

SALE AND INVESTOR SOLICITATION PROCESS

On December 22, 2023, Trees Corporation (“**Trees**”), Ontario Cannabis Holdings Corp. (“**OCH**”), Miraculo Inc. (“**Miraculo**”), 2707461 Ontario Ltd. (“**270**”), OCH Ontario Consulting Corp. (“**Ontario Consulting**”), and 11819496 Canada Inc. (“**118**” and, collectively, the “**Companies**”) commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) before the Ontario Superior Court of Justice (Commercial List) in the City of Toronto (the “**Court**”) pursuant to an order granted by the Court on the same day.

On January 2, 2024, the Companies obtained an Amended and Restated Initial Order (as may be further amended or restated from time to time, the “**ARIO**”) from the Court. The ARIO provides, among other things, an extension of the Stay Period (as defined therein) until February 29, 2024, which may be extended by the Court from time to time. Pursuant to the ARIO, FTI Consulting Canada Inc. was appointed as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”).

On January 29, 2024, the Court granted an order (the “**SISP Order**”) that, among other things: (a) approved this sale and investor solicitation process (the “**SISP**”), and (b) authorized the execution by the Companies of the stalking horse share purchase agreement between Trees and the Stalking Horse Bidder (as defined below) dated January 23, 2024 (the “**Stalking Horse Agreement**”) as the stalking horse bid for the purpose of conducting the SISP.

The purpose of the SISP is to identify one or more financiers for, purchasers of and/or investors in the Companies, the Business and/or Assets (each as defined below) to make an offer (each a “**Bid**”) that is superior to the offer contemplated by the Stalking Horse Agreement, and to complete the transactions contemplated by any such offer, or the Stalking Horse Agreement if no other offers are accepted. Set forth below are the procedures (the “**SISP Procedures**”) that shall govern the SISP and any transactions consummated as a result thereof.

1. Defined Terms

The following capitalized terms have the following meanings when used in this SISP:

“**Acknowledgment of the SISP**” means an acknowledgment of the SISP in the form attached as Schedule “A”;

“**Additional Confidential Information**” means commercially sensitive information with respect to the Companies, the Business and/or Assets, which may include copies of material customer and vendor agreements, details of the equity and capital structure of the Business, and meetings with management and key employees;

“**Aggregate Bid**” means a combination of Portion Bids that do not overlap for Assets sought to be purchased, and which, when totalled, equal or exceed the Minimum Bid Amount;

“**Assets**” means the assets, undertakings and property of the Companies;

“**Auction**” has the meaning given to it in Section 15;

“**Auction Procedure**” has the meaning given to it in Section 15;

“**Back-Up Bid Expiration Date**” has the meaning given to it in Section 19;

“**Back-Up Bid**” has the meaning given to it in Section 15;

“**Back-Up Bidder**” has the meaning given to it in Section 15;

“**Bid**” has the meaning given to it in the introduction;

“**Break Fee**” has the meaning given to it in Section 2;

“**Business**” means the business carried on by the Companies, which consists primarily of the operation of cannabis retail stores and the marketing and sale of cannabis products and accessories;

“**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario, on which commercial banks in Toronto, Ontario are open for business;

“**Companies**” has the meaning given to it in the introduction;

“**Confidentiality Agreement**” means the confidentiality agreement, upon terms satisfactory to the Companies, with the consent of the Monitor, entered into between the Companies and an Interested Party;

“**Court**” has the meaning given to it in the introduction;

“**Data Room**” means an electronic data room created and maintained by the Companies or the Monitor containing confidential information in respect of the Companies, the Business and the Assets, but which does not contain the Additional Confidential Information;

“**DIP Lender**” means One Plant (Retail) Corp.;

“**DIP Term Sheet**” means the debtor-in-possession financing term sheet dated December 21, 2023, as amended and restated on January 23, 2024, between the Companies, as borrowers, and the DIP Lender, as lender;

“**Form Purchase Agreement**” means the template share purchase agreement posted in the Data Room substantially in the form of the Stalking Horse Agreement;

“**Interested Party**” has the meaning given to it in Section 2;

“**Investment Proposal**” has the meaning given to it in Section 9;

“Known Potential Bidders” has the meaning given to it in Section 5(a);

“Minimum Bid Amount” means the Purchase Price under the Stalking Horse Agreement, including the Credit Bid Consideration, the Pre-Filing GST/HST Obligations, and the Cash Consideration, plus: (a) the Break Fee, and (b) CAD\$50,000. For greater certainty, as of the Phase II Bid Deadline, the Minimum Bid Amount is estimated to be CAD\$3,638,192.08.

