

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

THE HONOURABLE MR.	)	THURSDAY, THE 11 <sup>TH</sup>
	)	
JUSTICE CAVANAGH	)	DAY OF APRIL, 2024

**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 HERITAGE CANNABIS HOLDINGS  
CORP., 1005477 B.C. LTD., HERITAGE CANNABIS WEST  
CORPORATION, MAINSTRAIN MARKET LTD.,  
HERITAGE CANNABIS EAST CORPORATION,  
PUREFARMA SOLUTIONS INC., 333 JARVIS REALTY  
INC., 5450 REALTY INC., HERITAGE CANNABIS  
EXCHANGE CORP. and PREMIUM 5 LTD.**

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

**SISP ORDER**

**THIS MOTION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order, *inter alia*, approving (i) the Bidding Procedures for Sale and Investment Solicitation Process in the form attached hereto as Schedule "B" (the "**SISP**"); and (ii) the Stalking Horse Agreement (as defined herein) was heard this day by Zoom videoconference.

**ON READING** the affidavit of David Schwede sworn April 2, 2024 and the Exhibits thereto (the "**Initial Affidavit**"), the affidavit of David Schwede sworn April 9, 2024 and the Exhibits thereto (the "**Second Affidavit**"), and the First Report of KPMG Inc. ("**KPMG**") in its capacity as Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated April 10, 2024 (the "**First Report**"), and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay**"),

**Parties**" and together with the Applicants, the "**Heritage Entities**"), counsel for the Monitor, counsel for BJK Holdings Ltd. ("**BJK**"), the Applicants' senior secured creditor and the debtor-in-possession lender (in such capacity, the "**DIP Lender**"), and HAB Cann Holdings Ltd. (the "**Stalking Horse Purchaser**") and such other parties that attended the hearing of the motion, no one else appearing although duly served as appears from the affidavit of service of Lynda Christodoulou sworn April 10, 2024,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order of this Court dated April 11, 2024 (the "**ARIO**"), the SISP or the Stalking Horse Purchase Agreement (as defined below).

### **APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS**

3. **THIS COURT ORDERS AND DECLARES** that the SISP (subject to any amendments thereto that may be made in accordance with the terms therewith and with this Order) is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the SISP pursuant to the terms thereof. The Applicants and the Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.
4. **THIS COURT ORDERS** that the Applicants, the Monitor, and their respective affiliates, partners, directors, officers, employees, counsel, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any Person in connection with or as a result of implementing or otherwise in connection with the SISP, except to the extent such losses, claims, damages or liabilities that arise or result from their respective gross negligence or wilful misconduct, as applicable, as determined by this Court in a final order that is not subject to appeal or other review.

5. **THIS COURT ORDERS** that pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor and the Applicants are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP.

6. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, and in no way limiting the protections provided to the Monitor in the ARIO, the Monitor shall not take possession of any Property or be deemed to take possession of any Property, including pursuant to any provision of the Cannabis Legislation (as defined in the ARIO).

#### **APPROVAL OF THE STALKING HORSE AGREEMENT**

7. **THIS COURT ORDERS** that Heritage Cannabis Holdings Corp. ("**Heritage**") and Heritage Cannabis West Corporation ("**Heritage West**") are hereby authorized and empowered to enter into the Stalking Horse Subscription Agreement (the "**Stalking Horse Agreement**") among Heritage and Heritage West, as companies (the "**Companies**"), BJK, and the Stalking Horse Purchaser, in the form attached to the First Report, *nunc pro tunc*, with such minor amendments as may be acceptable to the Companies, BJK and the Stalking Horse Purchaser, with the approval of the Monitor.

8. **THIS COURT ORDERS** that the Stalking Horse Agreement is hereby approved and accepted solely for the purposes of being the Stalking Horse Bid under the SISP; provided that, nothing herein approves the transactions contemplated in the Stalking Horse Bid, and the approval of any transactions contemplated by the Stalking Horse Agreement shall be considered by this Court on a subsequent motion made to this Court if the Stalking Horse Agreement is the Successful Bid pursuant to the SISP.

9. **THIS COURT ORDERS** that the Break and Expense Reimbursement Fee (as defined in the Stalking Horse Agreement) is hereby approved and the Applicants party to the Stalking Horse Agreement are hereby authorized and directed to pay the Break and Expense Reimbursement Fee to Stalking Horse Purchaser (or as it may otherwise direct) subject to and in accordance with the terms of the Stalking Horse Agreement.

