVOLVING
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA
CORPORATION AND HIGHGRADE MMJ CORPORATION**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

**NOTICE OF MOTION
(Stay Extension, DIP Amendment and SISP
Approval Order)**

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TAB 2

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

THE HONOURABLE CHIEF

)

FRIDAY, THE 4TH

)

JUSTICE MORAWETZ

)

DAY OF NOVEMBER, 2022

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
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B E T W E E N:

**PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY
AS COURT-APPOINTED RECEIVER AND MANAGER OF
BRIDGING FINANCE INC. AND CERTAIN RELATED
ENTITIES AND INVESTMENT FUNDS**

Applicant

- and -

**MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,
8586985 CANADA CORPORATION AND HIGHGRADE
MMJ CORPORATION**

Respondents

**STAY EXTENSION, DIP AMENDMENT AND
SISP APPROVAL ORDER**

THIS MOTION, made by PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the “**Applicant**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order substantially in the form included in the Applicant’s

Motion Record, including approval of the sale and investment solicitation process substantially in the form attached hereto as Schedule “A” (the “**SISP**”), was heard this day via videoconference.

ON READING the Notice of Motion of the Applicant and the Fourth Report of KSV Restructuring Inc., in its capacity as Monitor (the “**Monitor**”) of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the “**Company**”) dated October 28, 2022 (the “**Fourth Report**”), filed;

ON HEARING the submissions of counsel for the Applicant, counsel for the Monitor, and such other counsel that were present, no one else appearing for any party although duly served as appears from the affidavit of service of ● dated ●;

SERVICE AND DEFINITIONS

1. **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.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order made in the within proceedings dated June 2, 2022 (the “**Initial Order**”).

STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period, as referred to in paragraph 16 of the Initial Order, is hereby extended until March 3, 2023.

DIP AMENDMENT

4. **THIS COURT ORDERS** that: (i) the execution by the Company of the DIP Amendment (as defined in the Fourth Report) substantially in the form attached as Appendix “F” to the Fourth Report is hereby authorized and approved; and (ii) all references to the “DIP Credit Agreement” in the Initial Order shall be deemed to be references to the DIP Credit Agreement as amended by the DIP Amendment.

APPROVAL OF THE SISP

5. **THIS COURT ORDERS** that the SISP be and is hereby approved, and each of the Company, the Monitor, and Howards Capital Corp., in its capacity as chief restructuring officer of the Company (the “CRO”), are authorized and directed to carry out the SISP in accordance with the terms thereof and this Order, and are hereby authorized to take such steps as they consider necessary or desirable in carrying out each of their obligations thereunder, subject to prior approval of this Court being obtained before the completion of any transaction(s) under the SISP.

6. **THIS COURT ORDERS** that the Company, the Monitor, the CRO, and their respective affiliates, partners, directors, employees, advisors, lawyers, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities arise or result from the gross negligence or wilful misconduct of the Company, the Monitor or the CRO, as applicable, in performing its obligations under the SISP, as determined by the Court in a final order that is not subject to appeal or other review.

7. **THIS COURT ORDERS** that, in carrying out the SISP, each of the Monitor and the CRO shall have all of the benefits and protections granted to them by the CCAA, the Initial Order and any other Order of this Court in the within proceedings, and shall not, by fulfilling their obligations under the SISP, take or be deemed to have taken or maintained Possession of the Business or the Property, or any part thereof, within the meaning of any Controlled Substances Legislation, or otherwise.

PIPEDA

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Company and the Monitor are hereby authorized and permitted to disclose and provide to each Potential Bidder (as defined in the SISP) personal information of identifiable individuals, including employees of the Company, but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the SISP (a “**Transaction**”). Each Potential Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to

its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction, shall return all such information to the Company, or, in the alternative, destroy all such information and provide confirmation of its destruction to the Company and the Monitor. The Successful Bidder(s) (as defined in the SISP) shall maintain the privacy of such information and, upon closing of the Transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Company, and shall return all other personal information to the Company, or ensure that all other personal information is destroyed and provide confirmation of its destruction to the Company and the Monitor.

