



**Fourth Report of  
KSV Restructuring Inc. as  
CCAA Monitor of MJardin Group,  
Inc., Growforce Holdings Inc.,  
8586985 Canada Corporation and  
Highgrade MMJ Corporation**

October 28, 2022

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COURT FILE NO.: CV-22-00682101-00CL

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

BETWEEN:

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

FOURTH REPORT OF KSV RESTRUCTURING INC. AS MONITOR

OCTOBER 28, 2022

## 1.0 Introduction

1. By orders of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated April 30, 2021, May 3, 2021, and May 14, 2021, PricewaterhouseCoopers Inc. was appointed receiver and manager (in such capacity, the "Bridging Receiver") of Bridging Finance Inc. ("BFI") and certain related entities and investment funds (collectively, "Bridging") pursuant to section 129 of the *Securities Act* (Ontario).

2. Bridging has made various loans to certain subsidiaries of MJardin Group, Inc. (“MJar”, and collectively with its subsidiaries, the “MJar Group”).
3. On March 23, 2022, the Bridging Receiver obtained an Order (the “Receivership Order”) appointing KSV Restructuring Inc. (“KSV”) as the receiver and manager (the “Receiver”) of MJar, excluding certain assets and business as specified in the Receivership Order. The Bridging Receiver sought the Receivership Order to stabilize the MJar Group’s business and, with the assistance of the Receiver, review and consider available options to restructure and/or refinance the MJar Group. Following this review, the Receiver and the Bridging Receiver were of the view that formal restructuring proceedings were necessary to allow MJar and certain of its subsidiaries to pursue and implement an orderly operational and financial restructuring of their business as a going concern.
4. On June 2, 2022:
  - a) the Bridging Receiver obtained an initial order (the “Initial Order”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”), among other things, (i) granting MJar and three of its subsidiaries, Growforce Holdings Inc. (“Growforce”), 8586985 Canada Corporation (“858”) and Highgrade MMJ Corporation (“Highgrade” and, together with MJar, Growforce and 858, the “Debtors”), protection under the CCAA, (ii) appointing KSV as monitor of the Debtors (the “Monitor”), and (iii) approving a debtor-in-possession loan facility (the “DIP Facility”) made available to the Debtors by Bridging, as DIP lender (the “DIP Lender”), in the initial maximum principal amount of \$250,000, pursuant to a debtor-in-possession term sheet (the “DIP Term Sheet”); and
  - b) the Receiver obtained an order (the “Discharge Order”), among other things, authorizing the discharge of the Receiver effective upon the issuance of a certificate in the form attached to the Discharge Order (the “Discharge Certificate”).<sup>1</sup>
5. On June 9, 2022, the Bridging Receiver 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 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. A copy of the ARIO is attached as Appendix “A”.
6. On August 29, 2022, the Court issued an Order pursuant to which, among other things, the Stay Period was extended to November 10, 2022.

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<sup>1</sup> The Discharge Certificate was issued and filed with this Court on June 3, 2022.



## 1.1 Purposes of this Report

1. The purposes of this report (the “Report”) are to:
  - a) provide the Court with an update on the Debtors’ activities since the Monitor’s previous report to Court;
  - b) discuss the proposed Court-supervised sale and investment solicitation process (the “SISP”) for the Debtors’ assets and business operations;
  - c) discuss the amendment to the DIP Term Sheet to extend the maturity date of the DIP Facility from December 21, 2022 to March 3, 2023 (the “DIP Amendment”);
  - d) report on the Debtors’ cash flow projection for the period October 24, 2022 to March 3, 2023 (the “Cash Flow Forecast”);
  - e) discuss the reasons to extend the Stay Period from November 10, 2022 to March 3, 2023;
2. Recommend that the Court issue an Order (the “SISP Approval Order”), *inter alia*:
  - a) approving the SISP;
  - b) approving the DIP Amendment;
  - c) extending the Stay Period to March 3, 2023; and
  - d) approving this Report and the Monitor’s activities and conduct described herein.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information of the Debtors, the books and records of the Debtors, discussions with the Debtors’ management, discussions with the Bridging Receiver and its counsel and discussions with the CRO.
2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

### 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## 2.0 Background

### 2.1 Debtors

1. MJar is a corporation incorporated under the laws of the Province of Ontario. Prior to being delisted shortly following the granting of the Receivership Order and a cease trade order being issued by the Ontario Securities Commission on May 6, 2022, MJar's shares were traded publicly since 2018 on the Canadian Securities Exchange under the ticker symbol "MJAR".
2. The MJar Group is primarily a cannabis cultivation company. MJar is the ultimate parent company of the MJar Group, which consists of subsidiaries based out of Canada and the U.S. (the latter being referred to collectively as the "U.S. Subsidiaries"). The corporate chart for the MJar Group is provided in Appendix "B".
3. In Canada, the MJar Group engages in the production and sale of cannabis through its wholly owned subsidiary Growforce, which owns 100% and 75.51% of the outstanding shares of 858 and Highgrade, respectively. Each of 858 and Highgrade are licensed producers of cannabis in accordance with the *Cannabis Act*, S.C. 2018, c. 16 and its associated regulations and operate the core business of the MJar Group. The Monitor understands that Growforce and MJar are holding companies that have never conducted active business operations.
4. Highgrade owns and operates a cannabis production facility in Dunnville, Ontario (the "GRO Facility"). 858 primarily operates from a leased cannabis production facility located in Brampton, Ontario (the "WILL Facility"). The WILL Facility is used to process and sell cannabis produced at both the GRO Facility and the WILL Facility. Cannabis is neither processed nor sold from the GRO Facility.
5. In addition to its interest in 858 and Highgrade, Growforce owns the MJar Group's interest in AtlantiCann Medical Inc. ("AMI"), an operator of a cannabis production facility in Halifax, Nova Scotia, held through Growforce's 39% shareholdings in Growforce AC Holdings Inc. ("Growforce ACH"), which in turn holds 100% of the shares of AMI. Neither of Growforce ACH or AMI are subject to these proceedings.
6. Additional background information about the Debtors, the receivership proceedings and the CCAA proceedings is available on the Monitor's website at <https://www.ksvadvisory.com/experience/case/mjardin-group-inc>.

## 2.2 Bridging

1. Pursuant to a loan agreement dated April 23, 2018, as amended by amendments dated July 23, 2018, July 27, 2018, November 6, 2018, December 11, 2018, May 29, 2019 and April 29, 2020 (collectively the “Canadian Loan Agreement”), BFI, as agent, and certain related investment funds (collectively, the “Lenders”) are secured lenders to Growforce, as borrower, and each of MJar, Highgrade and 858, as guarantors. According to the books and records of Bridging, as at October 25, 2022, the total amount owed under the Canadian Loan Agreement was approximately \$146 million (the “Canadian Indebtedness”). The Canadian Indebtedness is secured by substantially all of the Debtors’ property pursuant to various security documents entered into by the Debtors.
2. Pursuant to a loan agreement dated December 29, 2017, as amended by amendments dated July 23, 2018, August 27, 2018, November 15, 2018, May 29, 2019, April 29, 2020, September 29, 2020 and April 29, 2021 (collectively, the “U.S. Loan Agreement”), the Lenders are secured lenders to MJar Holdings Corp. and certain U.S. Subsidiaries. According to the books and records of Bridging, as at October 25, 2022, the total amount owed under the U.S. Loan Agreement was approximately \$43 million (the “U.S. Indebtedness” and together with the Canadian Indebtedness, the “Indebtedness”). Each of the Debtors has guaranteed the U.S. Indebtedness.