## **PROTECTION OF PERSONAL INFORMATION**

10. **THIS COURT ORDERS** pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and any similar legislation in any other applicable jurisdictions, the Monitor, the Applicants and their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants (each a "**SISP Participant**") and their respective advisors personal information of identifiable individuals ("**Personal Information**"), records pertaining to the Applicants' past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the SISP (a "**Transaction**"). Each SISP Participant to whom such Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and, if it does not complete a Transaction, shall return all such information to the Monitor or the Applicants, or, in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Applicants or the Monitor. The Successful Bidder(s) (as defined in the SISP) shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or the Property (as defined in the SISP) acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor or the Applicants.

## **GENERAL**

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

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

13. **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 Applicants, 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

14. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

15. **THIS COURT ORDERS** that this Order all of its provisions are effective as of 12:01 a.m. (Toronto Time) on the date of this Order without the need for entry or filing.

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**SCHEDULE "A"**  
**Non-Applicant Stay Parties**

Heritage (US) Colorado Corp.

Opticann, Inc.

Heritage US Holdings Corp.

Heritage (US) Cali Corp.

Heritage (US) Oregon Corp.

**SCHEDULE "B"**

**Bidding Procedures for  
the Sale and Investment Solicitation Process  
[Attached]**

## Schedule “B”

### Bidding Procedures for the Sale and Investment Solicitation Process

Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on April 2, 2024 (as amended and restated, the “**Initial Order**”), Heritage Cannabis Holdings Corp. (“**Heritage Cannabis**”), 1005477 B.C. Ltd., Heritage Cannabis West Corporation, Mainstrain Market Ltd., Heritage Cannabis East Corporation, Purefarma Solutions Inc., 333 Jarvis Realty Inc., 5450 Realty Inc., Heritage Cannabis Exchange Corp. and Premium 5 Ltd. (collectively, the “**Applicants**” or the “**Heritage Group**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and the proceedings thereunder, the “**CCAA Proceedings**”), and KPMG Inc. (“**KPMG**”) was appointed monitor of the Applicants (in such capacity, the “**Monitor**”).

On April 11, 2024, the Court granted an order (the “**SISP Order**”), authorizing the Monitor, with the assistance of the Heritage Group’s management team, to undertake a sale and investment solicitation process (“**SISP**”) for the sale of the Heritage Group’s (i) property, assets and undertaking or shares in the capital of one or more of the Applicants (collectively, the “**Property**”), and (ii) business operations (the “**Business**”). The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

Among other things, the SISP Order also: (a) approved the procedures set out in this Schedule (the “**Bidding Procedures**”) for the solicitation of offers or proposals (each, a “**Bid**”) for the acquisition of the Property and the Business or some portion thereof; and (b) approved the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the SISP Order, the “**Stalking Horse Agreement**”) to be entered into between each of Heritage Cannabis, BJK Holdings Ltd. (in such capacity, the “**Stalking Horse Bidder**”) and Hab Cann Holdings Inc. for the purposes of serving as the stalking horse bid in the SISP (the “**Stalking Horse Bid**”). For the avoidance of doubt, the implementation of the transactions contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures, and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Applicants following the completion of the SISP.

#### Defined Terms

1. Capitalized terms used in these Bidding Procedures and not otherwise defined herein have the meanings given to them in **Appendix “A”** hereto.

#### Bidding Procedures

##### *Opportunity*

2. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Heritage Group’s Property and Business (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, refinancing, recapitalization or other form of reorganization of the business and affairs of one or more entity comprising the Heritage Group as a going concern, or a sale of all, substantially all or one or more



components of the Heritage Group's Property and Business as a going concern or otherwise.

