Court File No. CL-26-00000122-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE CANNABIST COMPANY HOLDINGS INC., THE CANNABIST COMPANY HOLDINGS (CANADA) INC., COLUMBIA CARE DELAWARE LLC, COLUMBIA CARE LLC, AND GREEN LEAF MEDICAL OF OHIO III, LLC

(Applicants)

FACTUM OF THE APPLICANTS

(Re: Assignment of the Sugarloaf Agreements under Section 11.3 of the CCAA)

November 16, 2026

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TO: THE SERVICE LIST

PART I – OVERVIEW[1]

1. The Applicants seek an order under section 11.3 of the CCAA assigning Columbia Care LLC's ("**Columbia Care**") rights and obligations under two agreements – the Sugarloaf MSA and the Sugarloaf Option Agreement (each as defined below and together, the "**Sugarloaf Agreements**") to Free State Botanicals LLC (the "**Dispensary Buyer**"), on the closing of the Maryland Transaction. Those agreements govern the management of, and an option to purchase, a single medical cannabis dispensary in Rockville, Maryland (the "**Rockville Dispensary**").[2]

2. The assignment of the Sugarloaf Agreements is a condition precedent to closing the Maryland Transaction.[3] On August 18, 2026, this Court approved the Maryland Transaction, a going-concern sale of the Company's entire Maryland business that is supported by both the Monitor and the Supporting Noteholders and that substantially preserves the employment of the Company's Maryland employees and the continued operation of the Rockville Dispensary for the benefit of patients and customers alike.

3. Each of the Sugarloaf Agreements requires the counterparty's consent to assignment. Sugarloaf (as defined below) has refused to provide its consent but, following discussions between counsel, Sugarloaf acknowledged that it would not oppose the relief sought on this motion.

PART II – THE FACTS

4. The facts relevant to this motion are set out in the Kroll Affidavit, the Third Kassel Affidavit, the Affidavit of Samantha Mikolajewski affirmed October 16, 2026 (the "**Mikolajewski Affidavit**"),

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[1] Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Affidavit of Curt Kroll affirmed October 14, 2026 (the "**Kroll Affidavit**"), Motion Record of the Applicants dated November 4, 2026 (the "**AMR**"), Tab 2, and the Affidavit of Grant Kassel sworn August 12, 2026 (the "**Third Kassel Affidavit**"), AMR, Tab 3. Unless otherwise stated, all monetary amounts are expressed in U.S. dollars.

[2] Kroll Affidavit at paras. 4 and 11, AMR, Tab 2.

[3] Kroll Affidavit at paras. 22-24 and 27-29, AMR, Tab 2; Third Kassel Affidavit at paras. 9 and 27, AMR, Tab 3.

filed by the Dispensary Buyer, and the Seventh Report of the Monitor (the "**Seventh Report**").[4]

A. The Sugarloaf Agreements

5. The Company's Maryland business is comprised of three retail dispensaries, one cultivation and manufacturing facility, and one manufacturing facility, which it operates under five licences and permits.[5]

6. The Company acquired its Maryland business in June 2021 through the acquisition of Green Leaf Medical, LLC for total upfront consideration of approximately $240 million (the "**Green Leaf Acquisition**"). A Maryland regulatory restriction then in force prevented one asset, the Rockville Dispensary, from being transferred with the rest of the business. To address that restriction, Columbia Care entered into two agreements with Sugarloaf Enterprises, LLC, the holder of the Rockville Dispensary licence, and its parent, Sugarloaf Holdings, LLC (together, "**Sugarloaf**"): (a) a Management and Administrative Services Agreement (the "**Sugarloaf MSA**"), under which Columbia Care was appointed as the exclusive manager of the Rockville Dispensary; and (b) a Purchase Option Agreement (the "**Sugarloaf Option Agreement**"), under which Columbia Care was granted an exclusive and irrevocable option to purchase all of the limited liability company interests of Sugarloaf Enterprises, LLC for an exercise price of $100 (the "**Purchase Option**").[6]

7. Each of the Sugarloaf Agreements prohibits assignment without the prior written consent of the other party. Under the Sugarloaf MSA, that consent may not be unreasonably withheld.[7]

8. This management-and-option structure is common in cannabis transactions in the United States. It allows a purchaser to assume the operational rights and economic benefits of a licensed

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[4] Mikolajewski Affidavit, Motion Record of Free State Botanicals Holdings LLC dated November 5, 2026 (the "**Free State Motion Record**"), Tab 1.
[5] Kroll Affidavit at para. 8, AMR, Tab 2.
[6] Kroll Affidavit at paras. 9-11 and 14, AMR, Tab 2; Goldberg Affidavit at para. 1, Exhibit "L" to the Kroll Affidavit, AMR, Tab 2.
[7] Kroll Affidavit at para. 26, AMR, Tab 2.