APPROVAL OF MONITOR'S REPORT AND ACTIVITIES

9. **THIS COURT ORDERS** that the Fourth Report, and the activities and conduct of the Monitor described therein, are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Company, 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 Applicant, the Company and 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 Company, the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that the Applicant, the Company and the Monitor be at liberty and are 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.

12. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order.

Chief Justice G.B. Morawetz

SCHEDULE “A”
SISP

MJardin Sale and Investment Solicitation Process

November 4, 2022

Introduction

On June 2, 2022 PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager (the “**Bridging Receiver**”) of Bridging Finance Inc. and certain related entities and investment funds (collectively, “**Bridging**”) applied for and received an order (as amended and restated on June 2, 2022, the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the “**Company**”) relief pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**”), R.S.C. 1985, c.C-36, as amended. Pursuant to the Initial Order, KSV Restructuring Inc. was appointed as monitor of the Company (in such capacity, the “**Monitor**”) and Howards Capital Corp. was appointed as chief restructuring officer of the Company (the “**CRO**”). The Initial Order also approved a DIP financing term sheet dated June 1, 2022, entered into between the Bridging Receiver, as lender (in such capacity, the “**DIP Lender**”), and the Company, as borrower (as amended, the “**DIP Term Sheet**”).

In connection with the CCAA proceedings, the Monitor, with the assistance of the Company (including the CRO), will conduct a sale and investment solicitation process (the “**SISP**”) as set out herein.

Notwithstanding anything contained herein, the Monitor shall have no involvement with the distribution of materials in respect of the SISP (including the Teaser Letter) to residents of the United States (“**U.S. Residents**”) and shall not be required to solicit U.S. Residents in respect of the Opportunity (as defined below). Any solicitation of U.S. Residents in respect of the Opportunity shall be undertaken by the Company.

Opportunity

1. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Company’s assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of all or part of the Company as a going concern, or a sale of all, substantially all, or a portion of the Company’s assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise.
2. Any sale of the Property or investment in the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Company, the Monitor or any of their respective representatives, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Company in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

Solicitation of Interest: Notice of the SISP

3. As soon as reasonably practicable, but in any event by no later than November 15, 2022:
 - (a) the Monitor and the Company, in consultation with the DIP Lender, will prepare a list of potential bidders, including: (i) parties that have approached the Monitor or the Company indicating an interest in the Opportunity; and (ii) domestic and international strategic and financial parties who the Monitor, in consultation with the Company, believes may be interested in purchasing all or part of the Business or Property or investing in the Company pursuant to the SISP (collectively, the **“Known Potential Bidders”**);
 - (b) the Monitor will cause a notice of the SISP and such other relevant information which the Monitor, in consultation with the Company, considers appropriate (the **“Notice”**) to be published in journals and/or publications it deems appropriate and posted on the Monitor’s website;
 - (c) the Company will issue a press release containing the information in the Notice; and
 - (d) the Monitor and the Company will prepare: (i) a process summary (the **“Teaser Letter”**) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a form of non-disclosure agreement (**“NDA”**) to be executed by Potential Bidders (as defined below).
4. The Monitor will send the Teaser Letter and NDA to all Known Potential Bidders by no later than November 15, 2022, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor or the Company as a Potential Bidder as soon as reasonably practicable after such request or identification, as applicable.