3. The Stalking Horse Agreement constitutes a Binding Offer and a Qualified Bid (each as defined below) by the Stalking Horse Bidder (which constitutes a Binding Offer Bidder and a Qualified Bidder (each as defined below)) for all purposes and at all times under this SISP, and will serve as the Stalking Horse Bid for purposes of this SISP and the Bidding Procedures. The Stalking Horse Bidder shall have the right to participate in the Auction (as defined below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the SISP, including as a Sale Proposal (as defined below), a Partial Sale Proposal (as defined below), or an Investment Proposal (as defined below). A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders (as defined below) and a form of such agreement, to be uploaded to the VDR (as defined below), shall be used as the basis for any Binding Offer made in the SISP.
4. The Bidding Procedures describe (a) the manner in which prospective bidders may gain access to due diligence materials concerning the Heritage Group, the Property and the Business, (b) the manner in which bidders may participate in the SISP, (c) the terms of the requirements, delivery and negotiation of bids received, (d) the ultimate selection of a Successful Bidder (as defined below), and (e) the requisite approvals to be sought from the Court in connection therewith.
5. Subject to Paragraph 22 below, the Monitor, in consultation with the Heritage Group, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Participating Bidders, Binding Offer Bidders, Qualified Bidders, the Successful Bidder(s) or the Back-Up Bidder(s) (each as defined below), provided that such modification, amendment, variation or supplement is (a) expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and (b) necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Monitor, with the consent of the DIP Lender, as the Monitor deems necessary or appropriate, acting reasonably, or by order of the Court.
6. The Monitor will post on the Monitor's website and serve on the service list maintained in the CCAA Proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.
7. In the event of a dispute as to the interpretation or application of the SISP Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and closing of a Successful Bid, as applicable.

8. A summary of the key dates pursuant to the SISP is as follows:<sup>1</sup>

<b>Milestone</b>	<b>Date</b>
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA (each as defined below), Confidential Information Memorandum and access to VDR	No later than two (2) Business Days after Court Approval of the SISP (i.e. April 15, 2024)
Binding Offer Deadline (as defined below)	May 10, 2024 at 5:00 p.m. EST
<i>If no Qualified Bids are received other than Stalking Horse Bid</i>	
Selection of Stalking Horse Bid as Successful Bid	May 10, 2024 at 5:15 p.m. EST
Hearing of Approval Motion (as defined below)	May 27, 2024 or the earliest date available thereafter
Closing of Stalking Horse Bid	As soon as possible but no later than August 2, 2024.
<i>If Qualified Bids are received other than Stalking Horse Bid</i>	
Deadline to notify Qualified Bidders of Auction	No later than May, 14, 2024
Auction, if needed	May 17, 2024
Selection of Successful Bid and Back-Up Bidder, if needed	May 18, 2024 or such later date immediately thereafter if the Auction is not completed in one day
Execution of Definitive Transaction Documentation reflecting changes to Qualified Bid arising from Auction.	No later than May 21, 2024
Hearing of Approval Motion	No later than June 7, 2024

<sup>1</sup> This summary is provided for illustrative purposes only, and the terms of these Bidding Procedures other than Paragraph 8 shall govern in the case of any inconsistency between Paragraph 8 and any other section of the Bidding Procedures.

Milestone	Date
Closing of the Successful Bid	As soon as possible but no later than August 2, 2024, or such later date as may be agreed

***Solicitation of Interest: Notice of the SISP***

9. As soon as reasonably practicable, but, in any event, by no later than two (2) Business Days after the granting of the SISP Order:
  - (a) the Monitor, in consultation with the Heritage Group, will prepare a list of potential bidders, including (i) parties that have approached the Applicants, the Monitor or the DIP Lender indicating an interest in the Opportunity, and (ii) strategic and financial parties who the Monitor, in consultation with the Heritage Group, believe may be interested in purchasing all or part of the Business or the Property or investing in the Heritage Group pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, the **“Known Potential Bidders”**);
  - (b) the Heritage Group will issue a press release setting out the information contained in the Notice and such other relevant information which the Monitor, the Applicants determine is appropriate; and
  - (c) the Monitor, with the assistance of the Heritage Group, 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 non-disclosure agreement in form and substance satisfactory to the Monitor and Heritage Group and their respective counsel, which shall enure to the benefit of any purchaser of the Business or Property or any part thereof (an **“NDA”**).
10. The Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder by no later than two (2) Business Days after the granting of the SISP Order, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
11. In addition to the foregoing, within five (5) Business Days after the granting of the SISP Order, the Monitor shall cause a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Heritage Group, considers appropriate) (the **“Notice”**) to be published in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Monitor.