“Monitor” has the meaning given to it in the introduction;

“Notice” has the meaning given to it in Section 5(b);

“Outside Date” means April 30, 2024, or such other date as the Companies, the Monitor, and the Successful Bidder(s) or the Back-Up Bidder, if applicable, may agree, acting reasonably;

“Phase I Bid” means an initial non-binding Bid submitted by an Interested Party pursuant to Section 9 hereof;

“Phase I Bid Deadline” has the meaning given to it in Section 9;

“Phase I Bidder” means a bidder submitting a Phase I Bid;

“Phase I Deposit” has the meaning given to it in Section 11(i);

“Phase I Participant Requirements” has the meaning given to it in Section 10 hereof;

“Phase II Bid” means a binding unconditional Bid submitted by a Qualified Phase I Bidder;

“Phase II Bidder” means a bidder submitting a Phase II Bid;

“Phase II Bid Deadline” has the meaning given to it in Section 9;

“Portion Bid” means a Bid for less than all, or substantially all of the Assets, that is otherwise a Qualified Phase I Bid or a Qualified Phase II Bid;

“Portion Bidder” means a Qualified Phase I Bidder and/or a Qualified Phase II Bidder that submits a Portion Bid;

“Pre-Filing GST/HST Obligations” has the meaning given to it in the Stalking Horse Agreement;

“Purchase Price” has the meaning given to it in Section 11(a)(i);

“Qualified Phase I Bid” means a Phase I Bid that satisfies the conditions set out in Section 11. For greater certainty, a Portion Bid may be a Qualified Phase I Bid if it forms part of an Aggregate Bid;

“Qualified Phase I Bidder” means a bidder submitting a Qualified Phase I Bid;

“Qualified Phase II Bid” means a Phase II Bid that satisfies the conditions set out in Section 14. For greater certainty, a Portion Bid may be a Qualified Phase II Bid if it forms part of an Aggregate Bid;

“Qualified Phase II Bidder” means a bidder submitting a Qualified Phase II Bid;

“Qualified Investment Bid” is an Investment Proposal that is determined to be a Qualified Phase II Bid by the Companies and the Monitor pursuant to Section 14;

“Qualified Sale Bid” is a Sale Proposal that is determined to be a Qualified Phase II Bid by the Companies and the Monitor pursuant to Section 14;

“Sale Approval Hearing” has the meaning given to it in Section 18;

“Sale Proposal” has the meaning given to it in Section 9;

“SISP” has the meaning given to it in the introduction;

“SISP Procedures” has the meaning given to it in the introduction;

“Stalking Horse Agreement” has the meaning given to it in the introduction;

“Stalking Horse Bidder” means the DIP Lender, or an affiliate thereof;

“Successful Bid” has the meaning given to it in Section 15;

“Successful Bidder” has the meaning given to it in Section 15; and

“Teaser Letter” has the meaning given to it in Section 5(c).

2. The SISP Procedures

The SISP shall consist of two phases. In the first phase, any interested party (an “**Interested Party**”) that meets the preliminary participant requirements set out herein, including executing a Confidentiality Agreement and an Acknowledgment of the SISP, shall be provided with access to the Data Room in order to prepare and submit a Phase I Bid by the Phase I Bid Deadline. Phase I Bidders that are determined by the Companies, with the consent of the Monitor, to be Qualified Phase I Bidders shall be invited to participate in the second phase wherein they will be given access to the Additional Confidential Information, if any, in order to complete diligence prior to submitting a Phase II Bid by the Phase II Bid Deadline.

The Companies, in consultation with the Monitor, shall supervise the SISP Procedures and each will generally consult with the other in respect of all matters arising out of this SISP. The Monitor shall direct and preside over the Auction, if applicable. In the event that there is disagreement as to the interpretation or application of this SISP, the Court will have the jurisdiction to hear and resolve such dispute.

Certain bid protections are provided for in the Stalking Horse Agreement (including a break fee (the “**Break Fee**”), subject to the conditions set forth therein. No other bidder may request or receive any form of bid protection as part of any bid made pursuant to the SISP.

3. “As Is, Where Is”

The sale of the Business or all or any part of the Assets or an investment in the Companies will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Companies, the Monitor or any of their respective employees, officers, directors, agents or advisors, except to the extent set forth in the relevant definitive Sale Proposal or Investment Proposal agreement, as applicable, with a Successful Bidder.

By participating in this process, each Interested Party is deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business, the Assets or the Companies prior to making its Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or regarding the Business, the Assets or the Companies in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business, the Assets or the Companies or the completeness of any information provided in connection therewith, except as expressly stated in the terms of any definitive transaction documents.

4. Timeline

The following table sets out the key milestones under the SISP:

Milestone	Deadline
Commencement of SISP	January 29, 2024
Distribution of the Notice, Teaser Letter Confidentiality Agreement and Acknowledgement of SISP	As soon as reasonably practicable following the date on which the SISP Order is granted
Phase I Bid Deadline (5:00 PM (Eastern Time))	February 29, 2024

Phase II Bid Deadline (5:00 PM (Eastern Time))	March 15, 2024
Selection of Successful Bid(s), Back-Up Bid(s), or Notification of Auction (if any)	March 19, 2024
Auction (if any)	No later than March 22, 2024
Sale Approval Hearing	As soon as practicable
Closing Date Deadline	A maximum of 4 weeks after the Sale Approval Hearing, but by no later than the Outside Date

5. Solicitation of Interest

As soon as is reasonably practicable:

- (a) the Companies and the Monitor will prepare a list of potential bidders, including (i) parties that have approached the Companies or the Monitor indicating an interest in the opportunity; and (ii) strategic parties whom the Companies or the Monitor believe may be interested in purchasing all or part of the Business and Assets, or investing in the Companies, pursuant to the SISP (collectively, “**Known Potential Bidders**”);
- (b) the Monitor, with the assistance of the Companies, will cause a notice of the SISP and such other relevant information that the Companies, with the consent of the Monitor, consider appropriate (the “**Notice**”) to be published in *The Globe and Mail* (National Edition) and *Insolvency Insider*, and any other newspaper, journal or industry publication as the Companies and the Monitor consider appropriate, if any; and
- (c) the Monitor, in consultation with the Companies, 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 Confidentiality Agreement, in each case in form and substance satisfactory to the Companies and the Monitor.

