Court File No.: CV-20-00638930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 8TH
	)	
MR. JUSTICE HAINEY	)	DAY OF MAY, 2020

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 CANNTRUST HOLDINGS INC., CANNTRUST INC., CTI HOLDINGS (OSOYOOS) INC., AND ELMCLIFFE INVESTMENTS INC.

Applicants

SALE AND INVESTMENT SOLICITATION PROCESS ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order approving a sale and investment solicitation process, was heard this day by way of videoconference due to the COVID-19 crisis.

ON READING the affidavit of Greg Guyatt sworn May 1, 2020 and the exhibits thereto, and the Second Report of the Monitor dated May 4, 2020 (the "**Second Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavit of Service of Trevor Courtis sworn May 4, 2020.

MARKETING PROCESS

1. **THIS COURT ORDERS** that the Applicants are authorized to implement the sale and investment solicitation process attached hereto as Schedule "A" (the "**SISP**") for the purpose of

soliciting interest in, and opportunities for, a sale of or investment in the assets and business operations of the Applicants. Capitalized terms used in this Order and not otherwise defined have the meanings given to them in the SISP.

2. **THIS COURT ORDERS** that the SISP is hereby approved and the Applicants, the Monitor and the Financial Advisor are hereby authorized and directed to perform their respective obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.

3. **THIS COURT ORDERS** that each of the Monitor, the CRO and the Financial Advisor, and their respective affiliates, partners, directors, employees, 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 the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor, the CRO or the Financial Advisor, as applicable, in performing its obligations under the SISP (as determined by this Court).

Hainey J.

SUPERIOR COURT OF JUSTICE
ENTERED

MAY 1 1 2020 JP

COUR SUPÉRIEURE DE JUSTICE
ENTRÉ

Schedule "A"

Sale and Investment Solicitation Process Outline

Introduction

On March 31, 2020, CannTrust Holdings Inc., CannTrust Inc., CTI Holdings (Osoyoos) Inc., and Elmcliffe Investments Inc. (collectively "**CannTrust**") obtained an initial order (as amended or amended and restated from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") from the Ontario Superior Court of Justice, Commercial List (Toronto) (the "**Court**"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor of CannTrust (in such capacity, the "**Monitor**"), and CannTrust's agreement engaging Greenhill & Co. Canada Ltd. (the "**Financial Advisor**") as financial advisor in respect of CannTrust and agreement engaging FTI Consulting Canada Inc. as chief restructuring officer to CannTrust (the "**CRO**") were each approved.

Also pursuant to the Initial Order, CannTrust was authorized to pursue all avenues of sale or refinancing of its business or property, in whole or part, subject to prior approval of the Court before any material sale or refinancing is concluded. Prior to the Initial Order, CannTrust was conducting a review of strategic alternatives with the assistance of the Financial Advisor. CannTrust intends to continue that process and has decided to implement the sale and investment solicitation process described in this outline ("**SISP**") with the approval of the Court pursuant to the Court order dated May 8, 2020 (the "**SISP Order**"). The SISP is intended to solicit interest in and opportunities for a sale of or investment in all or part of CannTrust's assets and business operations. This document (the "**SISP Process Outline**") outlines the SISP, which will include a notification process and two phases of activity for qualified interested bidders ("**Phase 1**" and "**Phase 2**", respectively).

Opportunity

1. The SISP is intended to solicit interest in and opportunities for a sale of or investment in all or part of CannTrust's assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a recapitalization, arrangement or other form of investment in or reorganization of the business and affairs of CannTrust as a going concern or a sale of all, substantially all or one or more components of CannTrust's assets (including, without limitation, the shares of CannTrust Inc.) (the "**Property**") and its business operations (the "**Business**") as a going concern or otherwise.

2. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by CannTrust, the Monitor or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of CannTrust in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

Timeline

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

Milestone	Deadline
Teaser Letter sent to Known Potential Bidders	May 20, 2020
Phase 1 Bid Deadline	June 22, 2020
Phase 2 Bid Deadline	To be specified in Phase 2 Bid Process Letter

Any extensions or amendments to the deadlines above will be communicated to all Known Potential Bidders or Phase 2 Potential Bidders, as applicable, in writing and such extensions or amendments shall be posted on the website the Monitor maintains in respect of this CCAA proceeding at http://www.ey.com/ca/canntrust (the "**Monitor's Website**").

Solicitation of Interest: Notice of the SISP

4. As soon as reasonably practicable, but in any event by no later than May 15, 2020:

(a) CannTrust and the Financial Advisor will prepare a list of potential bidders, including (i) parties that have approached CannTrust, the Financial Advisor or the Monitor indicating an interest in the Opportunity, (ii) local and international strategic and financial parties who CannTrust and the Financial Advisor, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in CannTrust pursuant to the SISP (including, without limitation, any parties with whom the Financial Advisor was in contact prior to the Initial Order as part of CannTrust's strategic review process) and (iii) any other parties reasonably suggested by a stakeholder as a potential bidder who may be interested in the Opportunity (collectively, "**Known Potential Bidders**");

(b) CannTrust will cause a notice of the SISP (and such other relevant information which CannTrust, in consultation with the Financial Advisor and Monitor, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition) and any other newspapers, journals, or industry publications as CannTrust and the Financial Advisor, in consultation with the Monitor, consider appropriate, if any;

(c) CannTrust will issue a press release setting out the information contained in the Notice and such other relevant information which CannTrust and the Financial Advisor considers appropriate for dissemination in Canada and major financial centres in the United States; and

(d) the Financial Advisor and CannTrust, in consultation with the Monitor, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity 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 CannTrust and the Financial Advisor (an "**NDA**").

5. The Financial Advisor will send the Teaser Letter and NDA to all Known Potential Bidders by no later than May 20, 2020 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Financial Advisor, CannTrust or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

PHASE 1: NON-BINDING LOIs

Qualified Bidders and Delivery of Confidential Information Package

6. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must provide to the Financial Advisor an NDA executed by it and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder. If a Potential Bidder has previously delivered an NDA and letter of this nature to the Financial Adviser and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter to the Financial Advisor unless otherwise requested by CannTrust.

7. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a "**Phase 1 Qualified Bidder**" if CannTrust and the Financial Advisor in their reasonable business judgment and in consultation with the Monitor determine such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP.

8. At any time during Phase 1 of the SISP, CannTrust and the Financial Advisor may, in their reasonable business judgment and after consultation with and the consent of the Monitor, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a "Phase 1 Qualified Bidder" for the purposes of the SISP.

9. The Financial Advisor, with the assistance of CannTrust and in consultation with the Monitor, will prepare and send to each Phase 1 Qualified Bidder a confidential information package providing additional information considered relevant to the Opportunity (the "**Confidential Information Package**"). The Financial Advisor, CannTrust, the Monitor and their respective advisors make no representation or warranty as to the information contained in the Confidential Information Package or otherwise made available pursuant to the SISP or otherwise, except to the extent expressly contemplated in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by CannTrust.

10. CannTrust, in consultation with the Financial Advisor and the Monitor, reserves the right to limit any Phase 1 Qualified Bidder's access to any confidential information (including any information in the Confidential Information Package or a data room) and to customers and suppliers of CannTrust, where, in CannTrust's opinion after consultation with the Financial Advisor and the Monitor, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Business or the Property.

11. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with CannTrust.

Non-Binding Letters of Intent from Qualified Bidders

12. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of interest (an “**LOI**”) to the Financial Advisor at the addresses specified in Schedule “1” hereto (including by email or fax transmission), so as to be received by them not later than 5:00 PM (Eastern Time) on or before June 22, 2020 (the “**Phase 1 Bid Deadline**”).