***Virtual Data Room***

12. A confidential virtual data room (the **“VDR”**) in relation to the Opportunity will be made available by the Heritage Group and the Monitor to Participating Bidders (as defined below). The VDR will include all documentary materials reasonably likely to be relevant to Participating Bidders in their assessment of the Opportunity, and shall include the Teaser

Letter, the Stalking Horse Agreement and a form of asset/share purchase agreement to be used by Participating Bidders in making bids. The VDR shall be made available as soon as practicable following the granting of the SISP Order. The Monitor, in consultation with the Heritage Group, may establish or cause the Heritage Group to establish separate VDRs (including “**clean rooms**”), if the Monitor, in consultation with the Heritage Group, reasonably determines that doing so would further the Heritage Group’s and any Potential Bidder’s compliance with applicable antitrust and competition laws, or would prevent the distribution of commercially sensitive competitive information.

13. The Monitor may, in consultation with the Heritage Group, limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor, in consultation with the Heritage Group, reasonably determines that such access could negatively impact the SISP, the ability to maintain the confidentiality of the information, the Business, the Property or their value.

### ***Participating Bidders and Delivery of Confidential Information Memorandum***

14. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide to the Monitor and counsel to the Heritage Group, at the addresses specified in **Appendix “B”** hereto (including by email transmission), in form and substance acceptable to the Monitor, in consultation with the Heritage Group (a) an NDA executed by it, (b) written confirmation of the identity of the Potential Bidder, (c) the contact information for such Potential Bidder (d) full disclosure of the direct and indirect principals of the Potential Bidder, and (e) documentary evidence of such Potential Bidder’s financial wherewithal and ability to consummate a sale or investment pursuant to the SISP, in the form of proof of cash-on-hand and/or unconditionally committed financing.
15. A Potential Bidder who has satisfied the requirements in Paragraph 14(a) through (e) will be deemed a “**Participating Bidder**”. All Participating Bidders will receive a confidential information memorandum prepared by the Monitor, in consultation with the Heritage Group (a “**Confidential Information Memorandum**”) and will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Participating Bidder.
16. The Heritage Group, the Monitor and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter, Confidential Information Memorandum or otherwise made available pursuant to the SISP. Participating Bidders must rely solely on their own independent review, diligence, 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 one or more of the entities comprising the Heritage Group.
17. At any time during the SISP, the Monitor may, in its reasonable judgment, and in consultation with the Heritage Group, eliminate a Participating Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a “Participating Bidder” for the purposes of the SISP.

### ***Due Diligence***

18. The Monitor and the Heritage Group, shall, subject to competitive and other business considerations, afford each Participating Bidder such access to due diligence materials

and information relating to the Property and Business as the Monitor, in consultation with the Heritage Group, may deem appropriate. Any materials provided to a Participating Bidder at such Participating Bidder's request shall also be posted in the VDR, subject to Paragraphs 12, 13 and 19. Due diligence access may include management presentations, access to the VDR, on-site inspections, and other matters which a Participating Bidder may reasonably request and as to which the Monitor, in its reasonable judgment, and in consultation with the Heritage Group, may agree. Any access or interactions with the Heritage Group's management and personnel shall be coordinated through the Monitor.

19. The Monitor shall be solely responsible for coordinating and responding to all requests for information and due diligence access from Participating Bidders; Participating Bidders with such requests shall make them to the Monitor, in writing, at the addresses specified in **Appendix "B"** hereto (including by email transmission). Neither the Monitor, nor the Heritage Group through the Monitor, will be obligated to furnish any information relating to the Property or Business to any person other than to Participating Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Participating Bidders if the Monitor, in consultation with the Heritage Group, determines such information to represent proprietary or sensitive competitive information.