The Monitor, with the assistance of the Companies, will publish the Notice and send the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISP to all Known Potential Bidders as soon as reasonably practicable following the date on which the SISP Order is granted and to any other party who requests a copy of the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISP, or who is identified to the Companies or the Monitor as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable.

6. Role of Management of the Companies

In the event that any party that is associated with the Board of Directors or management of the Companies intends to submit a Bid pursuant to the SISP, any such party must advise the Monitor of such intention in writing by February 5, 2024. Any such party(ies) shall be entitled to participate in the SISP as an Interested Party, provided that, and only to the extent that, such party(ies) shall: (i) be excluded from participating in the SISP in any manner or capacity that would be reasonably likely to create an unfair advantage for any party or otherwise jeopardize the integrity of the SISP, as determined by the Monitor in its sole discretion; and (ii) be subject to such restrictions as the Monitor, in its sole discretion, determines to be necessary to ensure compliance with (i).

7. Role of the Monitor

The Monitor's responsibilities pursuant to the SISP include:

- (a) consulting with the Companies in connection with the bidding procedures included in this SISP and the closing of the transaction contemplated in the Successful Bid(s);
- (b) assisting the Companies with supervision of the SISP Procedures;
- (c) reporting to the Court in connection with the SISP Procedures, including the bidding procedures described in this SISP, and the closing of the transaction contemplated in the Successful Bid(s);
- (d) conducting an Auction, if necessary, in accordance with the Auction Procedures attached hereto as Schedule "C"; and
- (e) assisting the Companies to facilitate information requests, including assisting the Companies in preparing or modifying financial information to assist with the bidding procedures described in this SISP and the closing of the transaction contemplated in the Successful Bid(s) (including the Stalking Horse Agreement).

8. Access to Due Diligence Materials

Only Interested Parties that satisfy the Phase I Participant Requirements will be eligible to receive access to the Data Room. If the Companies, with the consent of the Monitor, determine that a Phase I Bidder does not constitute a Qualified Phase I Bidder, then such Phase I Bidder shall not be eligible to receive the Additional Confidential Information, if any. For greater certainty, the Data Room shall not contain the Additional Confidential Information and the Companies or the Monitor shall provide the Additional Confidential Information to a Qualified Phase I Bidder by alternative means.

The Monitor, with the assistance of the Companies, will be responsible for the coordination of all reasonable requests for additional information and due diligence access from Interested Parties. Neither the Companies nor the Monitor shall be obligated to furnish any additional due diligence information after the Phase I Bid Deadline other than the Additional Confidential Information, if any, to Qualified Phase I Bidders before the Phase II Bid Deadline. Neither the Companies nor the Monitor shall be obligated to furnish any

due diligence information after the Phase II Bid Deadline, provided however that the Companies and the Monitor may, but are not obligated to, provide further information including, without limitation, financial information to the Successful Bidder (including the Stalking Horse Bidder). Neither the Companies nor the Monitor are responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the sale of the Assets and the Business, or an investment in the Companies. If the Companies provide additional information and due diligence to an Interested Party that was not previously provided to the Stalking Horse Bidder, the Companies shall concurrently provide such additional information to the Stalking Horse Bidder or notify the Stalking Horse Bidder that such information is available in the Data Room.

9. Bid Deadlines

An Interested Party that wishes to make a Bid to: (a) acquire the Business or all, substantially all or any part of the Assets, including any offer to acquire some or all of the Companies' intellectual property, accounts receivable and furniture, fixtures and equipment (a "**Sale Proposal**"); or (b) make an investment in the Companies by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Companies with one or more lenders and/or investors or security holders (an "**Investment Proposal**"), must deliver an executed copy of a Phase I Bid to the Monitor, at the email address specified in Schedule "B", so as to be received by it **not later than 5:00 p.m. (Eastern Time) on February 29, 2024**, or such other later date or time as may be agreed by the Companies and the Monitor (the "**Phase I Bid Deadline**").

All Phase II Bids must be submitted to the Monitor, at the email address specified in Schedule "B", so as to be received by it **not later than 5:00 p.m. (Eastern Time) on March 15, 2024**, or such other later date or time as may be agreed by the Companies and the Monitor (the "**Phase II Bid Deadline**").

