



STRICTLY PRIVATE AND CONFIDENTIAL

November 15, 2022

To: Potential Bidders

Re: **Phase 1 of the MJardin Sale and Investment Solicitation Process**

Thank you for your interest in exploring a potential transaction involving the sale of, or investment in, all or part of the assets and business operations of MJardin Group, Inc. ("**MJar**"), Growforce Holdings Inc. ("**Growforce**"), 8586985 Canada Corporation ("**858**") and Highgrade MMJ Corporation ("**Highgrade**", and collectively with MJar, Growforce and 858, the "**Company**") (the "**Opportunity**"). We are sending you this letter to describe the Opportunity and outline the process and timeline that has been established pursuant to the Company's sale and investment solicitation process (the "**SISP**"), a copy of which is available at: <https://www.ksvadvisory.com/experience/case/mjardin-group-inc>.

Background

The Company is a cannabis cultivation company. In Canada, the Company engages in the production and sale of cannabis through Growforce, which owns 100% of the outstanding shares of 858 and 75.51% of the outstanding shares of Highgrade. Each of 858 and Highgrade are licensed producers of cannabis in accordance with the *Cannabis Act* (Canada). Highgrade owns and operates an 11,000 square-foot cannabis production facility in Dunnville, Ontario. 858 primarily operates from a 32,800 square-foot leased cannabis production facility located in Brampton, Ontario. The Company also has a 39% indirect interest in AtlantiCann Medical Inc., an operator of a cannabis production facility in Halifax, Nova Scotia.

Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 2, 2022, the Company was granted protection from its creditors and related relief pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and KSV Restructuring Inc. was appointed as monitor of the Company (the "**Monitor**"). In connection with the CCAA proceedings, Howards Capital Corp. was appointed as chief restructuring officer of the Company (the "**CRO**") in order to lead an operational restructuring of the Company's business. Howard Steinberg, a senior executive and experienced restructuring professional in the cannabis space, is the principal of the CRO. In addition, the Company has obtained debtor-in-possession financing from PricewaterhouseCoopers Inc. in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (in such capacity, the "**DIP Lender**").

The CRO has implemented several significant changes to the Company's business since its appointment, including, among other things, various cost reduction measures and steps to improve product potency and cannabis yields, such that the Company's product is now positioned in the "ultra premium" category. The Company has also obtained several new certifications that enable it to export product to certain international markets.

Process Overview

The Monitor, with the assistance of the Company (including the CRO), is conducting the SISP pursuant to an Order of the Court dated November 4, 2022, in order to solicit interest in the Opportunity and identify the highest or otherwise best offer(s) for the Company's business and assets, in whole or in part. The following provides a summary overview of the terms of the SISP; reference should be made directly to the SISP for a complete understanding of its terms.

Potential bidders wishing to participate in the SISP ("**Potential Bidders**") must deliver to the Monitor and the Company an executed non-disclosure agreement, a form of which is being delivered concurrent with this letter, as well as a letter confirming the identity of the Potential Bidder, its contact information, the principals of the Potential Bidder and the Potential Bidder's direct and indirect equity holders. Potential Bidders who have complied with the foregoing will be deemed a "**Phase 1 Qualified Bidder**" if determined by the Monitor and the Company, in consultation with the DIP Lender, to be likely to be able to consummate a transaction pursuant to the SISP, and will be provided with access to certain confidential information with respect to the Company and its property and business through an electronic data room (the "**Dataroom**") and other diligence opportunities. The Monitor will also be available to consult with Potential Bidders prior to the submission of any LOI to clarify information and procedures and facilitate any diligence requests.

Phase 1 Qualified Bidders wishing to pursue the Opportunity must submit a non-binding letter of intent (a "**LOI**") to the Monitor and the Company with the details prescribed by the SISP by no later than **5:00 pm (Toronto time) on December 15, 2022**. LOIs should be addressed as follows:

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

Attn: Noah Goldstein / Eli Brenner / Murtaza Tallat

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

With a copy to:

Goodmans LLP

Attn: Chris Armstrong / Andrew Harmes

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

Company: MJardin Group, Inc.

Attn: Howard Steinberg (CRO)

Email: howard@howardscapital.com

The Monitor and the Company, in consultation with the DIP Lender, will assess the LOIs received to determine if they are a "**Qualified LOI**" within the meaning of the SISP and may determine to proceed to a second phase of the SISP ("**Phase 2**"), or alternatively elect to proceed to negotiate and execute definitive documentation with respect to a transaction contemplated by a Qualified LOI or with respect to a Credit Bid (as defined in the SISP), or elect to terminate the SISP.

If it is determined to proceed with Phase 2 and the Monitor and the Company determine, in consultation with the DIP Lender, that a Phase 1 Qualified Bidder that has submitted a Qualified LOI has a *bona fide* interest in completing a transaction that represents a compelling opportunity for a value maximizing or other transaction that is in the best interests of the Company and its stakeholders and has the capability (based on availability of financing, experience and other considerations) to consummate such a transaction, then such Phase 1 Qualified Bidder will be deemed a “**Phase 2 Qualified Bidder**” and will be invited to proceed to Phase 2 of the SISP. A bid process letter for Phase 2 will be sent by the Monitor to all Phase 2 Qualified Bidders.

All communications or inquiries regarding the SISP should be directed through the Monitor to Eli Brenner (ebrenner@ksvadvisory.com) and/or Murtaza Tallat (mtallat@ksvadvisory.com). 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.

In light of the Company’s CCAA proceedings, any transaction resulting from the SISP will be subject to Court approval. The Monitor’s legal counsel, Goodmans LLP, is available to discuss the CCAA proceedings and any implications thereof with respect to the SISP.

Once again, we thank you for your interest in the SISP and are available to discuss any questions you may have at your convenience.

Yours truly,

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

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED MONITOR OF
MJARDIN GROUP, INC. ET AL.
AND NOT IN ITS PERSONAL CAPACITY**