### **Formal Binding Offers**

20. Any Participating Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a "**Sale Proposal**") or a portion of the Property or the Business (a "**Partial Sale Proposal**"); or (b) make an investment in, restructure, recapitalize or refinance the Heritage Group or the Business or a portion thereof (an "**Investment Proposal**", together with a Sale Proposal and a Partial Sale Proposal, a "**Binding Offer**"): shall (i) in the case of a Sale Proposal, provide its offer in the form of a template purchase agreement provided in the VDR, along with a marked version showing edits to the original form of the template provided in the VDR, and a marked version compared to the Stalking Horse Agreement; or (ii) in the case of an Investment Proposal, provide a plan or restructuring support agreement (the "**Binding Offer Bidder**"), in each case, to the Monitor at the addresses specified in **Appendix "B"** hereto (including by email transmission), no later **5 p.m. EST on May 10, 2024** (the "**Binding Offer Deadline**").
21. A Binding Offer will be considered a "**Qualified Bid**", and the Binding Offer Bidder making such Binding Offer a "**Qualified Bidder**", if it:
  - (a) provides net cash proceeds on closing via provisions that meet the following requirements, that are not less than the aggregate total of: (a) the amount of cash payable under the Stalking Horse Agreement; plus (b) the "Credit Bid Consideration" (as defined in the Stalking Horse Agreement); plus (c) the "Break and Expense Reimbursement Fee" (as defined in the Stalking Horse Agreement), plus (d) a minimum overbid amount of \$100,000 ((a) through (d), in the aggregate, the "**Minimum Purchase Price**"); provided, however, that the Monitor may, in its reasonable judgment, and in consultation with the Heritage Group, deem this criterion satisfied if the Binding Offer, together with one or more other non-overlapping Binding Offers, in the aggregate, meet or exceed the Minimum Purchase Price and such Minimum Purchase Price is payable in full in cash on closing (such bids, "**Aggregated Bids**", and each an "**Aggregated Bid**");

- (b) is submitted on or before the Binding Offer Deadline;
- (c) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;
- (d) is not subject to any financing condition, diligence condition or internal or board approval;
- (e) contains or identifies the key terms and provisions to be included in any Approval Order, including whether such order will be a “reverse vesting order”;
- (f) contains the Binding Offer Bidder’s proposed treatment of employees of the applicable Heritage Group entities (for example, anticipated employment offers and treatment of post-employment benefits);
- (g) includes acknowledgments and representations of the Binding Offer Bidder that it:
  - (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) has not relied upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity, or the completeness of any information provided in connection therewith; and (iv) will promptly commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating the cannabis sector;
- (h) is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by the Heritage Group by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) Business Days after the date of closing of the applicable Successful Bid; and (B) the Outside Date (as defined below);
- (i) provides for any anticipated corporate, licensing, securityholder, Health Canada, legal or other regulatory approvals required to close the transaction;
- (j) does not provide for any break or termination fee, expense reimbursement or similar type of payment;
- (k) in the case of a Sale Proposal or Partial Sale Proposal, includes:
  - (i) the specific purchase price in Canadian dollars and a description of any non-cash consideration;
  - (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 all executory contracts of the Heritage Group that the Binding Offer Bidder will assume, and clearly describes, for each contract

- or on an aggregate basis, how all monetary defaults will be remedied, as applicable; and
- (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- (l) in the case of an Investment Proposal, includes:
- (i) a description of how the Binding Offer Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
  - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars;
  - (iii) a description of all executory contracts of the Heritage Group that the Binding Offer Bidder will assume, and clearly describes, for each contract or on an aggregate basis, how all monetary defaults will be remedied, as applicable;
  - (iv) the underlying assumptions regarding the pro forma capital structure; and
  - (v) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- (m) is accompanied by a deposit in the amount of not less than 10% of the cash purchase price, or total new investment contemplated, as the case may be (the “**Deposit**”);
- (n) is accompanied by an acknowledgement that (i) if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be held and dealt with as described in Paragraph 32 below; and (ii) if the Binding Offer Bidder is selected as a Back-Up Bidder, that the Deposit will be held and dealt with as described in Paragraph 32 below;
- (o) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is twenty-one (21) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction (the “**Target Closing Date**”) and in any event no later than August 2, 2024 (the “**Outside Date**”); and
- (p) includes such other information as reasonably requested or identified in writing by the Monitor in consultation with the Heritage Group, prior to the Binding Bid Deadline as being necessary or required by the Monitor.

22. Without limiting Paragraph 5, the Monitor, in its reasonable judgment, and in consultation with the Heritage Group, may waive strict compliance with any one or more of the requirements specified above (with the exception of the requirements contained in Paragraphs 21(a) and 21(m), which cannot be waived without the prior written consent of the DIP Lender) and designate a noncompliant Binding Offer as a Qualified Bid.