PHASE I – NON BINDING BIDS

10. Phase I Participant Requirements.

To participate in Phase I of the SISP and to otherwise be considered for any purpose hereunder, each Interested Party must provide the Companies and the Monitor with an executed copy of each of the following prior to being provided with access to the Data Room: (i) a Confidentiality Agreement; and (ii) an Acknowledgement of the SISP (collectively, the "**Phase I Participant Requirements**").

11. Qualified Phase I Bids

Only Qualified Phase I Bidders shall be allowed to participate in Phase II of the SISP and be eligible to receive the Additional Confidential Information, if any.

In order for the Companies, with the consent of the Monitor, to determine whether an Interested Party is a Qualified Phase I Bidder, the Interested Party must provide, in form and substance satisfactory to the Companies and the Monitor, each of the following on or

before the Phase I Bid Deadline:

- (a) Non-Binding Letter of Intent Describing the Phase I Bid: A non-binding letter of intent describing the material terms of the Phase I Bid, which includes the following information:
 - (i) Sale Proposal: In the case of a Sale Proposal, the material terms and conditions of the proposed transaction, including identification of the Business or the Assets proposed to be acquired, the obligations to be assumed, the purchase price for the Business or Assets proposed to be acquired (the “**Purchase Price**”), and the structure and financing of the proposed transaction; and
 - (ii) Investment Proposal: In the case of an Investment Proposal, the material terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Companies following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the *pro forma* capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Companies, and the debt, equity, or other securities, if any, proposed to be allocated to creditors of the Companies;
- (b) Purchase Price: Evidence that the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) under the Phase I Bid or Aggregate Bid shall be an amount equal to or greater than the Minimum Bid Amount (a “**Superior Offer**”); provided that any Portion Bidder shall not be subject to the Minimum Bid Amount except to the extent that it forms part of an Aggregate Bid. For greater certainty, any Phase I Bid must provide for payment in full in cash on closing in an amount sufficient to satisfy all indebtedness, fees, and expenses owed by the Applicants to the DIP Lender in accordance with the DIP Term Sheet and all other indebtedness, fees, and expenses owed by the Applicants to the DIP Lender in connection with any first-ranking secured debt of the Applicants held by the DIP Lender or its nominees or Affiliates. Relevant information in this regard will be contained in the Data Room;
- (c) Proof of Financial Ability to Perform: Written evidence upon which the Companies and the Monitor may reasonably conclude that the Interested Party has obtained, or shall obtain on or before the Phase II Bid Deadline, the necessary sources of financing that it shall require to close the contemplated transaction on or before the Outside Date, including, without limitation: (i) the sources of such financing and contact names and phone numbers required to verify same; and (ii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Companies and the Monitor demonstrating that the Phase II Bidder has, or will have, the ability to close the contemplated transaction;

- (d) Outstanding Due Diligence: a description of any additional due diligence required to be conducted in order to submit a Qualified Phase II Bid and the impact any additional due diligence may have on the final Purchase Price or imputed value;
- (e) Identification: Full written disclosure of the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the Phase I Bid, including whether any prior or current member of the Companies' board, management, any employee or consultant to the Companies or any creditor) or shareholder of the Companies is involved in any way with the Phase I Bid or assisted with the Phase I Bid, and the complete terms of any such participation as well as evidence of corporate authority to sponsor or participate in the Phase I Bid;
- (f) Acknowledgment: An acknowledgement and representation that the Interested Party: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Companies, the Business and/or the Assets to be acquired, or the liabilities to be assumed in making its Phase I Bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Companies, the Monitor or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Companies, the Business, the Assets to be acquired, or the liabilities to be assumed, or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents;
- (g) Authorization: Evidence, in form and substance reasonably satisfactory to the Companies and the Monitor, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Phase I Bid, and identification of any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (h) No Break or Termination Fee: Evidence that the Phase I Bid does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment, and confirmation that the Interested Party shall be responsible for all of its costs and expenses associated with conducting due diligence and submitting a Bid;
- (i) Deposit: A cash deposit (the "**Phase I Deposit**") in an amount equal to 10% of the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) that shall be paid to the Monitor in trust, which Phase I Deposit shall be held and dealt with in accordance with this SISP;
- (j) Employees: If applicable, the proposed number of employees of the Companies who are expected to become employees of the Phase I Bidder if determined to be the Successful Bidder;

- (k) Other: Such other information as may reasonably be requested by the Companies or the Monitor; and
- (l) Phase I Bid Deadline: It is received by the Monitor, at the email address specified in Schedule “B” on or before the Phase I Bid Deadline.

The Companies, with the consent of the Monitor, may waive any one or more minor and non-material violations of the requirements specified for Qualified Phase I Bids and deem such non-compliant Bids to be Qualified Phase I Bids.

12. Evaluation of Qualified Phase I Bids and Designation as Qualified Phase I Bidder

The Companies and the Monitor shall evaluate Qualified Phase I Bids on various grounds including, but not limited to: the Purchase Price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the number of employees assumed, the certainty of closing the transactions contemplated by the Phase I Bid on or before the Outside Date and any delay or other risks (including closing risks) in connection with the Qualified Phase I Bids.