## 2.3 Other Secured Creditors and Trust Claimants

1. Pursuant to the Receivership Order, the Receiver issued three certificates to the Bridging Receiver (the “Receiver’s Certificates”), which together evidence borrowings by the Receiver from the Bridging Receiver to fund the exercise of powers and duties granted by the Receivership Order in the principal amount of \$2,548,266.24. The Receivership Order granted a priority charge (the “Receiver’s Borrowings Charge”) on the Property and the Subsidiary Property (each as defined in the Receivership Order) as security for payment of such borrowings. The Receiver’s Borrowings Charge survived the discharge of the Receiver and remains in full force and effect and attached to the Property and the Subsidiary Property as security for the Receiver’s Borrowings. Pursuant to the ARIO, as amongst the Court-ordered charges granted by the Court in the CCAA proceedings and the prior receivership proceedings, the Receiver’s Borrowings Charge ranks third behind the Receiver’s Charge and the Administration Charge (as defined in the ARIO). As at October 25, 2022, the total amount, including interest, owing under the Receiver’s Certificates was approximately \$361,000.
2. The only other material secured obligation of the Debtors of which the Monitor is aware is a loan from Dan Marazzato in the principal amount of \$165,000, plus accrued and unpaid interest, which loan is secured by a charge on the GRO Facility.

3. Shortly after the commencement of the CCAA proceedings, Canada Revenue Agency ("CRA") advised the Debtors that it would conduct a HST audit for the period prior to the commencement of the CCAA proceedings.<sup>2</sup> The Monitor understands that the focus of the audit is to determine the amount of input tax credits claimed by the Debtors prior to the CCAA proceedings in respect of invoices that are stayed and have not been paid as a result of the Debtors commencing CCAA proceedings. The Monitor understands it is the practice of the CRA to reverse input tax credits claimed on such amounts, resulting in an increase in HST payable. The results of the CRA's audit are reflected below. The Debtors have not accepted the CRA's assessment at this time.

(Unaudited; \$)			
Debtor	Prefiling HST Obligation Based on Debtors' Books and Records	CRA Assessment	Revised /HST Obligation per CRA Assessment
Highgrade	287,754	2,956	290,710
Mjar	-	123,152	123,152
858	-	74,046	74,046
Growforce	-	344,139	344,139
Total	287,754	544,293	832,047

## 2.4 Unsecured Creditors and other Claims

1. Based on the Debtors' books and records, as at the date of this Report, the Debtors' pre-filing unsecured obligations total approximately \$18.7 million. The unsecured obligations primarily include:
  - a) approximately \$350,000 owing to the CRA in respect of excise tax arrears, which amount has been reduced from \$681,000 as at the date of the Initial Order, as the Debtors have continued to make the negotiated payments of \$60,000 a month to the CRA in an effort to keep their cannabis licenses in good standing;
  - b) \$7.8 million owing to various trade and other vendors in respect of goods and services provided to the Debtors prior to the commencement of these CCAA proceedings; and
  - c) \$10.6 million owing to Chief Peguis Investment Corporation in respect of two promissory notes.
2. Following commencement of the CCAA proceedings, the Debtors, with the approval of the Monitor have disclaimed certain of their contracts. In addition, as described in greater detail below, they have terminated the employment of 23 of their employees. Any claims related to the foregoing are unliquidated at this juncture.

<sup>2</sup> The CRA is also conducting a payroll audit of the Debtors.

### 3.0 Update on the Debtors' Activities

1. Pursuant to the ARIO, the CRO was appointed to lead an operational restructuring of the Debtors' business. Since its appointment, the CRO has been assessing the Debtors' business and has implemented several significant changes to the business, including:
  - a) **Human Resources:** terminating the employment of 23 employees, and hiring certain new employees (including in all key management positions), resulting in a net reduction from 74 to 62 employees;
  - b) **Finance:** reducing costs to transition from an average monthly cash burn of approximately \$300,000 to break-even (excluding restructuring costs);
  - c) **Sales/Marketing:** developing "Terp Town Collective", a new brand which has been successfully listed with the Ontario Cannabis Store, and obtaining several new certifications which will allow the Debtors to export product to Israel, Europe and Australia; and
  - d) **Operations:** improving product potency and cannabis yields. Early results indicate that tetrahydrocannabinol levels in the Debtors' cannabis flower (more commonly referred to as "THC") have increased significantly from historical averages such that the product is now considered an "ultra premium brand".
2. The CRO is of the view that the Debtors' business is now viable. Accordingly, as described in greater detail below, the SISP is being pursued to market the Debtors' business and assets as a going concern.

#### 3.1 Terminated Employees

1. Paragraph 13(b) of the ARIO provides that the Debtors have the right to terminate the employment of such of their employees as they deem appropriate. As set out above, since the commencement of the CCAA proceedings, the Debtors have terminated the employment of 23 individuals. The Monitor understands certain of these former employees may be owed bonuses relating to the pre-filing period. Further, following the termination of certain employees, the Debtors and the Monitor learned that certain former employees may have outstanding vacation entitlements for the period prior to 2022.
2. In light of the CCAA proceedings, the Debtors determined they were generally unable to make payments to terminated employees in respect of any unpaid bonus amounts, vacation pay and termination and severance pay; however, following consultation with the Monitor and the Bridging Receiver, the Debtors determined to pay all terminated employees: (i) any outstanding vacation entitlements that accrued during the six month period before the commencement of the CCAA proceedings, up to a maximum amount of \$2,000; plus (ii) any outstanding vacation entitlements that accrued during the period following the commencement of the CCAA proceedings. These payments are authorized by paragraph 8(a) of the ARIO, which entitles, but does not require, the Debtors to pay, among other things, outstanding vacation pay payable on or after the date of the ARIO. The Monitor supported the Debtors' determinations in this regard.

3. On September 21, 2022, the Monitor received letters from Beard Winter LLP ("Beard Winter"), advising that it had been retained as counsel to five former employees who were terminated during the CCAA proceedings. The letters demanded, among other things, payment of unpaid pre-filing bonuses, vacation pay and severance and termination pay. The letter also requested the Monitor's position regarding the applicability of the *Wage Earner Protection Program* ("WEPP") and the former employees' eligibility thereunder.
4. On October 4, 2022, Goodmans responded to Beard Winter on behalf of the Monitor advising, among other things, that:
  - a) the Debtors are unable to make any further payment to the former employees at this time (and describing the basis for this); and
  - b) the Monitor does not believe WEPP is presently applicable, but that it will continue to consider the potential applicability of WEPP on an ongoing basis.
5. Goodmans has not received any response to its October 4<sup>th</sup> letter.

### **3.2 Green Boyz Disclaimer**

1. On July 21, 2022, the Debtors, with the approval of the Monitor, issued a notice of intention to disclaim a Strategic Supply Agreement dated March 14, 2022 entered into between (i) Canndoc Ltd. ("Canndoc") and Green Boyz Ltd. ("Green Boyz"); and (ii) MJar (the "Supply Agreement"), which disclaimer was to be effective on August 20, 2022 if not disputed by Canndoc or Green Boyz in accordance with the CCAA.
2. On August 5, 2022, Green Boyz delivered a motion record seeking an order, among other things: (i) declaring that MJar is not entitled to disclaim the Supply Agreement; or (ii) in the alternative, declaring that the exclusivity provisions contained in the Supply Agreement continue to apply notwithstanding any disclaimer.
3. On September 23, 2022, Green Boyz agreed to withdraw its motion on a without costs basis.

### **3.3 Buddy Boy Brands LLC**

1. The MJar Group has an interest in certain unsecured promissory notes with a face value of approximately US\$16.2 million (the "Buddy Boy Notes") held by Buddy Boy Brands, LLC, a U.S. Subsidiary. The Buddy Boy Notes represent amounts advanced to 3B Ventures LLC and TwoG Ventures LLC d/b/a Buddy Boy Brands ("BBB"). BBB is a cannabis producer which also previously operated seven retail cannabis stores in Colorado, USA.
2. Due to a downturn in the Colorado cannabis market, BBB had ceased operations and is attempting to sell its assets, including its remaining cannabis and retail location licenses. The Bridging Receiver and the Monitor regularly correspond with BBB management with respect to the status of the sale process.