***Selection of Successful Bid***

23. The Monitor, in consultation with the Heritage Group, may, following the receipt of any Binding Offer that is not a Qualified Bid, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Qualified Bid.
24. The Monitor and the Heritage Group, will (i) review and evaluate each Qualified Bid, taking into account the factors set out in Paragraph 21, including factors affecting the speed and certainty of closing, the value and nature of the consideration provided for in the Binding Offer (including any assumed liabilities), and any licensing, Health Canada, regulatory or legal approvals, assignments or third party contractual arrangements required to close the transactions. The cash consideration provided for in any Qualified Bid shall not be the only criteria on which Qualified Bids are evaluated, and the “highest and best” Qualifying Bid may not be the Qualifying Bid with the highest cash purchase price.
25. The Monitor, in consultation with the Heritage Group, may, following the receipt of any Qualified Bid, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid in order to improve the Qualified Bid, provided that no Qualified Bidder shall be required to amend its Qualified Bid.
26. In the event that no Qualified Bid is received (other than the Stalking Horse Bid), or any Qualified Bids received are determined by the Monitor, in consultation with the Heritage Group, to be inferior to the Stalking Horse Bid based on the considerations set out in Paragraph 24, then the Stalking Horse Bid shall be deemed the Successful Bid (as defined below), and the Heritage Group will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.
27. In the event there is at least one Qualified Bid in addition to the Stalking Horse Bid is received and such Qualified Bid is not determined by the Monitor, in consultation with the Heritage Group, to be inferior to the Stalking Horse Bid based on the considerations set out in Paragraph 24, then a Successful Bid will be identified through an Auction in accordance with the procedure set out below.
28. In the event that an auction (the “**Auction**”) is required in accordance with the terms of these Bidding Procedures, it will be conducted in accordance with the procedures set forth in this paragraph:
- (a) The Monitor shall be entitled, in consultation with the Heritage Group, to designate some or all Qualified Bidders (in addition to the Stalking Horse Bidder) as eligible to participate in the Auction, taking into account the relative terms of the Qualified



Bidders (including but not limited to purchase price) and the factors set out in Paragraph 24. Qualified Bidders who are invited to participate in the Auction are referred to as “**Auction Bidders**”. For the avoidance of doubt, the Stalking Horse Bidder shall be an Auction Bidder.

- (b) The Auction will commence at a time to be designated by the Monitor, on May 17, 2024, and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or such other reasonable means as the Monitor deems appropriate. The Monitor will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Monitor, in consultation with the Heritage Group, may postpone the Auction.
- (c) Except as otherwise permitted in the Monitor’s discretion, only the Heritage Group, the Monitor and the Auction Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction.
- (d) Each Auction Bidder shall designate a single individual to be its representative and spokesperson for the purposes of the Auction, and shall participate in the Auction through such duly authorized representative.
- (e) Except as otherwise set forth herein, the Monitor may waive and/or employ and announce at the Auction additional rules, including rules to facilitate the participation of parties participating in an Aggregated Bid, that are reasonable under the circumstances for conducting the Auction, provided that such rules are:
  - (i) not inconsistent with the Initial Order, the SISP, the Bidding Procedures, the CCAA, or any order of the Court issued in connection with the CCAA Proceedings;
  - (ii) disclosed to each Auction Bidder; and
  - (iii) designed, by the Monitor, in its reasonable judgment, and in consultation with the Heritage Group, to result in the highest and otherwise best offer.
- (f) Each Auction Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Heritage Group or any other person regarding the SISP. For greater certainty, communications between the Stalking Horse Bidder or the DIP Lender and either the Heritage Group or the Monitor with respect to and in preparation of the Stalking Horse Agreement, the SISP and the Bidding Procedures will not represent collusion nor communications prohibited by this paragraph.
- (g) Prior to the Auction, the Monitor will identify the highest and best of the Qualifying Bid received (which may be an Aggregate Bid), and such Qualifying Bid(s) will constitute the opening bid for the purposes of the Auction (the “**Opening Bid**”). Subsequent bidding will continue in minimum increments valued at not less than \$100,000 cash in excess of the Opening Bid. Each Auction Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price, if required by the Monitor. Further, in the event that an Aggregated Bid qualifies to participate in the Auction, modifications to the

bidding requirements may be made by the Monitor, in consultation with the Heritage Group, to facilitate bidding by the participants in the Aggregated Bid.