The Companies, with the consent of the Monitor, shall have the option, in their discretion, to aggregate Portion Bids into an Aggregate Bid.

The Companies shall be under no obligation to accept the highest or best offer or any offer (other than the offer contained in the Stalking Horse Agreement if no Superior Offer is accepted).

As soon as practicable after the Phase I Bid Deadline, the Companies, with the consent of the Monitor, will advise an Interested Party whether or not its Phase I Bid constitutes a Qualified Phase I Bid and that it is a Qualified Phase I Bidder and, if such Phase I Bidder is a Qualified Phase I Bidder, that it is invited to participate in Phase II of the SISP.

Notwithstanding the requirements set forth in Section 11, the Stalking Horse Agreement shall be deemed to be a Qualified Phase I Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Phase I Bidder for all purposes of this SISP.

13. No Qualified Phase I Bids

If no Qualified Phase I Bid other than the Bid pursuant to the Stalking Horse Agreement is received by the Phase I Bid Deadline, the Stalking Horse Bidder shall be declared the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

PHASE II – BINDING BIDS

14. Qualified Phase II Bid Requirements

Only Qualified Phase I Bidders shall be entitled to submit a Phase II Bid. In order to be considered a Qualified Phase II Bid, as determined by the Companies and the Monitor: (i) a Phase II Bid must satisfy all of the requirements for a Qualified Phase I Bid contained in

Section 11, provided, however, that the Phase II Bid Deadline shall apply in lieu of the Phase I Bid Deadline, as set forth below, and; (ii) the Qualified Phase I Bidder must also submit the following, in form and substance satisfactory to the Companies and the Monitor, on or before the Phase II Bid Deadline:

- (a) Irrevocable Bid: A cover letter stating that the Phase II Bid is irrevocable until Court approval of the Successful Bid(s), provided that if such Phase II Bidder is selected as the Successful Bidder or the Back-Up Bidder, its Phase II Bid shall remain irrevocable until the Back-Up Bid Expiration Date (as defined below), which includes:
 - (i) Sale Proposal: In the case of a Sale Proposal, a duly authorized and executed definitive purchase agreement, together with all completed schedules thereto substantially in the form of the Form Purchase Agreement, together with a blackline comparing the purchase agreement submitted to the Form Purchase Agreement, which includes all or substantially all of the terms set out in the non-binding letter of intent submitted in Phase I; and
 - (ii) Investment Proposal: In the case of an Investment Proposal, a duly authorized and executed binding term sheet that includes all or substantially all of the terms set out in the non-binding investment proposal submitted in Phase I;
- (b) Unconditional Bid: Evidence that it is not conditioned on: (i) the outcome of unperformed due diligence including the review of any Additional Confidential Information; (ii) obtaining financing; and/or (iii) any other material closing conditions;
- (c) Proof of Financial Ability to Perform: Written evidence upon which the Companies and the Monitor may reasonably conclude that the Phase II Bidder has the necessary financial ability to fully fund and consummate the transaction contemplated by the Phase II Bid and satisfy its obligations under the definitive purchase agreement, including: (i) binding equity/debt commitment letters and/or guarantees (*i.e.*, bank guarantees) covering the full value of all cash consideration; (ii) evidence of the Phase II Bidder's internal resources; and/or (iii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Companies and the Monitor demonstrating that the Phase II Bidder has the ability to close the contemplated transaction;
- (d) Acknowledgment: An acknowledgement and representation that the Phase II Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Companies, the Business and/or the Assets to be acquired, or liabilities to be assumed in making its Phase II Bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guarantees whatsoever, whether express or implied (by operation of law or otherwise) by the Companies, the Monitor or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Companies, the Business, the Assets to be acquired, liabilities to be

assumed, or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents; and (iii) promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;

- (e) **Authorization:** Evidence, in form and substance reasonably satisfactory to the Companies and the Monitor, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase II Bid, and confirmation that any other required approvals have been obtained;
- (f) **Employees:** If applicable, full details of the proposed number of employees of the Companies who will become employees of the Phase II Bidder if determined to be the Successful Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (g) **Other:** Such other information as may reasonably be requested by the Companies or the Monitor; and
- (h) **Phase II Bid Deadline:** It is received by the Monitor, at the address specified in Schedule "B" hereto (including by email) on or before the Phase II Bid Deadline.

15. Evaluation of Qualified Phase II Bids and Subsequent Actions

The Companies and the Monitor shall evaluate Qualified Phase II Bids on various grounds including, but not limited to: the Purchase Price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the number of employees assumed, the certainty of closing the transactions contemplated by the Qualified Phase II Bid on or before the Outside Date and any delay or other risks (including closing risks) in connection with the Qualified Phase II Bids.

Notwithstanding the requirements set forth in Section 14, the Stalking Horse Agreement shall be deemed to be a Qualified Phase II Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Phase II Bidder for all purposes of this SISP.