13. Subject to paragraph 14, an LOI so submitted will be considered a qualified LOI (a “**Qualified LOI**”) only if:

    (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;

    (b) it contains an indication of whether the Phase 1 Qualified Bidder is proposing:

        (i) to acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”), or

        (ii) a recapitalization, arrangement or other form of investment in or reorganization of the Business/CannTrust (an “**Investment Proposal**”);

    (c) in the case of a Sale Proposal, it identifies or contains the following:

        (i) the purchase price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;

        (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;

        (iii) a description of the Phase 1 Qualified Bidder’s proposed treatment of material agreements and employees (for example, anticipated employment offers):

        (iv) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction (including, but not limited to, the sources of financing to fund the acquisition, preliminary evidence of the availability of such financing or such other form of financial disclosure and credit-quality support or enhancement that will allow CannTrust, the Financial Advisor and the Monitor and each of their respective advisors to make a reasonable business or professional judgment as to the Phase 1 Qualified Bidder’s financial or other capabilities to consummate the transaction and to perform all obligations to be assumed in such transaction; and the steps necessary and associated timing to obtain financing and any related contingencies, as applicable);

(v) a description of the conditions and approvals required for the Phase 1 Qualified Bidder to be in a position to submit a final and binding offer, including any anticipated corporate, securityholder or other internal approvals and any anticipated impediments for obtaining such approvals;

(vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;

(vii) a description of all conditions to closing that the Phase 1 Qualified Bidder expects to include in its final and binding offer, including without limitation any regulatory approvals and any form of agreement required from a government body, stakeholder or other third party ("**Third Party Agreement"**) and an outline of the principal terms thereof; and

(viii) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;

(d) in the case of an Investment Proposal, it identifies the following:

(i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;

(ii) the aggregate amount of the equity and/or debt investment to be made in the Business/CannTrust in Canadian dollars;

(iii) key assumptions supporting the Phase 1 Qualified Bidders' valuation;

(iv) a description of the Phase 1 Qualified Bidder's proposed treatment of any liabilities, material contracts and employees;

(v) the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment);

(vi) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction (including, but not limited to, the sources of capital to fund the investment, preliminary evidence of the availability of such capital or such other form of financial disclosure and credit-quality support or enhancement that will allow CannTrust, the Financial Advisor and the Monitor and each of their respective advisors to make a reasonable business or professional judgment as to the Phase 1 Qualified Bidder's financial or other capabilities to consummate the transaction, steps necessary and associated timing to obtain such capital and any related contingencies, as applicable, and a sources and uses analysis);

(vii) a description of the conditions and approvals required for the Phase 1 Qualified Bidder to be in a position to submit a final and binding offer, including any anticipated corporate, securityholder or other internal approvals and any anticipated impediments for obtaining such approvals;

(viii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;

(ix) a description of all conditions to closing that the Phase 1 Qualified Bidder expects to include in its final and binding offer, including without limitation any regulatory approvals and any Third Party Agreement required and an outline of the principal terms thereof; and

(x) any other terms or conditions of the Investment Proposal which the Phase 1 Qualified Bidder believes are material to the transaction; and

(e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by CannTrust and/or the Financial Advisor in consultation with the Monitor.

14. CannTrust and the Financial Advisor, in consultation with the Monitor, may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

15. Following the Phase 1 Bid Deadline, CannTrust and the Financial Advisor, in consultation with the Monitor, will assess the Qualified LOIs. If it is determined by CannTrust and the Financial Advisor, in consultation with the Monitor, that a Phase 1 Qualified Bidder that has submitted a Qualified LOI: (i) has a bona fide interest in completing a Sale Proposal or Investment Proposal (as the case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that CannTrust and the Financial Advisor may, in their reasonable business judgment and after consultation with and with the approval of the Monitor, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account the factors identified in paragraph 16 below and any material adverse impact on the operations and performance of CannTrust. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. No Phase 1 Qualified Bidder that has submitted a Qualified LOI shall be deemed not to be a Phase 2 Qualified Bidder unless the Monitor so approves.

16. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, CannTrust and the Financial Advisor, in consultation with the Monitor and with the approval of the Monitor, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) the number of Qualified LOIs received, (ii) the extent to which the Qualified LOIs relate to the same Property or Business or involve Investment Proposals predicated on certain Property or Business, (iii) the scope of the Property or Business to which any Qualified LOIs may

relate, and (iv) whether to proceed by way of sealed bid or auction (with or without a stalking horse bidder) with respect to some or all of the Property.