### **3.4 Sale of Interest in Warman Facility and Paydown of Receiver's Certificates**

1. The MJar Group held an interest in a 120,000 square-foot building in Winnipeg, Manitoba (the "Warman Facility") through 13295389 Canada Corporation ("1329"), a wholly-owned non-debtor subsidiary of Growforce. The Monitor understands that 1329 and 6223291 Manitoba Ltd. ("6223"), an entity unrelated to the MJar Group, jointly owned the Warman Facility.
2. The Monitor understands that 1329 and 6223 sold their interest in the Warman Facility pursuant to a transaction that closed on April 29, 2022, and that proceeds therefrom allocable to 1329 in the amount of approximately \$1.3 million were subsequently received by the Bridging Receiver and applied to reduce the indebtedness owing under the Receiver's Certificates in accordance with a prior agreement reached between the Bridging Receiver and the Receiver. The residual proceeds from the transaction will be allocable between 6223 and 1329 based on a future allocation, which the Monitor understands has not yet been determined.

## **4.0 SISP**

### **4.1 Prior Strategic Processes**

1. Prior to the granting of the Receivership Order, the MJar Group, under the oversight of an advisory firm as strategic advisors to the special committee of MJar's board of directors and chief restructuring officer, ran a sale and investment solicitation process for the MJar Groups' assets (the "Prior SISP")
2. The Prior SISP, which concurrently marketed the MJar Group's Canadian and U.S. assets, was launched on or around July 14, 2021, and was terminated on or around December 15, 2021, on the basis that the bids received either: (i) provided insufficient value to stakeholders; or (ii) were disqualified because the bidder lacked sufficient financial resources.

### **4.2 SISP**

1. Given the significant operational changes and improvements to the Debtors' business described previously in this Report and the CRO's conclusion that the Debtors' business is now viable, the Debtors and the Monitor, in consultation with the Bridging Receiver, have determined that it is appropriate to pursue a further SISP in order to attempt to identify a potential value maximizing or other transaction (or transaction) that is in the best interests of the Debtors and their stakeholders.
2. A copy of the proposed SISP is attached as Appendix "C".
3. The Monitor has summarized the key aspects of the proposed SISP below; however, interested parties should review the actual terms of the SISP directly. Unless otherwise defined, capitalized terms used in this section of the Report have the meaning given to them in the SISP.
4. The proposed SISP was developed through consultation amongst the Monitor, the CRO and the Bridging Receiver/DIP Lender, who is the key stakeholder in the CCAA proceedings.



5. 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 (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 Debtors as a going concern, or a sale of all, substantially all, or a portion of the Debtors' assets (the "Property") and business operations (the "Business") as a going concern or otherwise.

#### **4.3 Solicitation of Interest**

1. The Monitor and the Debtors, in consultation with the DIP Lender, will prepare a list of potential bidders, including: (i) parties that have approached the Monitor or the Debtors indicating an interest in the Opportunity; and (ii) domestic and international strategic and financial parties who the Monitor, in consultation with the Debtors, believes may be interested in purchasing all or part of the Business or Property or investing in the Debtors pursuant to the SISP (collectively, the "Known Potential Bidders"). Parties contacted in connection with the Former SISP will be canvassed and included in the list of Known Potential Bidders. The Monitor has also received unsolicited interest in the Debtors' business and assets since the commencement of the CCAA proceedings, and will include such parties in the list of Known Potential Bidders.
2. The Monitor will cause a notice of the SISP and such other relevant information which the Monitor in consultation with the Debtors considers appropriate to be published in journals and/or publications it deems appropriate and posted on the Monitor's website. The Debtors will also issue a press release containing such information.
3. The Monitor and the Debtors will prepare and send a process summary (the "Teaser Letter") describing the Opportunity and a form of non-disclosure agreement (an "NDA") to all Known Potential Bidders by no later than November 15, 2022.

#### **4.4 Phase 1 Qualified Bidders**

1. Any party who has delivered an executed NDA and a letter setting out the details of the Potential Bidder required by the SISP (identity of the bidder, contact information and full disclosure of the principals of the bidder and its direct and indirect equity holders) will be deemed a "Phase 1 Qualified Bidder" if the Monitor and the Debtors, 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.
2. All Phase 1 Qualified Bidders will be granted access to a virtual data room prepared by the Monitor, with the assistance of the Debtors.
3. Qualified Bidders will be provided access to such due diligence materials and information relating to the Property and Business as the Monitor, in consultation with the Debtors, may deem appropriate. Selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if such materials represent proprietary or sensitive competitive information of the Debtors and the disclosure of such materials to such Phase 1 Qualified Bidders would not be in the best interests of the Debtors.



## **4.5 Non-Binding Letters of Intent**

1. Phase 1 Qualified Bidders that wish to pursue the Opportunity further must submit a non-binding letter of interest (an “LOI”), which must:
  - a) be submitted on or before the Phase 1 Bid Deadline (5:00 p.m. (Toronto time) on December 15, 2022);
  - b) clearly indicate if the offer is to acquire all, substantially all or a portion of the Property (a “Sale Proposal”), or to make an investment in, restructure, reorganize or refinance the Business, the Debtors or any portion thereof (an “Investment Proposal”);
  - c) a Sale Proposal must contain, among other things: (i) the purchase price, 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 subject to the transaction and any of the Property to be excluded, and the intended use of the Property; (iii) the proposed treatment of employees; (iv) the key terms and provisions to be included in any order approving the Sale Proposal; (v) evidence of the financial capability of the Phase 1 Qualified Bidder to consummate the transaction and the expected structure and financing of the transaction; (vi) any anticipated conditions and approvals required for a final and binding offer; and (vii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
  - d) an Investment Proposal must include, among other things: (i) a detailed description of how the Investment Proposal will be structured; (ii) the aggregate amount of the equity and/or debt investment to be made in the Business/the Debtors; (iii) key assumptions supporting the valuation; (iv) the underlying assumptions regarding the pro forma capital structure; (v) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction; (vi) any anticipated conditions and approvals required for a final and binding offer; and (vii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer.
2. The Monitor may waive strict compliance with any one or more of the requirements for a bid to be a Qualified LOI, as set out in the SISP, and deem non-compliant bids to be a Qualified LOI.

## **4.6 Reviewing Phase 1 Bids and Subsequent Process**

1. Following the Phase 1 Bid Deadline, the Monitor and the Debtors, in consultation with the DIP Lender, will assess the Qualified LOIs. If no Qualified LOIs are received by the Bid Deadline, the Monitor and the Debtors, in consultation with the DIP Lender, may elect to terminate the SISP.
2. At any time following the Phase 1 Bid Deadline, the Monitor and the Debtors, in consultation with the DIP Lender, may determine that a second phase of the 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.

3. If the Monitor and the Debtors determine, in 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 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 Debtors and their stakeholders, then such Phase 1 Qualified Bidder will be deemed a “Phase 2 Qualified Bidder”, provided that the Monitor and the Debtors may, following consultation with the DIP Lender, limit the number of Phase 2 Qualified Bidders, taking into account, among other things, any material adverse impact on the operations and performance of the Debtors. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP.
4. If Phase 2 is required, the Monitor and the Debtors, in consultation with the DIP Lender, will determine 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 on the Monitor’s website.

#### **4.7 Reviewing Binding Offers and Selection of Successful Bid(s)**

1. Phase 2 Qualified Bidders that wish to make a formal offer must submit a binding offer, which must:
  - a) be submitted on or before the Phase 2 Bid Deadline, which deadline will be determined by the Monitor and the Debtors, in consultation with the DIP Lender, and set out in the Bid Process Letter;
  - b) among other things: (i) be compliant with each of the requirements set forth in respect of Phase 1 Qualified LOIs; (ii) include a letter stating that the Phase 2 Qualified Bidder’s offer is irrevocable until the selection of the Successful Bidder; (iii) represent a compelling opportunity for a value maximizing or other transaction that is in the best interests of the Debtors and their stakeholders; (iv) include duly authorized and executed transaction agreements that set out the key economic terms, including the Purchase Price, and proposed orders to approve the transaction; (v) not be conditional upon further due diligence or obtaining financing; (vi) include that 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; and (vii) contain such other information as set forth in the Sale Process Letter or as otherwise requested by the Monitor and the Debtors in writing.
2. Following the Phase 2 Bid Deadline, the Monitor and the Debtors, in consultation with the DIP Lender, will assess the Phase 2 bids received. The Monitor and the Debtor, in consultation with the DIP Lender, will designate the most competitive bids that comply with the requirement for binding offers as “Qualified Bids”.