Following such evaluation, the Companies, with the consent of the Monitor, shall:

- (a) identify if any Qualified Phase II Bid is a Superior Offer; and
- (b) if one or more Qualified Phase II Bids are considered to be a Superior Offer, each Qualified Phase II Bidder presenting a Superior Offer shall proceed to an auction (the "**Auction**") with the Stalking Horse Bidder in accordance with the procedures set out in the attached Schedule "C" (the "**Auction Procedure**") to identify the "**Successful Bid**", and the Qualified Phase II Bidder making such Successful Bid will be the "**Successful Bidder**". The determination of any Successful Bid by the

Companies, with the consent of the Monitor, shall be subject to approval by the Court.

The Companies, with the consent of the Monitor, shall have the option to aggregate Portion Bids into an Aggregate Bid. Notwithstanding anything to the contrary herein, the Companies, with the consent of the Monitor, shall be permitted to include Qualified Investment Bids or Qualified Sale Bids in the Auction, including to the extent such Qualified Phase II Bids are Portion Bids, provided that such Qualified Investment Bids or Qualified Sale Bids constitute a Superior Offer.

Following the selection of the Successful Bid, the Companies shall take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid(s) with the Successful Bidder(s) prior to Court approval of the Successful Bid.

The Companies may conditionally accept one or more (if for distinct and compatible transactions that are Portion Bids) Qualified Phase II Bids, which acceptance will be conditional upon the failure of the transaction(s) contemplated by the Successful Bid to close (the “**Back-up Bid**”, and Qualified Phase II Bidder making such Back-up Bid being the “**Back-Up Bidder**”).

For greater certainty, any accepted offer, whether at the Auction or otherwise, must constitute a Superior Offer.

As soon as reasonably practicable and by no later than three days after the Phase II Bid Deadline, the Companies shall advise the Qualified Phase II Bidders if Successful Bid(s) and Back-Up Bid(s) have been accepted, or conditionally accepted, as the case may be. If the Companies and the Monitor determine it is necessary to conduct an Auction pursuant to the SISP Procedures, the Monitor, as soon as reasonably practicable and by no later than March 19, 2024, will advise the Qualified Phase II Bidders of the date, time, location and the rules (if any) of the Auction in accordance with the Auction Procedure.

16. No Qualified Phase II Bids

If no Superior Offer is received by the Phase II Bid Deadline, the Auction will not be held, and the Stalking Horse Bidder will be declared to be the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

17. Allocation of Purchase Price

The Companies reserve the right to allocate the Purchase Price of a Successful Bid, acting reasonably and in consultation with the Monitor, at a later date for distribution purposes.

APPROVAL MOTION

18. Approval Motion

The Companies shall use reasonable efforts to bring a motion to the Court to approve the Successful Bid(s) and Back-Up Bid(s) as soon as practicable following the determination by the Companies and the Monitor of the Successful Bidder(s) and the execution of

definitive documents (the “**Sale Approval Hearing**”). The Companies will be deemed to have accepted the Successful Bid(s) only when it has been approved by the Court. All Qualified Phase II Bids (other than the Successful Bid(s) and the Back-Up Bid(s)) shall be deemed rejected by the Companies on and as of the date of approval of the Successful Bid(s) by the Court.

19. Back-Up Bidder

If a Successful Bidder fails to close the transaction contemplated by the Successful Bid(s) on or before the Outside Date for any reason, then the Companies will be deemed to have accepted the Back-Up Bid(s) and will proceed with the transaction pursuant to the terms thereof. The Back-Up Bid(s) shall remain open for acceptance until the closing of the Successful Bid(s), or such other later date as the Companies and the Back-Up Bidder may agree, acting reasonably (the “**Back-Up Bid Expiration Date**”).

MISCELLANEOUS

20. Information From Interested Parties

Each Interested Party shall comply with all reasonable requests for additional information by the Companies or the Monitor regarding such Interested Party and its contemplated transaction. Failure by an Interested Party to comply with requests for additional information will be a basis for the Companies to determine that the Interested Party is not a Qualified Phase I Bidder or a Qualified Phase II Bidder, as applicable.

21. Deposits

All deposits shall be held by the Monitor in a single interest-bearing account designated solely for such purpose. A deposit made by a Successful Bidder shall be dealt with in accordance with the definitive documents for the transactions contemplated by the Successful Bid. Deposits, and any interest earned thereon, paid by Phase I Bidders not selected as either a Qualified Phase I Bidder or a Qualified Phase II Bidder shall be returned to such Phase I Bidder or Phase II Bidder as soon as practicable, and in any event no later than seven (7) Business Days of being advised that it is not a Qualified Phase I Bidder or a Qualified Phase II Bidder, as the case may be. Deposits, and any interest thereon, paid by Qualified Phase II Bidders not selected as either a Successful Bidder or a Back-Up Bidder shall be returned to such Qualified Phase II Bidders as soon as practicable, and in any event no later than seven (7) Business Days following Court approval of the Successful Bid. In the case of Back-Up Bid(s), the deposit and any interest earned thereon shall be retained by the Monitor until the Back-Up Bid Expiration Date and returned to the Back-Up Bidder as soon as practicable, and in any event no later than seven (7) Business Days thereafter or, if a Back-Up Bid becomes a Successful Bid, shall be dealt with in accordance with the definitive documents for the Back-Up Bid.