PHASE 1: NON-BINDING LOIs

Qualified Bidders

5. Any party who wishes to participate in the SISP (a **“Potential Bidder”**) must provide the Monitor and the Company with an NDA executed by it and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the principals of the Potential Bidder and its direct and indirect equity holders.
6. A Potential Bidder (who has delivered the executed NDA and a letter setting out the details of the Potential Bidder as set out above) will be deemed a **“Phase 1 Qualified Bidder”** if the Monitor and the Company, in consultation with the DIP Lender, determine such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP.
7. At any time during the first phase of the SISP (**“Phase 1”**), the Monitor and the Company may, after consultation with the DIP Lender, eliminate a Phase 1 Qualified Bidder from

the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a “Phase 1 Qualified Bidder” for the purposes of the SISP.

8. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Company.

Due Diligence

9. The Monitor, in consultation with the Company, shall in its reasonable professional judgment and subject to competitive and other business considerations relevant to the Company, afford each Phase 1 Qualified Bidder such access to due diligence materials and information relating to the Property and Business as it deems appropriate. Due diligence access may include management presentations, access to electronic data rooms, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Monitor, in consultation with the Company, in its reasonable professional judgment, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Monitor nor the Company will be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if such materials represent proprietary or sensitive competitive information of the Company and the disclosure of such materials to such Phase 1 Qualified Bidders would not be in the best interests of the Company.

Non-Binding Letters of Intent from Qualified Bidders

10. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of interest (an “**LOI**”) to the Monitor and the Company at the addresses specified in Schedule “1” hereto (including by email transmission), so as to be received not later than 5:00 pm (Toronto time) on December 15, 2022 (the “**Phase 1 Bid Deadline**”).
11. Subject to paragraph 12, an LOI so submitted will be considered a qualified LOI (a “**Qualified LOI**”) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”),
or
 - (ii) make an investment in, restructure, reorganize or refinance the Business, the Company or any portion thereof (an “**Investment Proposal**”);

- (c) in the case of a Sale Proposal, it identifies or contains the following:
- (i) the purchase price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iii) a description of the Phase 1 Qualified Bidder's intended use of the Property expected to be subject to the transaction;
 - (iv) a description of the Phase 1 Qualified Bidder's proposed treatment of employees of the Company;
 - (v) the key terms and provisions to be included in any order of the Court approving the contemplated Sale Proposal;
 - (vi) evidence of the financial capability of the Phase 1 Qualified Bidder to consummate the transaction contemplated by the Sale Proposal and the expected structure and financing of the transaction (including, but not limited to, the sources of financing to fund the transaction, evidence of the availability of such financing or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor, the Company, the DIP Lender and their respective advisors to make a reasonable business or professional judgment as to the Phase 1 Qualified Bidder's financial and other capabilities to consummate the transaction and to perform all obligations to be assumed in such transaction, and the steps necessary and associated timing to obtain financing and any related contingencies, as applicable);
 - (vii) a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, licensing, securityholder, internal, Health Canada, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (viii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (ix) an acknowledgement that any Sale Proposal is made on an "as-is, where-is" basis;
 - (x) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose and an outline of the principal terms thereof; and
 - (xi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;

- (d) in the case of an Investment Proposal, it identifies or contains the following:
- (i) a detailed description of how the Phase 1 Qualified Bidder proposes to structure the Investment Proposal;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business/the Company in Canadian dollars;
 - (iii) key assumptions supporting the valuation;
 - (iv) the key terms and provisions to be included in any order of the Court approving the contemplated Investment Proposal;
 - (v) the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment);
 - (vi) the sources of capital for the Phase 1 Qualified Bidder and a description of the structure and financing of the transaction (including, but not limited to, the sources of capital to fund the investment, evidence of the availability of such capital or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor, the Company, the DIP Lender and their respective advisors to make a reasonable business or professional judgment as to the Phase 1 Qualified Bidder's financial and other capabilities to consummate the transaction, steps necessary and associated timing to obtain such capital and any related contingencies, as applicable, and a sources and uses analysis);
 - (vii) a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, licensing, securityholder, internal, Health Canada, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (viii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (ix) an acknowledgement that any Investment Proposal is made on an "as-is, where-is" basis;
 - (x) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose and an outline of the principal terms thereof; and
 - (xi) any other terms or conditions of the Investment Proposal which the Phase 1 Qualified Bidder believes are material to the transaction;