- (h) All Auction Bidders will have the right, at any time, to request that the Monitor announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Auction Bidder, use reasonable efforts to clarify any and all questions such Auction Bidder may have regarding the Monitor's announcement of the then-current highest and best bid.
  - (i) Each Auction Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Auction Bidder. The Monitor and the Heritage Group shall determine which Auction Bidders have submitted (i) the highest and best Binding Offer of the Auction (the "**Successful Bid**", and the bidder making such Successful Bid, the "**Successful Bidder**"), and (ii) the next highest and otherwise second-best Binding Offer of the Auction (the "**Back-Up Bid**", and the bidder making such Back-Up Bid, the "**Back-Up Bidder**").
  - (j) Upon selection of a Successful Bidder and a Back-Up Bidder, if any, the Successful Bidder and the Back-Up Bidder, if any, shall each deliver to the Monitor and the Heritage Group, an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.
  - (k) Any bids submitted after the conclusion of the Auction will not be considered.
  - (l) The Monitor, in consultation with the Heritage Group, shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
29. A Successful Bid and Back-Up Bid, if any, will be selected by no later than 5:00 p.m. (Eastern Time) on May 18, 2024 (or such later date immediately thereafter if the Auction is conducted and not completed in one day), and the completion and execution of definitive documentation in respect of such Successful Bid and Back-Up Bid, as applicable, must be finalized and executed as soon as possible after the close of the Auction, and in any event no later than May 21, 2024, which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as may be agreed to by the Monitor, in consultation with the Heritage Group and the Successful Bidder, subject to the terms hereof. In any event, such Successful Bid must be closed by no later than the Outside Date. If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date (the "**Back-Up Bid Outside Date**") on which the transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor, in consultation with the Heritage Group, determines. If the transactions contemplated by the applicable Successful Bid have not closed by the Outside Date, or the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Heritage Group and the Monitor, in consultation with the DIP Lender, may elect to seek to complete the transactions contemplated by the applicable Back-Up

Bid, and will promptly seek to close the transaction contemplated by such Back-Up Bid, which will be deemed to be a Successful Bid. The Heritage Group will be deemed to have accepted such Back-Up Bid only when the Heritage Group has made such election, with the Monitor's consent.

### ***Approval of Successful Bid***

30. The Heritage Group will apply to the Court (the "**Approval Motion**") for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby (such order shall also approve the Back-Up Bid(s), if any, should the Successful Bid(s) not close for any reason); and (ii) granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) and/or vesting unwanted assets and liabilities out of one or more of the Heritage Group (collectively, the "**Approval Order(s)**"). The Approval Motion will be held on a date to be scheduled by the Heritage Group and confirmed by the Court. With the consent of the Monitor and the applicable Successful Bidder(s), the Approval Motion may be adjourned or rescheduled by the Heritage Group without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the CCAA Proceedings prior to the Approval Motion. The Heritage Group will consult with the Monitor and the applicable Successful Bidder regarding the motion material to be filed by the Heritage Group for the Approval Motion.
31. All Binding Offers (other than the Successful Bid(s) but including the applicable Back-Up Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Heritage Group to any unsuccessful Binding Offer Bidders.

### ***Deposits***

32. The Deposit(s):
  - (a) will, upon receipt from the Binding Offer Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account, and subsequently dealt with in accordance with subsections (b) and (c), below;
  - (b) received from the Successful Bidder(s) and the Back-Up Bidder(s), if any, will:
    - (i) be applied to the purchase price to be paid by the applicable Successful Bidder or Back-Up Bidder whose Successful Bid or Back-Up Bid, as applicable, is the subject of the Approval Order(s), upon closing of the approved transaction; and
    - (ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid or or Back-Up Bid, provided that (i) all such documentation will provide that the Deposit will be fully refunded to the Back-Up Bidder on the Back-Up Bid Outside Date; and (ii) all such documentation will provide that the Deposit will be retained by the Heritage Group and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such

failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and

(c) received from the Binding Offer Bidder(s) that are not a Successful Bidder or a Back-Up Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s) as soon as practical following the selection of the Successful Bidder and Back-Up Bidder.

33. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit.

***“As is, Where is”***

34. Any sale (or sales) of the Property or the Business or portions thereof will be on an **“as is, where is”** basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

***Free of Any and All Claims and Interests***

35. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Heritage Group in and to the Property or the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the **“Claims and Interests”**) pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property or Business and/or excluded assets, as applicable (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder or the Approval Order.