22. Modifications and Termination

The Companies, with the consent of the Monitor, shall have the right to adopt such other rules for the SISP Procedures (including rules that may depart from those set forth herein)

that will better promote the sale of the Business or all or any part of the Assets or investment in the Companies under this SISP. The Companies, with the consent of the Monitor, shall apply to the Court if it wishes to materially modify or terminate the process set out in this SISP. For certainty, any amendments to the Phase I Bid Deadline or the Phase II Deadline or other dates set out in this SISP, including those relating to the Auction, shall not constitute a material modification, provided that any extensions to the Phase I Bid Deadline or the Phase II Deadline are not longer than seven calendar days.

23. Other

Neither the Companies nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the SISP arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid(s) and Back-Up Bid(s). Any such claim shall be the sole liability of the parties that submitted such Successful Bid(s) and Back-Up Bid(s).

Neither the Companies nor the Monitor shall have any liability whatsoever to any person or party, including without limitation, to any Known Potential Bidder, Phase I Bidder, Phase II Bidder, a Successful Bidder or Back-Up Bidder, or any creditor, or other stakeholder, for any act or omission related to this SISP. By submitting a Bid, each Interested Party shall be deemed to have agreed that it has no claim against the Companies or the Monitor for any reason, matter or thing whatsoever related to this SISP.

SCHEDULE “A”

Acknowledgement of the SISP

The undersigned hereby acknowledges receipt of the Sale and Investor Solicitation Process approved by the Order of the Honourable Justice Osborne of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2024 (the “**SISP**”) and that compliance with the terms and provisions of the SISP is required in order to participate in the SISP and for any Bids to be considered by the Companies.

This ____ day of _____, 2024.

[NAME]

By:

[Signing Officer]

**SCHEDULE "B"
ADDRESS PARTICULARS**

FTI Consulting Canada Inc.

TD South Tower
77 Wellington Street West, Suite 2010
Toronto, ON M5K 1G8

Attention: Jeffrey Rosenberg; Jodi Porepa
Phone: (416) 649-8073; (416) 649-8059
Email: jeffrey.rosenberg@fticonsulting.com; jodi.porepa@fticonsulting.com

With a copy to:

Torys LLP

79 Wellington Street West
30th Floor (Deliveries)
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: David Bish; Mike Noel
Phone: (416) 865-7353; (416) 865-7378
Email: dbish@torys.com; mnoel@torys.com

**SCHEDULE “C”
AUCTION PROCEDURES**

Auction

1. If the Companies and the Monitor, decide to conduct an Auction pursuant to the SISP Procedures, the Monitor will notify the Qualified Phase II Bidders (including the Stalking Horse Bidder) who made a Qualified Phase II Bid that the Auction will be held at a location to be determined at 9:00 a.m. (Eastern Time) on a date that is determined by the Companies and the Monitor, provided that it is a date that is not later than March 22, 2024, or such other place, date and time as the Companies or the Monitor may advise. Capitalized terms used but not defined herein have the meaning given to them in the SISP Procedures.

The Auction shall be conducted in accordance with the following procedures:

- (a) Participation at the Auction. Only a Qualified Phase II Bidder is eligible to participate in the Auction. Each Qualified Phase II Bidder must inform the Companies and the Monitor whether it intends to participate in the Auction by no later than 12:00 p.m. (Eastern Time) on the Business Day prior to the Auction. Only the authorized representatives of each of the Qualified Phase II Bidders, the Monitor and the Companies, and their respective counsel and other advisors, and any other parties acceptable to the Companies and the Monitor, shall be permitted to attend the Auction.
- (b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The highest Qualified Phase II Bid at the beginning of the Auction shall constitute the “**Opening Bid**” for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the “**Opening Bid**” for each following round. In each round, a Qualified Phase II Bidder may submit no more than one Overbid. Only a Qualified Phase II Bidder who bids in a round (including the Qualified Phase II Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction. For greater certainty, an Aggregate Bid may be determined to be the Opening Bid for any round including the opening round.
- (c) Monitor Shall Conduct the Auction. The Monitor and its advisors shall direct and preside over the Auction. At the start of the Auction, the Monitor shall provide the terms of the Opening Bid to all participating Qualified Phase II Bidders at the Auction. The determination by the Monitor, in consultation with the Companies, of which Qualified Phase II Bid constitutes the Opening Bid for each round shall take into account any factors that the Monitor reasonably deems relevant to the value of the Qualified Phase II Bid, including, among other things, the following: (i) the amount and nature of the consideration, including the value of any non-cash consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the number of employees assumed by the Qualified Phase II Bidder; (iv) the Monitor’s reasonable assessment of the certainty of the Qualified Phase II Bidder to close the proposed transaction on or before the Outside Date; (v) the likelihood, extent and impact of any potential delays in

closing; (vi) the impact of the contemplated transaction on any actual or potential litigation; (vii) the net economic effect of any changes from the Opening Bid of the previous round; (viii) the net after-tax consideration to be received by the Companies; and (ix) such other considerations as the Monitor deems relevant in its reasonable business judgment (collectively, the “**Bid Assessment Criteria**”). For greater certainty, the Monitor may ascribe monetary values to non-monetary terms in Overbids for the purposes of assessing and valuing such Overbids, including without limitation, the value to be ascribed to any liabilities or contracts to be assumed. All Bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Phase II Bidders that are participating in the Auction. The Monitor shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction, including the Successful Bid and the Back-Up Bid.