3. The Monitor may waive strict compliance with any one or more of the requirements for a binding bid, as set out in the SISP, and deem non-compliant bids to be a Phase 2 Qualified Bid. Further, the Debtors reserve the right to reject any or all Phase 2 Qualified Bids.
4. The Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constitutes a Qualified Bid within five business days of the expiration of the Phase 2 Bid Deadline, or such later time as the Monitor deems appropriate.
5. The Monitor and the Debtors may, in consultation with the DIP Lender and the applicable bidders, aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.
6. If the Monitor and the Debtors, following consultation with the DIP Lender, are not satisfied with the number or terms of the bids received in Phase 2, the Debtors and the Monitor may, in consultation with the DIP Lender: (i) extend the Phase 2 Bid Deadline, or (ii) elect to terminate the SISP.
7. Qualified Bids will be evaluated based on various factors, including, but not limited to:
  - a) the Purchase Price and the value provided by such offer;
  - b) the claims likely to be created by such offer in relation to other offers;
  - c) the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions;
  - d) the proposed transaction documents;
  - e) the effects of the bid on the stakeholders of the Debtors;
  - f) 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);
  - g) the assets included or excluded from the offer;
  - h) any related restructuring costs; and
  - i) the likelihood and timing of consummating such transactions.
8. The Monitor and Debtors, in consultation with the DIP Lender, will:
  - a) review and evaluate each Qualified Bid; and
  - b) identify the highest or otherwise best Qualified Bid (the "Successful Bid").
3. The determination of any Successful Bid shall be subject to approval by the Court.
4. A motion will be brought to approve any transaction with a Successful Bidder. All Phase 2 Qualified Bids, other than the Successful Bid(s), shall be deemed rejected upon the closing of the Successful Bid.

#### **4.8 Bidder Communication and Confidentiality**

1. The Monitor, with the assistance of the Debtors (including the CRO), will conduct the SISP.
2. All discussions regarding the SISP are to be directed through the Monitor. Under no circumstances should the management of the Debtors or any stakeholder of the Debtors be contacted directly without the prior consent of the Monitor.

#### **4.9 DIP Lender**

1. Notwithstanding any other provision of the SISP Document, 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 of the secured indebtedness owing to Bridging by the Debtors (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 provided therein, 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 indebtedness owing to Bridging in full, the DIP Lender shall not be entitled to access the specific purchase price offered in any such Qualified LOI(s) or Qualified Bid(s).
2. In the event the SISP is terminated, the DIP Lender reserves the right to credit bid the secured indebtedness owing to Bridging.

#### **4.10 SISP Recommendation**

1. The Monitor recommends that this Court grant the proposed SISP Approval Order for the following reasons:
  - a) the SISP will test the market for the Business and the Property for the benefit of all stakeholders;
  - b) the Monitor believes the duration of Phase 1 of the SISP is sufficient to provide notice of the Opportunity and allow interested parties to perform initial diligence and submit non-binding LOIs, and is otherwise appropriate in the circumstances given the Debtors' business and related opportunities have recently been exposed to the market;
  - c) the SISP provides flexibility by inviting potential investors or purchasers to submit either a Sale Proposal or an Investment Proposal, in each case, for all or some of the Debtors' Business and Property;
  - d) the SISP will be broadly marketed and provides for the compilation of an extensive list of Known Potential Bidders who will receive a Teaser Letter and NDA;

- e) the SISP will be carried out by and under the oversight of the Monitor, to ensure fairness and transparency;
- f) the Monitor has significant experience in conducting SISPs of this nature, including in the cannabis market; and
- g) the Bridging Receiver is supportive of the proposed SISP.

## **5.0 Cash Flow Forecast**

1. The Debtors prepared the Cash Flow Forecast for the period October 24, 2022 to March 3, 2023 (the "Period"). The Cash Flow Forecast and the Debtors' statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix "D".
2. The Debtors have borrowed the maximum amount of \$2 million available under the DIP Facility since the commencement of the CCAA proceedings. The Cash Flow Forecast reflects that the Debtors will not need to borrow any additional funds during the Period.
3. The Cash Flow Forecast reflects that the Debtors are projected to have sufficient liquidity to operate in the normal course during the Period, including to fund payroll and other operating expenses.
4. Based on the Monitor's review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as Appendix "E".

## **6.0 DIP Amendment**

1. As referenced above and set out in the Cash Flow Forecast, the Debtors have drawn the full \$2 million available under the DIP Term Sheet. The DIP Term Sheet is set to mature on December 21, 2022, following an initial three-month extension as contemplated by the DIP Term Sheet.
2. The Debtors and the DIP Lender, in consultation with the Monitor, have negotiated the DIP Amendment that extends the maturity date to March 3, 2023. A copy of the proposed DIP Amendment is attached as Appendix "F".
3. The Monitor recommends the Court approve the Debtors' entry into the DIP Amendment as:
  - a) the terms of the DIP Facility are reasonable for the reasons set out in the Monitor's prior reports to Court;
  - b) the DIP Lender is supportive of extending the maturity date and has agreed not to charge any amendment or similar fees;
  - c) the DIP Amendment is necessary to allow the Debtors and the Monitor time to conduct the proposed SISP and pursue a restructuring transaction; and
  - d) no stakeholder is prejudiced by the DIP Amendment.

## 7.0 Stay Extension

1. The Bridging Receiver (the applicant in these CCAA proceedings) is seeking an extension of the Stay Period for the Debtors from November 10, 2022 to March 3, 2023.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor's view, the Debtors and the Bridging Receiver are acting in good faith and with due diligence;
  - b) the proposed extension of the Stay Period will provide additional time for the CRO to continue the operational restructuring of the Debtors' business;
  - c) although slightly longer than three months, the proposed extension of the Stay Period will enable the Monitor and the Debtors time to conduct the SISP (which is expected to be completed prior to the end of the proposed Stay Period), and, if a Successful Bid is identified, negotiate, conclude transaction documentation and return to Court for approval prior to the end of the Stay Period;
  - d) the Cash Flow Forecast reflects that the Debtors have sufficient liquidity to fund their business during the extended Stay Period;
  - e) no creditor will be materially prejudiced if the extension is granted; and
  - f) as of the date of this Report, the Monitor is not aware of any party opposed to an extension of the Stay Period.

## 8.0 Conclusion and Recommendation

1. For the reasons stated herein, the Monitor respectfully recommends that this Court make orders granting the relief detailed in Section 1.1(2) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF  
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,  
8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**





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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE CHIEF

)

THURSDAY, THE 2<sup>ND</sup>

JUSTICE MORAWETZ

)

DAY OF JUNE, 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  
ARRANGEMENT INVOLVING MJARDIN GROUP, INC.,  
GROWFORCE HOLDINGS INC., 8586985 CANADA  
CORPORATION AND HIGHGRADE MMJ  
CORPORATION

BETWEEN:

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

AMENDED AND RESTATED INITIAL ORDER

**THIS MOTION**, made by PricewaterhouseCoopers Inc. ("PwC"), in its capacity as court-appointed receiver and manager (in such capacity, the "**Bridging Receiver**") of Bridging Finance Inc. ("BFI") and certain related entities and investment funds (collectively, "**Bridging**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Amended and Restated Initial Order in respect of MJardin Group, Inc.



(“**MJar**”), Growforce Holdings Inc. (“**Growforce**”), 8586985 Canada Corporation (“**858**”) and Highgrade MMJ Corporation (“**Highgrade**” and, together with MJar, Growforce and 858, the “**Respondents**”) was heard this day via videoconference.