- (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as may be reasonably requested by the Monitor and the Company.
12. The Monitor may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

13. Following the Phase 1 Bid Deadline, the Monitor and the Company, in consultation with the DIP Lender, will assess the Qualified LOIs. If no Qualified LOIs are received by the Phase 1 Bid Deadline, the Monitor and the Company, in consultation with the DIP Lender, may elect to terminate the SISP and send notice of same to the service list established in the CCAA proceedings and any Phase 1 Qualified Bidder who submitted an LOI. At any time following the Phase 1 Bid Deadline, the Monitor and the Company, in consultation with the DIP Lender, may determine that a second phase of this SISP (“**Phase 2**”) is not required and: (i) proceed to negotiate and execute definitive documentation with respect to a transaction contemplated in a Qualified LOI or with respect to a Credit Bid (as defined below); or (ii) elect to terminate the SISP (for clarity, irrespective of whether one or more Qualified LOI’s have been received) and send notice of same to the service list established in the CCAA proceedings and any Phase 1 Qualified Bidder who has submitted an LOI. If Phase 2 is determined to be required, the following shall apply:
- (a) If it is determined by the Monitor and the Company, following consultation with the DIP Lender, that: (i) a Phase 1 Qualified Bidder that has submitted a Qualified LOI has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the case may be) and has the capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, and (ii) the transaction described in the Qualified LOI of the Phase 1 Qualified Bidder (either individually or in combination with other potential transactions) represents a compelling opportunity for a value maximizing or other transaction that is in the best interests of the Company and its stakeholders, then such Phase 1 Qualified Bidder will be deemed a “**Phase 2 Qualified Bidder**”, provided that the Monitor and the Company may, following consultation with the DIP Lender, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account, among other things, any material adverse impact on the operations and performance of the Company. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP.
 - (b) As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Monitor and the Company, in consultation with the DIP Lender, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as it considers appropriate in the circumstances including, but not limited to: (i) the number of Qualified LOIs received; (ii) the extent to which the Qualified LOIs relate to the same Property or

Business; and (iii) the scope or particulars of the Property or Business to which any Qualified LOIs may relate.

- (c) Upon the determination by the Monitor and the Company, in consultation with the DIP Lender, of the manner in which to proceed to Phase 2 of the SISP, the Monitor will prepare a bid process letter for Phase 2 (the “**Bid Process Letter**”), and the Bid Process Letter will be (i) sent to all Phase 2 Qualified Bidders, and (ii) posted by the Monitor on the website the Monitor maintains in respect of this CCAA proceeding.

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

- 14. Paragraphs 15 to 24 below and the conduct of Phase 2 are subject to paragraph 13 hereof and any adjustments made to Phase 2 in accordance with the Bid Process Letter and any further Court order regarding the SISP.

Formal Binding Offers

- 15. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Company or its Property and Business shall submit a binding offer that complies with all of the following requirements prior to a date and time to be determined by the Monitor and the Company, in consultation with the DIP Lender, and set out in the Bid Process Letter (the “**Phase 2 Bid Deadline**”):
 - (a) the bid shall comply with each of the requirements set forth in respect of Qualified LOIs;
 - (b) the bid (either individually or in combination with other bids) represents a compelling opportunity for a value maximizing or other transaction that is in the best interests of the Company and its stakeholders;
 - (c) the bid includes a letter stating that the Phase 2 Qualified Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the transaction with the Successful Bidder, and (ii) 90 days from the Sale Approval Motion hearing (as defined below), subject to further extensions as may be agreed to under the applicable transaction agreement(s);
 - (d) the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the “**Purchase Price**”), together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and proposed orders to approve the transaction by the Court;
 - (e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow

the Monitor, the Company, the DIP Lender and their respective advisors, to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;