business before the regulator formally approves the transfer of the licence. The consideration paid for the Green Leaf Acquisition accordingly included full value for the Rockville Dispensary.[8]

B. The 2024 Amendments to the Sugarloaf Agreements

9. The Sugarloaf Agreements were originally set to expire on March 1, 2024. In 2023, however, Maryland imposed a five-year moratorium on the transfer of cannabis licences, until July 1, 2028, which prevented Columbia Care from exercising the Purchase Option. The parties responded by amending the Sugarloaf Agreements on three occasions, on March 1, March 8 and May 7, 2024 (the "**Amendments**"), ultimately extending their term to March 1, 2029, to allow the Maryland regulator sufficient time to review the proposed transfer after the moratorium ends and the Purchase Option is exercised. The Amendments further provide that, if changes to Maryland cannabis law prevent Columbia Care from assuming control of the licence by March 1, 2029, the parties will cooperate in good faith to extend the term again.

C. The Court-Approved Maryland Transaction

10. Following the Company's Strategic Review and Sales Process, the Company first pursued a sale of its Maryland business to Nova Management Group, LLC ("**Nova**"). Those discussions reached an impasse when Nova was unable to obtain financing. The Company was then introduced to Free State Botanicals Holdings LLC ("**Free State Botanicals**"), an affiliate of the Dispensary Buyer financed by Chicago Atlantic. After careful consideration, and in consultation with the Supporting Noteholders, the Company determined that Free State Botanicals was better positioned to complete a transaction promptly and on competitive terms, and that commencing a separate sale process for the Maryland business would likely cost more than any incremental value it might produce.[9]

11. On August 7, 2026, the Company entered into: (a) the Maryland APA, under which Free

[8] Kroll Affidavit at paras. 12-13, AMR, Tab 2.
[9] Kroll Affidavit at paras. 20-21, AMR, Tab 2; Third Kassel Affidavit at paras. 8-9 and 34, AMR, Tab 3.

State Botanicals and its affiliates, including the Dispensary Buyer, are to acquire substantially all of the assets used in the Company's Maryland cultivation, production, manufacturing, distribution and retail business; and (b) the Maryland RPA, under which the Company's Maryland cultivation property is to be sold.[10] On August 18, 2026, this Court granted the Sale Approval Order approving the Maryland APA, the Maryland RPA and the Maryland Transaction, with the support of the Monitor and the Supporting Noteholders.[11]

D. The Assignment is Required to Close the Maryland Transaction

12. The Sugarloaf Agreements are among the assets that are required to be transferred to close the Maryland APA, which must also occur in order to close the Maryland RPA.[12]

13. The Maryland APA closing deliverables include, for each of the Sugarloaf Agreements, either Sugarloaf's consent to the assignment or an order of this Court approving the assignment under section 11.3 of the CCAA. The Maryland RPA, in turn, cannot close unless the Maryland APA closes. The assignment of the Sugarloaf Agreements is therefore necessary to close the Maryland Transaction as a whole.[13]

14. Importantly, closing is also conditional on the MCA's approval of the Maryland Transaction (i.e., the Cannabis Transaction Approval). The Assignment Order does not displace or pre-empt that approval; it addresses only the consent requirement in the Sugarloaf Agreements.[14]

E. Sugarloaf Does Not Oppose the Assignment

15. On August 17, 2026, the day before the Maryland Transaction approval hearing, Philip Goldberg, as manager of Sugarloaf Holdings, LLC and Chief Executive Officer of Sugarloaf Enterprises, LLC, delivered an affidavit expressing concerns on behalf of Sugarloaf as to the

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[10] Kroll Affidavit at paras. 22 and 24, AMR, Tab 2; Third Kassel Affidavit at paras. 25-26, AMR, Tab 3.
[11] Kroll Affidavit at para. 23 and Exhibit "J" to the Kroll Affidavit, AMR, Tab 2; Third Kassel Affidavit at paras. 9 and 27(b) and (h), AMR, Tab 3.
[12] Kroll Affidavit at paras. 27-29, AMR, Tab 2.
[13] Kroll Affidavit at paras. 27-29 and Exhibit "K" to the Kroll Affidavit, AMR, Tab 2.
[14] Kroll Affidavit at para. 43, AMR, Tab 2; Assignment Order at para. 7, AMR, Tab 4.

validity of the current structure of the Sugarloaf Agreements under Maryland law (the "**Goldberg Affidavit**"). Sugarloaf did not oppose the Sale Approval Order, and the Goldberg Affidavit raised no concern about the Dispensary Buyer.[15]