ON READING the affidavit of Graham Page sworn June 1, 2022 and the Exhibits thereto (the “**Page Affidavit**”), the First Report of KSV Restructuring Inc. (“**KSV**”) as receiver and manager of MJar and the Report of KSV as proposed Monitor dated June 1, 2022 (the “**KSV Report**”), the First Report of KSV in its capacity as court-appointed monitor of the Respondents (the “**Monitor**”) dated June 7, 2022, the Initial Order granted by this Court on June 2, 2022 (the “**Initial Order**”) and such other materials filed in respect of this Motion, and on hearing the submissions of counsel for the Bridging Receiver, counsel for the Monitor, and such other counsel as were present, no one else appearing although duly served as appears from the affidavits of service of Adam Driedger sworn June 2, 2022 and June 7, 2022, filed.

#### **SERVICE**

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.

#### **CAPITALIZED TERMS**

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Page Affidavit.

#### **APPLICATION**

3. **THIS COURT ORDERS AND DECLARES** that each Respondent is a company to which the CCAA applies.

#### **PLAN OF ARRANGEMENT**

4. **THIS COURT ORDERS** that the Bridging Receiver and the Respondents shall have the authority to file and may, subject to further Order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

## POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Respondents shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Respondents shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Respondents are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, in each case in consultation with the Monitor and the Bridging Receiver.

6. **THIS COURT ORDERS** that the Respondents shall be entitled to continue to utilize the central cash management system currently in place as described in the Page Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Respondents of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Respondents, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System on or after the date of this Order.

7. **THIS COURT ORDERS** that the Respondents shall be entitled to continue to use the corporate credit cards (the “**Credit Cards**”) in place with Alterna Savings and Credit Union Ltd. (“**Alterna**”) and shall make full repayment of all amounts outstanding thereunder, including with respect to any pre-filing charges.



8. **THIS COURT ORDERS** that the Respondents shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Respondents in respect of these proceedings at their standard rates and charges;
- (c) the fees and disbursements of the Receiver and its counsel at their standard rates and charges;
- (d) any taxes, duties or other payments required under the Controlled Substances Legislation (as defined below); and
- (e) with the consent of the Monitor and the Bridging Receiver, amounts owing for goods or services supplied to the Respondents prior to the Initial Order if, in the opinion of the Respondents, such payment is necessary or desirable to avoid disruption to the operations of the Business or the Respondents during the CCAA proceedings.

9. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the DIP Credit Agreement and the other DIP Documents (each as defined below), the Respondents shall be entitled but not required to pay all reasonable expenses incurred by the Respondents in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business, including, without limitation, payments on account of insurance (including directors and officers insurance and financing payments in relation to directors and officers insurance), maintenance and security services; and

- (b) payment for goods or services actually supplied to the Respondents following the date of this Order or payments to obtain the release of goods or delivery of services contracted for prior to the date of this Order.

10. **THIS COURT ORDERS** that the Respondents shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods, services, excise, or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Respondents in connection with the sale of goods and services by the Respondents, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Respondents.

11. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Respondents shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be or has been negotiated between the Respondents and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears), or at such other time intervals and dates as may be agreed to between the Respondents, with the consent of the Monitor and the Bridging



Receiver, and the applicable landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

12. **THIS COURT ORDERS** that, except as specifically permitted herein, the Respondents are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Respondents to any of their creditors as of this date, other than in respect of scheduled payments to Alterna in respect of the Credit Cards; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

### **RESTRUCTURING**

13. **THIS COURT ORDERS** that the Respondents shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate;
- (c) disclaim such other arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Respondents deem appropriate, in accordance with Section 32 of the CCAA; and
- (d) pursue all avenues of refinancing or restructuring their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or restructuring,

all of the foregoing to permit the Respondents to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

14. **THIS COURT ORDERS** that the Respondents shall provide each of the relevant landlords with notice of the relevant Respondent's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes such Respondent's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Respondent, or by further Order of this Court upon application by the Monitor on at least two (2) days notice to such landlord and any such secured creditors. If a Respondent disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to such Respondent's claim to the fixtures in dispute.

15. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may, subject to applicable law, show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Respondent and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Respondent in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY**

16. **THIS COURT ORDERS** that until and including September 9, 2022, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Respondents or the Monitor, or affecting the Business or the Property, except with the written consent of the Respondents and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Respondents or affecting the



Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Respondents and the Monitor.

### **NO EXERCISE OF RIGHTS OR REMEDIES**

17. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Respondents or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Respondents and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Respondents to carry on any business which the Respondents are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

18. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by any of the Respondents, except with the written consent of the applicable Respondent and the Monitor, or leave of this Court.

### **CONTINUATION OF SERVICES**

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the Respondents or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Respondents, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the Respondents or exercising any other remedy provided under the agreements or arrangements, and that each of the Respondents shall be entitled to the continued use of its current premises,

telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Respondent in accordance with normal payment practices of the applicable Respondent or such other practices as may be agreed upon by the supplier or service provider and the applicable Respondent and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Respondents. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Respondents with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Respondents whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a Plan, if one is filed, is sanctioned by this Court or is refused by the creditors of the Respondents or this Court.

### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

22. **THIS COURT ORDERS** that the Respondents shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Respondents after the commencement of the within proceedings to the extent such obligations and liabilities relate to the period on or after the date of this Order, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of such director's or officer's gross negligence or wilful misconduct.



23. **THIS COURT ORDERS** that the current and future directors and officers of the Respondents shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$785,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 22 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 44 and 46 herein.

24. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Respondents’ current and future directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

#### **APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT**

25. **THIS COURT ORDERS** that:

- (a) the engagement agreement among MJar, Howards Capital Corp. (“**HCC**”) and BFI pursuant to which MJar has engaged HCC to act as chief restructuring officer of the Respondents (the “**CRO**”), a redacted copy of which is attached as Exhibit “O” to the Page Affidavit (the “**CRO Engagement Letter**”), and the appointment of the CRO pursuant to the terms thereof, is hereby approved, including, without limitation, payment by MJar of the fees and expenses contemplated thereby (the “**CRO Fees**”), including the Consultant Expenses and the Additional Consideration (each as defined in the CRO Engagement Letter) stipulated therein;
- (b) the CRO shall be responsible for performing its functions and obligations as set out in the CRO Engagement Letter for the benefit of the Respondents and shall provide timely updates to the Monitor and the Bridging Receiver in respect of such functions and obligations;
- (c) unless otherwise agreed to in writing, neither the CRO, Howard Steinberg (“**Steinberg**”), nor any other Person engaged by HCC to provide services to the

Respondents pursuant to the CRO Engagement Letter (each, a “**Consultant**”) shall be or be deemed to be a director, *de facto* director, or employee of any of the Respondents;

- (d) neither the CRO, Steinberg, nor any Consultant shall, as a result of the performance of their obligations and duties under the CRO Engagement Letter in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession (as defined below) of any of the Property within the meaning of any Environmental Legislation (as defined below) or the Controlled Substances Legislation; provided, however, that if the CRO, Steinberg, or any Consultant is nevertheless found to be in Possession of any such Property, then the CRO, Steinberg and/or such Consultant, as the case may be, shall be entitled to the benefits and protections in relation to the Respondents and such Property as are provided to a monitor under Section 11.8(3) of the CCAA; provided further, however, that nothing in this sub-paragraph 25(d) shall exempt the CRO, Steinberg, and/or any Consultant from any duty to report or make disclosure imposed by a law incorporated by reference in Section 11.8(4) of the CCAA;
- (e) neither the CRO, Steinberg, nor any Consultant shall have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct on the part of the CRO, Steinberg, and/or any Consultant;
- (f) no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, Steinberg, and/or any Consultant, and all rights and remedies of any Person against or in respect of the CRO, Steinberg, and/or any Consultant are hereby stayed and suspended, except with the written consent of the CRO or with leave of this court on notice to the Respondents, the Monitor, the Bridging Receiver, and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Respondents, the Monitor, the Bridging Receiver, and the CRO at least seven (7) days prior to the return date of any such motion for leave;