- (f) the bid is not conditioned on: (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder; and/or (ii) obtaining financing;
 - (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing (including through the issuance of debt in connection with such bid), or that is participating or benefiting from such bid, and such disclosure shall include, without limitation: (i) in the case of a Phase 2 Qualified Bidder formed for the purposes of entering into the proposed transaction, the identity of each of the actual or proposed direct or indirect equity holders of such Phase 2 Qualified Bidder and the terms and participation percentage of such equity holder's interest in such bid; and (ii) the identity of each entity that has or will receive a benefit from such bid from or through the Phase 2 Qualified Bidder or any of its equity holders and the terms of such benefit;
 - (h) the Phase 2 Qualified Bidder shall have delivered a cash deposit to the Monitor in the amount of not less than 10% of the Purchase Price offered in the bid on or prior to the Phase 2 Bid Deadline;
 - (i) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Business, Property and the Company prior to making its offer; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents, the Business, the Property and/or the Company in making its bid; (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Company or the completeness of any information provided in connection therewith, except as expressly stated in any definitive transaction agreement(s) signed by the Company;
 - (j) the bid includes evidence, in form and substance reasonably satisfactory to the Monitor and the Company, of authorization and approval from the Phase 2 Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction agreement(s) submitted by the Phase 2 Qualified Bidder;
 - (k) the bid contains such other information as set forth in the Bid Process Letter or as otherwise requested by the Monitor and the Company in writing; and
 - (l) the bid is received by the Phase 2 Bid Deadline.
16. Following the Phase 2 Bid Deadline, the Monitor and the Company, in consultation with the DIP Lender, will assess the Phase 2 bids received. The Monitor and the Company, in consultation with the DIP Lender, will then designate the most competitive bids that comply with the requirement set forth in paragraph 15 as "**Qualified Bids**". Only Phase 2

Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

17. The Monitor may waive strict compliance with any one or more of the requirements set forth in paragraph 15 and deem such non-compliant bids to be a Qualified Bid.
18. The Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constitutes a Qualified Bid within five (5) business days of the expiration of the Phase 2 Bid Deadline, or at such later time as the Monitor deems appropriate.
19. If the Monitor and the Company, following consultation with the DIP Lender, are not satisfied with the number or terms of the bids received in Phase 2, the Monitor and the Company may, in consultation with the DIP Lender: (i) extend the Phase 2 Bid Deadline, or (ii) elect to terminate the SISP (for clarity, irrespective of whether one or more bids have been received) and send notice of same to the service list established in the CCAA proceedings and any Phase 2 Qualified Bidder who has submitted a bid in Phase 2.
20. The Monitor and the Company, in consultation with the DIP Lender and the applicable bidders, may aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one "Qualified Bid".

Evaluation of Competing Bids

21. A Qualified Bid will be evaluated based upon numerous factors, including, without limitation, items such as the Purchase Price and the value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions, the proposed transaction documents, the effects of the bid on the stakeholders of the Company, factors affecting the speed, certainty and value of the transaction (including any licensing, Health Canada, regulatory or legal approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, all with a view to identifying the Qualified Bid that (either individually or in combination with other Qualified Bids) represents the highest or otherwise best bid.

Selection of Successful Bid

22. The Monitor and the Company, in consultation with the DIP Lender, will: (i) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated with the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (ii) identify the highest or otherwise best bid (the "**Successful Bid**", and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Monitor and the Company, in consultation with the DIP Lender, shall be subject to approval by the Court.
23. The Company shall have no obligation to enter into a Successful Bid, and the Monitor and the Company reserve the right to reject any or all Qualified Bids.

Sale Approval Motion Hearing

24. At the hearing of the motion to approve any transaction with a Successful Bidder (the “**Sale Approval Motion**”), approval shall be sought from the Court for, among other things, the Company to consummate any Successful Bid. All the Phase 2 Qualified Bids other than the Successful Bid, if any, shall be deemed rejected upon the closing of any Successful Bid.