16. After the approval of the Maryland Transaction, Columbia Care requested Sugarloaf's consent to the assignment in writing and engaged in discussions with Sugarloaf regarding the assignment of the Sugarloaf Agreements. Following the discussions, on November 3, 2026, Sugarloaf advised that it does not oppose the relief sought on this motion.[16]

F. The Dispensary Buyer is Able and Willing to Perform the Obligations

17. The Dispensary Buyer and its affiliates, including Free State Botanicals (collectively, "**Free State**"), were formed to acquire and operate the Company's three Maryland dispensaries and its grower-processor operation. Free State's proposed Chief Executive Officer, Samantha Mikolajewski, is the former President of Maitri Holdings LLC, a cannabis operator and multi-state management services platform where she oversaw general management, corporate functions and operating support for 17 dispensaries and six grower-processor operations in Pennsylvania and Ohio.[17]

18. Free State will be further supported by an experienced management team covering finance, compliance, purchasing, technology, human resources and marketing, and intends to retain a substantial majority of the employees who operate the Maryland business today. It has entered into a senior secured delayed-draw term loan facility with aggregate commitments of up to $15.0 million, maturing on August 7, 2029, of which $1.0 million has been funded, and has prepared a 90-day post-closing transition plan under which it will operate the Maryland business in substantially the same manner as it is operated today. Ms. Mikolajewski affirmed that Free State

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[15] Kroll Affidavit at paras. 23, 30-31 and 53, AMR, Tab 2; Goldberg Affidavit at paras. 6-10, Exhibit "L" to the Kroll Affidavit, AMR, Tab 2.
[16] Seventh Report at paras. 24.
[17] Mikolajewski Affidavit at paras. 1 and 5-6, Free State Motion Record, Tab 1.

has, and at closing will have, the management experience, operating capacity and financing necessary to assume the operation of the Maryland business and to perform the obligations under the agreements to be assigned to it.[18]

PART III – ISSUE

19. The sole issue on this motion is whether this Court should assign the Sugarloaf Agreements to the Dispensary Buyer pursuant to section 11.3 of the CCAA.

PART IV – LAW AND ARGUMENT

A. The Assignment Order Should be Granted

20. Section 11.3 of the CCAA permits this Court to assign a debtor company's agreement notwithstanding a contractual restriction on assignment.[19]

21. Under section 11.3(1), on application by a debtor company and on notice to every party to the agreement and the monitor, the Court may assign the company's rights and obligations under the agreement to any person who is specified by the Court and agrees to the assignment, provided that none of the exclusions in section 11.3(2) apply. Those exclusions are not engaged in this case.[20]

22. Section 11.3(3) sets out the factors the Court considers in determining whether it is appropriate to assign a debtor company's rights and obligations under an agreement:

(a) whether the monitor approved the proposed assignment;

(b) whether the person to whom the rights and obligations are to be assigned would

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[18] Mikolajewski Affidavit at paras. 10, 12 and 14-19, Free State Motion Record, Tab 1.
[19] CCAA, s. 11.3.
[20] CCAA, s. 11.3(1) and (2).

be able to perform the obligations; and

(c) whether it would be appropriate to assign the rights and obligations to that person.[21]

23. Each of the section 11.3(3) factors supports assigning the Sugarloaf Agreements to the Dispensary Buyer. They are addressed in turn.

(i) The Monitor Approves the Assignment

24. The Monitor has approved the proposed assignment of the Sugarloaf Agreements to the Dispensary Buyer and recommends that this Court grant the Assignment Order.[22]

(ii) The Dispensary Buyer is Willing and Able to Perform the Obligations

25. As set out above, the Dispensary Buyer is able to perform Columbia Care's obligations under the Sugarloaf Agreements. The test is one of reasonableness; it does not require "an ironclad guarantee of success going forward".[23]

26. The obligations under the Sugarloaf Agreements to be assumed are modest and well defined. Under the Sugarloaf MSA, Columbia Care operates the Rockville Dispensary, with operating costs paid from the dispensary's own revenue. Under the Sugarloaf Option Agreement, Columbia Care holds a right rather than an obligation – the right to acquire Sugarloaf Enterprises, LLC for $100 when Maryland law permits.