- (g) the CRO Fees shall not be compromised pursuant to any Plan, any proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”), or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment in full of all amounts due to the CRO pursuant to the terms of the CRO Engagement Letter;
- (h) the CRO and Steinberg shall be entitled to the benefit of the indemnity provided in paragraph 22 hereof and the Directors’ Charge; and
- (i) the CRO shall be entitled to the benefit of and is hereby granted a charge (the “CRO Additional Consideration Charge”) on the Property (but excluding any Property that is an equity interest in, or claim against, any MJar Subsidiary (as defined below) that is not a Respondent, and any Property that any Respondent may receive or have an interest in or entitlement to by reason of being the direct or indirect equity holder or a creditor of any MJar Subsidiary that is not a Respondent) as security for the Additional Consideration payable by MJar to the CRO pursuant to the CRO Engagement Letter in the event of a Third-Party Sale (as defined in the CRO Engagement Letter). The CRO Additional Consideration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

26. **THIS COURT ORDERS** that neither the CRO, Steinberg, nor any Consultant shall incur any liability or obligation as a result of the appointment of the CRO or the carrying out by it of the provisions of this Order or the CRO Engagement Letter, including under any Controlled Substances Legislation, save and except for any gross negligence or wilful misconduct on the part of the CRO, Steinberg, and/or any Consultant.

#### **APPOINTMENT OF MONITOR**

27. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Respondents with the powers and obligations set out in the CCAA or set forth herein and that the Respondents and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Respondents pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor

with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Respondents' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Respondents, to the extent required by the Respondents, in their dissemination to the Bridging Receiver and counsel, as applicable, of financial and other information as agreed to between the Respondents and the Bridging Receiver (including for greater certainty, in its capacity as receiver and manager of the DIP Lender (as defined below)) and consented to by the Monitor;
- (d) advise the Respondents in their preparation of the Respondents' cash flow statements and any other reporting required by the DIP Lender pursuant to the DIP Credit Agreement, which information shall be reviewed with the Monitor and delivered to the Bridging Receiver as receiver and manager of the DIP Lender and its financial advisors and/or counsel, as applicable, on a periodic basis pursuant to subparagraph 28(c) above;
- (e) advise the Respondents in the development of any Plan and any amendments to such Plan, or in respect of any other restructuring transaction involving the Respondents that may be pursued by the Bridging Receiver or the Respondents (collectively, with a Plan, a "**Restructuring Transaction**");
- (f) assist the Respondents, to the extent required by the Respondents, with the holding and administering of any meetings for voting on any Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the



Respondents, to the extent that is necessary to adequately assess the Respondents' business and financial affairs or to perform its duties arising under this Order;

- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) apply to this Court for any orders necessary or advisable in connection with these CCAA proceedings and the Respondents' restructuring efforts, including, without limitation, seeking any required approvals in connection with a Restructuring Transaction; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

29. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, the Property, or any assets, properties or undertakings of any of the Respondents' direct or indirect subsidiaries or affiliates, including any joint venture entities (collectively, the "**MJar Subsidiaries**" and each, an "**MJar Subsidiary**"), for which a permit or license is issued or required pursuant to any federal, provincial or other law respecting, among other things, the cultivation, processing, sale and/or possession of cannabis or cannabis-related products in Canada or the United States, including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Act*, 2001, S.C. 2002, c. 22, the *Cannabis Control Act*, 2017, S.O. 2017, c. 26, Sched. 1, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, the *Cannabis License Act*, 2018, S.O. 2018, c. 12, or other such applicable federal or provincial legislation (collectively, the "**Controlled Substances Legislation**") and shall take no part whatsoever in the management or supervision of the management of the Business or any business of any of the MJar Subsidiaries, and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained Possession of the Business or Property, or any part thereof, within the meaning of any Controlled Substances Legislation, or otherwise, and nothing in this Order shall be construed as resulting in

the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

30. **THIS COURT ORDERS** that nothing herein contained shall require the DIP Lender or the Bridging Receiver to take Possession of any of the Property or the property of any MJar Subsidiaries that is or may be: (i) subject to any Controlled Substances Legislation; or (ii) environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation.

31. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

32. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Respondents and the Bridging Receiver (including as receiver and manager of the DIP Lender) with information provided by the Respondents in response to reasonable requests for information made in writing by such creditors addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Respondents is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Respondents may agree.



33. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor any its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Controlled Substances Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the CRO shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges or as set out in the CRO Engagement Letter, by the Respondents as part of the costs of these proceedings. The Respondents are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and the CRO in accordance with the payment terms agreed between the Respondents and such parties.

35. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

36. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the CRO (in the case of the CRO, up to a maximum of \$160,000 and not in respect of the obligation to pay any Additional Consideration) shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$300,000, unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred both before and after the making of this Order at their standard rates and charges or as set out in the CRO Engagement Letter. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof. For the avoidance of doubt, the Administration Charge shall not secure the obligation to pay the Additional Consideration to the CRO.

#### **DIP FINANCING**

37. **THIS COURT ORDERS** that the Respondents are hereby authorized and empowered to obtain and borrow under a credit facility from BFI, as agent on behalf of an affiliate to be named

(the “**DIP Lender**”), in order to finance the Respondents’ working capital requirements, the costs of these proceedings and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,000,000 (plus accrued and unpaid interest, fees and reimbursable expenses) unless permitted by further Order of this Court.

38. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Respondents and the DIP Lender (the “**DIP Credit Agreement**”), attached as Exhibit “M” to the Page Affidavit.

39. **THIS COURT ORDERS** that the Respondents are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**DIP Documents**”), as are contemplated by the DIP Credit Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Respondents are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Credit Agreement and the DIP Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

40. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not exceed the aggregate amount owed to the DIP Lender under the DIP Credit Agreement and the other DIP Documents. The DIP Lender’s Charge shall have the priority set out in paragraphs 44 to 46 hereof.

41. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the DIP Documents;
- (b) upon the occurrence of an event of default under the DIP Credit Agreement, the other DIP Documents, or the DIP Lender’s Charge, the DIP Lender, upon five days’ written notice to the Respondents and the Monitor, may exercise any and all of its rights and remedies against the Respondents or the Property under or pursuant to the DIP Credit



Agreement, the other DIP Documents, and the DIP Lender's Charge, including, without limitation, to cease making advances to the Respondents and set off and/or consolidate any amounts owing by the DIP Lender to the Respondents against the obligations of the Respondents to the DIP Lender under the DIP Credit Agreement, the other DIP Documents, and the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager, or interim receiver, or for a bankruptcy order against any of the Respondents and for the appointment of a trustee in bankruptcy of any of the Respondents; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Respondents or the Property.

42. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any Plan filed in these CCAA proceedings in respect of the Respondents, or any proposal filed under the BIA in respect of the Respondents with respect to any advances made under the DIP Credit Agreement and the other DIP Documents.

43. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order, any other Order of the Court (whether made pursuant to these proceedings or otherwise), or at law, the DIP Lender shall incur no liability or obligation as a result of carrying out the provisions of this Order, including under any Controlled Substances Legislation, save and except for any gross negligence or willful misconduct on its part.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THE RECEIVERSHIP ORDER AND THIS ORDER**

44. **THIS COURT ORDERS** that the priorities of the Receiver's Charge (as defined in the Receivership Order), the Administration Charge, the Receiver's Borrowings Charge (as defined in the Receivership Order), the DIP Lender's Charge, the Directors' Charge and the CRO Additional Consideration Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Receiver's Charge;

Second – Administration Charge (to the maximum amount of \$300,000);

Third – Receiver's Borrowings Charge (to the maximum amount of \$2,548,266.24, plus accrued and unpaid interest, fees and reimbursable expenses);

Fourth – DIP Lender's Charge (to the maximum amount of \$2,000,000, plus accrued and unpaid interest, fees and reimbursable expenses);

Fifth – Directors' Charge (to the maximum amount of \$785,000); and

Sixth – CRO Additional Consideration Charge.

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. **THIS COURT ORDERS** that each of the Charges shall, subject to paragraph 25(i), constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, deemed trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment.

47. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Respondents shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Respondents also obtain the prior written consent of the Monitor, the Bridging Receiver, and the beneficiaries of the applicable Charge(s), or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy or receivership order(s) issued pursuant to the BIA or other



applicable statutes, or any bankruptcy or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Respondents, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Credit Agreement or the DIP Documents shall create or be deemed to constitute a breach by the Respondents of any Agreement to which any of them are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Respondents entering into the DIP Credit Agreement, the creation of the Charges, or the execution, delivery or performance of the DIP Documents; and
- (c) the payments made by the Respondents pursuant to this Order, the DIP Credit Agreement or the DIP Documents and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Respondent’s interest in such real property leases.

#### **SERVICE AND NOTICE**

50. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Respondents of more than \$1,000, and (C) prepare a list showing the

names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by the Court.

51. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “Guide”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at: <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established by the Monitor in accordance with the Guide with the following URL: <https://www.ksvadvisory.com/experience/case/mjardin-group-inc>.

52. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Respondents and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Respondents’ creditors or other interested parties at their respective addresses as last shown on the records of the Respondents and that any such service, distribution or notice shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

53. **THIS COURT ORDERS** that the Respondents and the Monitor and their respective counsel are at liberty to serve or distribute this Order and any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Respondents’ creditors or other interested parties and their advisors, as applicable. For greater certainty, any such distribution or



service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

54. **THIS COURT ORDERS** that, subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Respondents, the Monitor, or the Bridging Receiver in these proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the “**Service List**”) with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. Eastern Standard/Daylight Time on the date that is two (2) days prior to the date such motion is returnable (the “**Objection Deadline**”). The Monitor shall have the ability to extend the Objection Deadline by notice in writing.

55. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor shall inform the Court, including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine (a) whether a hearing in respect of the motion is necessary, (b) if a hearing is necessary, the date and time of the hearing, (c) whether such hearing will be in person, by telephone or videoconference, or by written submissions only, and (d) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the notice of motion.

## **SEALING**

56. **THIS COURT ORDERS** that the Confidential Appendices to the KSV Report shall be sealed and kept confidential pending further order of this Court.

## **GENERAL**

57. **THIS COURT ORDERS** that the Respondents or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order, or for advice and directions in the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

58. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Respondents, the Business, the Property, the MJar Subsidiaries, or any of the business or property of the MJar Subsidiaries.

59. **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 Respondents, 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 Respondents 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 Respondents and the Monitor and their respective agents in carrying out the terms of this Order.

60. **THIS COURT ORDERS** that the Bridging Receiver, each of the Respondents 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.

61. **THIS COURT ORDERS** that the Initial Order is hereby amended and restated pursuant to this Order, and 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.

  
CHIEF JUSTICE G.B. MORAWETZ

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

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

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

Respondents

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE-**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**AMENDED AND RESTATED**  
**INITIAL ORDER**

**Thornton Grout Finnigan LLP**  
TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7  
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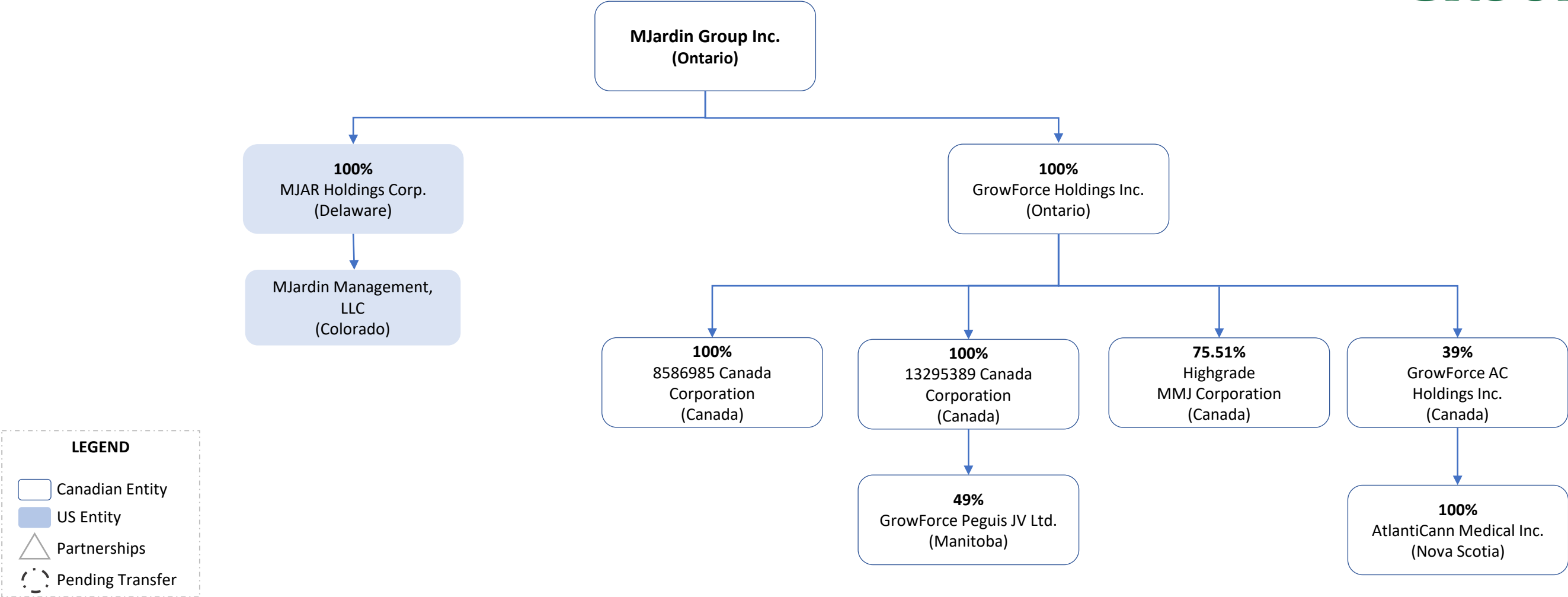
Lawyers for the PricewaterhouseCoopers Inc.