***Credit Bidding***

36. The Stalking Horse Bidder will be entitled pursuant to the Stalking Horse Agreement, including for greater certainty as part of the Auction, as the case may be, to credit bid or retain as Retained Liabilities all or part of the existing secured obligations owing to it, including all interest, costs and fees to which the Stalking Horse Bidder is entitled pursuant to its relevant loan, interim financing, debenture, promissory note and/or security agreements with the Heritage Group.

***Confidentiality***

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Heritage Group nor the Monitor will disclose: (a) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (b) the terms of any bid, Sale Proposal, Investment Proposal or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates (provided that disclosure may be made to the DIP Lender when expressly contemplated by the SISF, such as in the event that no single Binding Offer provides for net cash proceeds that are at least equal to the Minimum Purchase Price), except to the extent the Monitor, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential

Bidders, Participating Bidders, Qualified Bidders and Auction Bidders (including, in each case, the Stalking Horse Bidder) and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Participating Bidder, Qualified Bidder, Auction Bidder, or their respective affiliates, or any secured creditors of the Heritage Group, without the express written consent of the Monitor (which consent may be refused in the Monitor's sole discretion), and such communications or discussions shall take place under the supervision of the Monitor. Nothing in this Paragraph 37 shall prohibit the Monitor from filing details of Potential Bidders, Participating Bidders, Qualified Bidders and Auction Bidders, or their respective Binding Offers and Qualified Bids, as part of a Monitor's Report in connection with the motion for an Approval Order, provided that the Monitor shall file any commercially sensitive or confidential information confidentially, with a request for a sealing order. Should the Court decline to grant a sealing order, the Monitor shall not be in breach of this Paragraph 37.

### ***Further Orders***

38. At any time during the SISP, the Heritage Group or the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of its powers and duties hereunder.

### ***Additional Terms***

39. In addition to any other requirement of the SISP, any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the DIP Lender, the Heritage Group and/or the Monitor is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the CCAA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.
40. This SISP does not, and will not be interpreted to create any contractual or legal relationship between the Heritage Group and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.
41. Notwithstanding anything to the contrary herein, the Monitor shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Participating Bidder, Binding Offer Bidder, Qualified Bidder, Auction Bidder, Successful Bidder, Back-Up Bidder or any other creditor or stakeholder, or the Heritage Group, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Monitor, as determined by the Court, and all such persons or entities shall have no claim against the Monitor in respect of the SISP for any reason whatsoever.
42. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Binding Offer, due diligence activities, and any other negotiations or other actions whether or not they lead to the consummation of a transaction.

## APPENDIX A

### DEFINED TERMS

“**Business Day**” means a day on which banks are open for business in Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

“**DIP Lender**” means BJK Holdings Ltd. and its successors and permitted assigns.

“**Retained Liabilities**” has the meaning given to it in the Stalking Horse Agreement.

## APPENDIX "B"

### The Monitor:

**KPMG Restructuring Inc.**  
333 Bay Street, Suite 4600  
Toronto ON M5H 2S5

Attention: Pritesh Patel and Tim Montgomery  
Email: pritpatel@kpmg.ca / timmontgomery@kpmg.ca

with a copy to:

**Blake, Cassels & Graydon LLP**  
199 Bay Street, Suite 4000  
Toronto, ON M5L 1A9

Attention: Chris Burr  
Email: chris.burr@blakes.com

### The Applicants

**Heritage Group**  
c/o Chaitons LLP  
5000 Yonge Street  
North York, ON M2N 7E9

Attention: Harvey Chaiton / George Benchetrit  
Email: harvey@chaitons.com / george@chaitons.com

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

Court File No.: CV-24-00717664-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HERITAGE CANNABIS HOLDINGS CORP., 1005477 B.C. LTD., HERITAGE CANNABIS WEST CORPORATION, MAINSTRAIN MARKET LTD., HERITAGE CANNABIS EAST CORPORATION, PUREFARMA SOLUTIONS INC., 333 JARVIS REALTY INC., 5450 REALTY INC., HERITAGE CANNABIS EXCHANGE CORP., AND PREMIUM 5 LTD.

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

Proceeding commenced at Toronto

**SISP ORDER**

**CHAITONS LLP**

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