- (d) **Terms of Overbids.** An “**Overbid**” is any Bid made at the Auction subsequent to the Monitor’s announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Phase II Bidder must comply with the following conditions:

- (i) *Minimum Overbid Increment:* Any Overbid shall be made in CAD\$50,000 increments (the “**Minimum Overbid Increment**”). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time plus any additional Minimum Overbid Increments. In respect of the Stalking Horse Agreement and any Overbid by the Stalking Horse Bidder, the value shall include the amount of any indebtedness owing to it that is to be deemed repaid or otherwise released and any priority indebtedness to be assumed pursuant to and in accordance with the terms of the Stalking Horse Agreement.
- (ii) *The Bid Requirements same as for Qualified Phase II Bids:* Except as modified herein, an Overbid must comply with the bid requirements contained herein, provided, however, that the Phase II Bid Deadline shall not apply. Any Overbid made by a Qualified Phase II Bidder must provide that it remains irrevocable and binding on the Qualified Phase II Bidder and open for acceptance until the closing of the Successful Bid(s).
- (iii) *Announcing Overbids:* At the end of each round of bidding, the Monitor shall announce the identity of the Qualified Phase II Bidder and the material terms of the then highest and/or best Overbid, including the nature of the proposed transaction contemplated by the best Overbid, the assets proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total consideration offered in such Overbid, and the resulting benefit to the Companies based on, among other things, the Bid Assessment Criteria. For greater certainty, an Aggregate Bid may be determined to be the highest and/or best Overbid.

- (iv) *Consideration of Overbids:* The Monitor reserves the right, in consultation with the Companies, to make one or more adjournments in the Auction to, among other things: (A) facilitate discussions between the Companies and individual Qualified Phase II Bidders; (B) allow individual Qualified Phase II Bidders to consider how they wish to proceed; (C) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (D) give Qualified Phase II Bidders the opportunity to provide the Monitor with such additional evidence as it, or the Companies, may require, that the Qualified Phase II Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Monitor and Companies may have clarifying discussions with a Qualified Phase II Bidder, and the Monitor may allow a Qualified Phase II Bidder to make technical clarifying changes to its Overbid following such discussions.
 - (v) *Portion Bids:* Notwithstanding the forgoing, each Portion Bidder entitled to participate in the Auction shall be entitled to submit an Overbid with respect to the Assets on which it is bidding without being required to submit an Overbid with respect to all Assets or the applicable Opening Bid; provided that any Aggregate Bid that is an Overbid shall be subject to these Auction Procedures as any other Overbid, including that such Aggregate Bid that is an Overbid shall be subject to the Minimum Overbid Increment. Portion Bids can be aggregated with any other Qualified Phase II Bid, as determined by the Companies and the Monitor.
 - (vi) *Failure to Bid:* If at the end of any round of bidding a Qualified Phase II Bidder (other than a Portion Bidder, or the Qualified Phase II Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Phase II Bidder shall not be entitled to continue to participate in the next round of the Auction.
- (e) Discussion with other Bidders. A Qualified Phase II Bidder shall not strategize or have discussions with other Qualified Phase II Bidders for the purpose of submitting an Overbid without the consent of the Monitor.
- (f) Additional Procedures. The Monitor may, in consultation with the Companies, adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction, including rules pertaining to the structure of the Auction and the order of bidding, provided they are not inconsistent with any of the provisions of the SISP Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Phase II Bidders.

- (g) Closing the Auction. The Auction shall be closed after the Monitor, with the assistance of the Companies and their respective legal counsel, has (i) reviewed the final Overbid of each Qualified Phase II Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale, and (ii) identified the Successful Bid and the Back-Up Bid and advised the Qualified Phase II Bidders participating in the Auction of such determination. One or more Portion Bids can, in the discretion of the Monitor, form part of a Successful Bid and Back-Up Bid so long as such Portion Bids do not overlap in respect of the Assets sought to be purchased and in such case, such Portion Bid(s) shall be included in the definition of Successful Bidder or Back-Up Bid, as applicable.
- (h) Finalizing Documentation. Promptly following a Bid of a Qualified Phase II Bidder being declared the Successful Bid or the Back-Up Bid, the applicable Qualified Phase II Bidder shall execute and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid.
- (i) Qualified Investment Bids. Notwithstanding any other provision of this SISP, if a Qualified Phase II Bidder submits a Qualified Investment Bid that the Companies or the Monitor consider would result in a greater value being received for the benefit of the Companies' creditors than the Qualified Sale Bids, then the Monitor may allow such Qualified Phase II Bidder to participate in the Auction, notwithstanding that such Qualified Investment Bid may not otherwise comply with the terms of these Auction Procedures. In such case, the Monitor may adopt appropriate rules to facilitate such Qualified Phase II Bidder's participation in the Auction.