Confidentiality, Stakeholder/Bidder Communication and Access to Information

25. All discussions regarding a Sale Proposal, Investment Proposal, LOI or Phase 2 bid should be directed through the Monitor. Under no circumstances should the management of the Company or any stakeholder of the Company be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process. For greater certainty, nothing herein shall preclude a stakeholder from contacting potential bidders with the agreement of the Monitor to advise of the SISP and that they should contact the Monitor if they are interested.
26. If it is determined by the Monitor and the Company, in consultation with the DIP Lender, that it would be worthwhile to facilitate a discussion between a Phase 1 Qualified Bidder or Phase 2 Qualified Bidder (as applicable, depending on the stage of the SISP) and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Monitor may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Monitor. The Monitor must be provided with the opportunity to be present at all such communications or meetings.

DIP Lender

27. Notwithstanding any other provision hereof, the DIP Lender shall be: (i) deemed a Phase 1 Qualified Bidder and a Phase 2 Qualified Bidder and shall not be required to submit a Qualified LOI in order to participate in Phase 2 of the SISP (but may elect to if it so chooses); (ii) entitled to submit a credit bid (or bids) of the secured indebtedness owing to Bridging by the Company, including in respect of both the secured indebtedness outstanding under the DIP Term Sheet and the pre-CCAA filing secured indebtedness, in the SISP at any time (a “**Credit Bid**”); and (iii) entitled to the information, consultation and consent rights in respect of the SISP as herein provided, including receiving copies of all SISP materials and information, LOIs, Qualified LOIs and Qualified Bids; *provided, however*, that if the Monitor advises the DIP Lender that any Qualified LOI or Qualified Bid (or any combination thereof) proposes to pay or otherwise satisfy the secured indebtedness owing to Bridging in full, the DIP Lender shall not be entitled to access the specific purchase price (or similar amount) offered in any such Qualified LOI(s) or Qualified Bid(s). For the avoidance of doubt, the DIP Lender reserves the right to Credit Bid the secured indebtedness owing to Bridging in the event the SISP is terminated.

Supervision of the SISP

28. The Monitor will oversee, in all respects, the conduct of the SISP and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out herein and in the order granted by the Court on November 4, 2022, in the CCAA proceedings, and is entitled to receive all information in relation to the SISP.
29. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Company or Monitor and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Company.
30. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the SISP, including the submission of any LOI, Phase 2 bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
31. The Monitor and the Company, in consultation with the DIP Lender, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) if, in their reasonable professional and business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in these CCAA proceedings and participating bidders shall be advised of any substantive modification to the procedures set forth herein.

Schedule “1”
Monitor and Company Contact Information

Monitor: KSV Restructuring Inc., in its capacity as Court-appointed Monitor of MJardin Group, Inc. *et al.*

Attention: Noah Goldstein/Eli Brenner/Murtaza Tallat

Email: ngoldstein@ksvadvisory.com
ebrenner@ksvadvisory.com
mtallat@ksvadvisory.com

With a copy to:

Goodmans LLP

Attention: Chris Armstrong/Andrew Harmes

Email: carmstrong@goodmans.ca
aharmes@goodmans.ca

Company: MJardin Group, Inc.

Attention: Howard Steinberg (CRO)

Email: howard@howardscapital.com

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

Court File No. CV-22-00682101-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985
CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

**STAY EXTENSION, DIP AMENDMENT AND
SISP APPROVAL ORDER**

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

Court File No.: CV-22-00682101-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT INVOLVING
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA
CORPORATION AND HIGHGRADE MMJ CORPORATION**

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

Proceeding commenced at Toronto

**MOTION RECORD
(Re: Stay Extension, DIP Amendment and
SISP Approval Order)
(Returnable November 4, 2022)**

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