17. Upon the determination by CannTrust and the Financial Advisor, in consultation with the Monitor and with the approval of the Monitor, of the manner in which to proceed to Phase 2 of the SISP, CannTrust and the Financial Advisor, in consultation with and with the approval of the Monitor, will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be (i) sent by the Financial Advisor to all Phase 2 Qualified Bidders, and (ii) posted by the Monitor on the website the Monitor maintains in respect of this CCAA proceeding.

18. Notwithstanding the process and deadlines outlined above with respect to Phase 1 of the SISP and the process to supplement Phase 2 by way of the Bid Process Letter, CannTrust may, in consultation with the Financial Advisor, at any time bring a motion to seek approval of a stalking horse agreement in respect of some or all of the Property or Business and related bid procedures in respect of such Property or to establish further or other procedures for Phase 2.

<u>PHASE 2</u>: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

19. Paragraphs 20 to 30 below and the conduct of Phase 2 are subject to paragraphs 16, 17, and 18 and any adjustments made to Phase 2 in accordance with the Bid Process Letter and any further Court order regarding the SISP.

<u>Due Diligence</u>

20. CannTrust and the Financial Advisor, in consultation with the Monitor, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Phase 2 Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they deem appropriate. Due diligence access may include management presentations, access to an electronic data room, on-site inspections, and other matters which a Phase 2 Qualified Bidder may reasonably request and as to which CannTrust and the Financial Advisor, in their reasonable business judgment and after consulting with the Monitor, may agree. The Financial Advisor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 2 Qualified Bidders and the manner in which such requests must be communicated. None of CannTrust, the Financial Advisor and the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Phase 2 Qualified Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 2 Qualified Bidders if CannTrust and the Financial Advisor, in consultation with the Monitor, determine such information to represent proprietary or sensitive competitive information.

<u>Formal Binding Offers</u>

21. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in CannTrust or its Property and Business shall submit a binding offer that complies with all of the following requirements prior to the date set out the Bid Process Letter (the “**Phase 2 Bid Deadline**”):

(a) the bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified LOIs;

(b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Property or Business and is consistent with any necessary terms and conditions communicated to Phase 2 Qualified Bidders;

(c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

(d) the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and proposed order to approve the sale by the Court;

(e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow CannTrust, with the assistance of the Financial Advisor, and the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;

(f) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 2 from the Phase 2 Qualified Bidder and/or (ii) obtaining financing;

(g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing (including through the issuance of debt in connection with such bid), or that is participating or benefiting from such bid, and such disclosure shall include, without limitation: (i) in the case of a Phase 2 Qualified Bidder formed for the purposes of entering into the proposed transaction, the identity of each of the actual or proposed direct or indirect equity holders of such Phase 2 Qualified Bidder and the terms and participation percentage of such equity holder's interest in such bid; and (ii) the identity of each entity that has or will receive a benefit from such bid from or through the Phase 2 Qualified Bidder or any of its equity holders and the terms of such benefit;

(h) the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the amount of not less than 10% of the purchase price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder and in any event, prior to service of the materials for the Sale Approval Motion;

(i) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that: (i) the transaction is on an "as is, where is" basis; (ii) it has had an opportunity to conduct any and all due diligence regarding the Property, Business and CannTrust prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase 2 from the Phase 2 Qualified Bidder); (iii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; (iv) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, Property, or CannTrust or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by CannTrust;

(j) the bid includes evidence, in form and substance reasonably satisfactory to CannTrust, in consultation with the Financial Advisor, and to the Monitor, of authorization and approval from the Phase 2 Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction agreement(s) submitted by the Phase 2 Qualified Bidder;

(k) the bid contains other information required by CannTrust, the Financial Advisor or the Monitor including, without limitation, such additional information as may be required in the event Phase 2 is supplemented in accordance with paragraph 17 to contemplate that an auction of certain Property be conducted; and

(l) the bid is received by the Phase 2 Bid Deadline.