## **Appendix “B”**

# MJardin Group Inc – Legal Entities\*

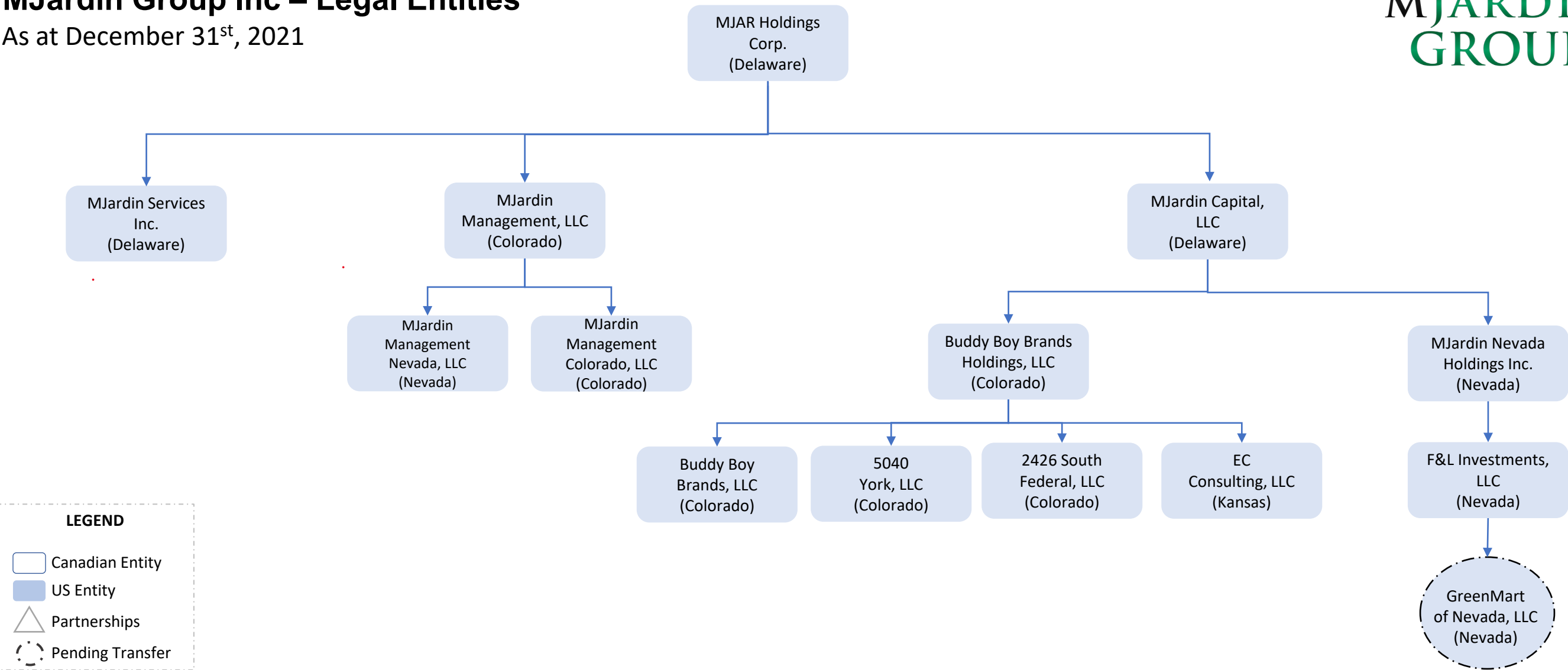
As at December 31<sup>st</sup>, 2021



\*Dormant entities to be wound up by 12/04/22

# MJardin Group Inc – Legal Entities

As at December 31<sup>st</sup>, 2021



## **Appendix “C”**

## **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](mailto:ngoldstein@ksvadvisory.com)  
[ebrenner@ksvadvisory.com](mailto:ebrenner@ksvadvisory.com)  
[mtallat@ksvadvisory.com](mailto:mtallat@ksvadvisory.com)

With a copy to:

Goodmans LLP

Attention: Chris Armstrong/Andrew Harmes

Email: [carmstrong@goodmans.ca](mailto:carmstrong@goodmans.ca)  
[aharmes@goodmans.ca](mailto:aharmes@goodmans.ca)

Company: MJardin Group, Inc.

Attention: Howard Steinberg (CRO)

Email: [howard@howardscapital.com](mailto:howard@howardscapital.com)

## **Appendix “D”**

(Unaudited; \$CAD in 000's)

[illegible]

MJardin Group, Inc., GrowForce Holdings Inc., Highgrade MMJ Corporation and 8586985 Canada Corporation (collectively, the "Debtors")

**Notes to Projected Statement of Cash Flow**

For the Period Ending March 3, 2023

(Unaudited; \$CAD in 000's)

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**Purpose and General Assumptions**

The purpose of the projection is to present a cash flow forecast of the Debtors for the period October 24, 2022 to March 3, 2023 (the "Period") in respect of their proceedings under the *Companies' Creditors Arrangement Act* ("CCAA").

The cash flow projection has been prepared based on most probable assumptions.

**Hypothetical Assumptions**

None.

**Probable Assumptions**

1. Represents projected collections from outstanding invoices, existing purchase orders and forecasted sales. Collections are presented net of any deductions from projected returns and price reductions.
2. Operating costs include payroll, payments to trade vendors and insurance.
3. Occupancy costs include rent for the Debtors' leased premises in Brampton, Ontario.
4. Represents normal course excise tax remittances along with a monthly payment of \$59,000 in respect of excise tax arrears generated from the period from November 2021 to February 2022, which are being paid in order to maintain the Debtors' cannabis licences.
5. Represents the estimated payments to the Monitor and its counsel in respect of their professional fees.
6. Represents the monthly obligations associated with the Chief Restructuring Officer and other consultants.



**COURT FILE NO.: CV-22-00682101-00CL**

**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 OF MJARDIN  
GROUP, INC.**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 10(2)(b) of the CCAA)

The management of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the "Debtors") have developed the assumptions and prepared the attached statement of projected cash flow as of the 28<sup>th</sup> day October, 2022 for the period October 24, 2022 to March 3, 2023 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

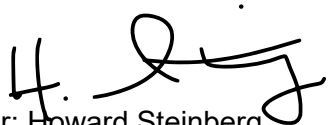
The probable assumptions are suitably supported and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Debtors and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 28<sup>th</sup> day of October, 2022.

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

  
Per: Howard Steinberg  
Howards Capital Corp., in its capacity as  
Chief Restructuring Officer of MJardin Group, Inc.

## **Appendix “E”**

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

**MONITOR'S REPORT ON CASH FLOW STATEMENT  
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the "Debtors") as of the 28<sup>th</sup> day October, 2022, consisting of a weekly projected cash flow statement for the period October 24, 2022 to March 3, 2023 ("Cash Flow") has been prepared by the management of the Debtors for the purpose described in Note 1, using probable assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Debtors. We have reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the Cash Flow; or
- b) the Cash Flow does not reflect the probable assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 28<sup>th</sup> day of October, 2022.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF  
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,  
8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION  
AND NOT IN ITS PERSONAL CAPACITY**



## **Appendix “F”**

# MJARDIN GROUP

MJardin Group, Inc.  
PO Box 846 – Toronto Adelaide Retail  
Toronto, ON M5C 2K1  
1 778-363-9925

●, 2022

## VIA EMAIL

PricewaterhouseCoopers Inc.,  
in its capacity as court-appointed receiver  
and manager of Bridging Finance Inc. and  
certain related entities and investment funds  
18 York Street, Suite 2600  
Toronto, ON M5J 0B2

### **Attention: Michael McTaggart**

Dear Sir,

**Re: Debtor in Possession Financing for MJardin Group, Inc. Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the “Borrower”)**

We write on behalf of the Borrower in regards to the Debtor-in-Possession Financing Term Sheet between the Borrower and PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds made as of June 1, 2022, as amended by a letter agreement dated September 8, 2022 (the “**DIP Term Sheet**”). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the DIP Term Sheet.

The Maturity Date contemplated by item (iv) of the “Term” section of the DIP Term Sheet is currently December 21, 2022. The DIP Term Sheet contemplates the extension of the Maturity Date if agreed to in writing by the DIP Lender.

The Borrower, following consultation with the Monitor, hereby requests an extension of the Maturity Date specified in item (iv) in the “Term” section to March 3, 2023.

Please indicate your acceptance of the foregoing by executing this letter agreement in the space indicated below and returning a copy to the Borrower at [howard@howardscapital.com](mailto:howard@howardscapital.com). All other terms and conditions of the DIP Term Sheet shall remain the same.

Yours truly,

**MJardin Group, Inc. Growforce Holdings Inc.,  
8586985 Canada Corporation and Highgrade  
MMJ Corporation**

Per:

\_\_\_\_\_  
Name: Howard Steinberg  
Title: Howards Capital, Corp., in its  
capacity as Chief Restructuring Officer of  
MJardin Group, Inc., Growforce Holdings  
Inc., 8586985 Canada Corporation and  
Highgrade MMJ Corporation

**ACCEPTED AND AGREED** this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

**PricewaterhouseCoopers Inc.**, solely in its  
capacity as court-appointed receiver and manager of  
the DIP Lender and with no personal or corporate  
liability

Per:

\_\_\_\_\_  
Name: Michael McTaggart  
Title: Senior Vice-President

cc: Noah Goldstein, KSV Restructuring Inc. (*via email*)

**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

**FOURTH REPORT OF THE MONITOR  
DATED OCTOBER 28, 2022**

**GOODMANS LLP**

Barristers & Solicitors  
333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7

Christopher Armstrong LSO#: 55148B  
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A  
aharmes@goodmans.ca

Brennan Caldwell LSO#: 81627N  
bcaldwell@goodmans.ca

Tel: (416) 979-2211/ Fax: (416) 979-1234

Lawyers for the Monitor, KSV Restructuring Inc.