27. The Dispensary Buyer has filed evidence of its ability to perform the obligations under the Sugarloaf Agreements. Free State is led by an experienced multi-state cannabis operator,

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[21] CCAA, s. 11.3(3).
[22] Seventh Report at paras. 26 and 29.
[23] *UrtheCast Corp. (Re)*, 2021 BCSC 1819 at paras. 44 and 57; *Donnelly Holdings Ltd. (Re)*, 2024 BCSC 275 at para. 66.

supported by a management team with finance, compliance, purchasing, technology and human resources functions, and financed by a senior secured term loan facility of up to $15.0 million. Ms. Mikolajewski deposes that Free State has, and at closing will have, the management experience, operating capacity and financing necessary to perform the obligations under the agreements to be assigned to it.[24] Free State is also acquiring the entirety of the Company's Maryland business, including the personnel, systems and infrastructure through which Columbia Care manages the Rockville Dispensary today, so the people and systems that perform the Sugarloaf MSA now will continue to perform it after assignment.[25]

28. No party has contended that the Dispensary Buyer lacks the competencies and capabilities to perform, and the Monitor has reached the same conclusion on the basis of the Mikolajewski Affidavit.[26] Sugarloaf retains its rights and remedies under the Sugarloaf Agreements for any default that arises after the assignment and that the Dispensary Buyer fails to remedy after notice.[27]

(iii) It is Appropriate to Order the Assignment

29. The Applicants submit that it is appropriate to assign the Sugarloaf Agreements to the Dispensary Buyer. The assignment is a condition of closing the Court-approved Maryland Transaction, which provides significant value to the Company and its creditors, and preserves the Maryland business as a going concern. As Free State is acquiring the whole of the Maryland business, the assignment will benefit not only the employees, customers and suppliers related to the Rockville Dispensary but also the entire Maryland business.[28]

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[24] Mikolajewski Affidavit at paras. 6, 10 and 18-19, Free State Motion Record, Tab 1.
[25] Kroll Affidavit at para. 52, AMR, Tab 2; Mikolajewski Affidavit at paras. 12 and 17, Free State Motion Record, Tab 1.
[26] Seventh Report at para. 27; Kroll Affidavit at paras. 30-31, 45, 47 and 53, AMR, Tab 2.
[27] Assignment Order at paras. 5 and 6(d), AMR, Tab 4.
[28] Kroll Affidavit at paras. 27-29 and 50-52, AMR, Tab 2; Third Kassel Affidavit at para. 27(c)-(e), AMR, Tab 3; Seventh Report at para. 28.

30. Further, the Sugarloaf Agreements will be assigned without amendment, and Sugarloaf retains the rights it bargained for under the Sugarloaf Agreements. The regulatory concern Sugarloaf initially raised is a matter for the MCA, and the Assignment Order leaves the MCA's discretion to consider the assignment unfettered.[29]

31. Accordingly, the assignment of the Sugarloaf Agreements is appropriate in the circumstances. The statutory requirements of section 11.3 are met and each of the section 11.3(3) factors favours the assignment.

PART V – CONCLUSION AND ORDER SOUGHT

32. For the foregoing reasons, the Applicants respectfully submit that this Court should grant the Assignment Order in the form included at Tab 4 of the Motion Record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 16th day of November, 2026.

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Counsel for the Applicants

[29] Seventh Report at paras. 23 and 28(f); Kroll Affidavit at paras. 43 and 50, AMR, Tab 2; Assignment Order at paras. 5-7, AMR, Tab 4.

SCHEDULE "A"
LIST OF AUTHORITIES

1. *Donnelly Holdings Ltd. (Re)*, 2024 BCSC 275

2. *UrtheCast Corp. (Re)*, 2021 BCSC 1819

I certify that I am satisfied as to the authenticity of every authority.

November 16, 2026

Date

B. Ketwaroo

Brittney Ketwaroo

SCHEDULE "B"
TEXT OF STATUTES AND REGULATIONS

COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36

Assignment of agreements

11.3 (1) On application by a debtor company and on notice to every party to an agreement and the monitor, the court may make an order assigning the rights and obligations of the company under the agreement to any person who is specified by the court and agrees to the assignment.

Exceptions

(2) Subsection (1) does not apply in respect of rights and obligations that are not assignable by reason of their nature or that arise under

(a) an agreement entered into on or after the day on which proceedings commence under this Act;

(b) an eligible financial contract; or

(c) a collective agreement.

Factors to be considered

(3) In deciding whether to make the order, the court is to consider, among other things,

(a) whether the monitor approved the proposed assignment;

(b) whether the person to whom the rights and obligations are to be assigned would be able to perform the obligations; and

(c) whether it would be appropriate to assign the rights and obligations to that person.

Restriction

(4) The court may not make the order unless it is satisfied that all monetary defaults in relation to the agreement — other than those arising by reason only of the company's insolvency, the commencement of proceedings under this Act or the company's failure to perform a non-monetary obligation — will be remedied on or before the day fixed by the court.

Copy of order

(5) The applicant is to send a copy of the order to every party to the agreement.

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Proceeding commenced at Toronto

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