22. Following the Phase 2 Bid Deadline, CannTrust and the Financial Advisor, in consultation with the Monitor, will assess the Phase 2 bids received. CannTrust and the Financial Advisor, in consultation with the Monitor, will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Phase 2 bids received shall be deemed not to be Qualified Bids unless the Monitor so approves. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

23. CannTrust and the Financial Advisor, in consultation with the Monitor, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Bid.

24. The Financial Advisor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Qualified Bid within ten (10) business days of the Phase 2 Bid Deadline, or at such later time as CannTrust and the Financial Advisor, in consultation with the Monitor, deem appropriate.

25. If CannTrust and the Financial Advisor, in consultation with the Monitor, are not satisfied with the number or terms of the Qualified Bids, CannTrust and the Financial Advisor may, with the approval of the Monitor, extend the Phase 2 Bid Deadline, or CannTrust may seek Court approval of an amendment to the SISP.

26. CannTrust and the Financial Advisor, may, in consultation with the Monitor, aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one "Qualified Bid".

Evaluation of Competing Bids

27. A Qualified Bid will be valued based upon several factors, including, without limitation, items such as the Purchase Price and the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions, the proposed transaction documents, the effects of the bid on the stakeholders of CannTrust, factors affecting the speed, certainty and value of the transaction (including any regulatory approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by CannTrust, with the assistance of the Financial Advisor, and the Monitor.

Selection of Successful Bid

28. CannTrust and the Financial Advisor, in consultation with the Monitor, (a) will review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated between CannTrust, in consultation with the Financial Advisor and the Monitor, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Phase 2 Qualified Bid as a result of such negotiations, and (b) identify the highest or otherwise best bid (the "**Successful Bid**"), and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for any particular Property or the Business in whole or part. The determination of any Successful Bid by CannTrust, with the assistance of the Financial Advisor and the Monitor, shall be subject to approval by the Court.

29. CannTrust shall have no obligation to enter into a Successful Bid, and it reserves the right, after consultation with the Monitor and the Financial Advisor, to reject any or all Phase 2 Qualified Bids.

Sale Approval Motion Hearing

30. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), CannTrust shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Phase 2 Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by CannTrust on and as of the date of approval of the Successful Bid by the Court.

Confidentiality, Stakeholder/Bidder Communication and Access to Information

31. All discussions regarding an LOI, Sale Proposal or Investment Proposal must be directed through the Financial Advisor. Under no circumstances should the management of the CannTrust or any stakeholder of CannTrust be contacted directly without the prior consent of the Financial Advisor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.

32. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential

discussions or correspondence between CannTrust, the Financial Advisor, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent CannTrust and the Financial Advisor, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.

33. The Financial Advisor, in consultation with the Monitor, may consult with the legal and financial advisers to parties with a material interest in the CCAA proceedings regarding the status of the SISP to the extent considered appropriate (subject to taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that any such party has entered into confidentiality arrangements satisfactory to CannTrust.

Supervision of the SISP

34. The participation of CannTrust and the Financial Advisor in the SISP will be directed by the CRO, subject to ongoing direction from CannTrust’s CEO and board of directors.

35. The Monitor will participate in the conduct of the SISP in the manner set out in this SISP Process Outline and the Initial Order and is entitled to receive all information in relation to the SISP.

36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between CannTrust and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with CannTrust.

37. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

38. CannTrust and the Financial Advisor shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) with the prior written approval of the Monitor if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in this CCAA proceeding shall be advised of any substantive modification to the procedures set forth herein.

Schedule "1"

Address for Submitting LOI / Phase 2 Bid

Greenhill & Co. Canada Ltd.
79 Wellington West
Suite 3403, P.O. Box 333
Toronto, ON M5K 1K7

Attn: Michael Nessim and Usman Masood
Email: michael.nessim@greenhill.com and usman.masood@greenhill.com

with copies to:

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Box 48, 66 Wellington Street West
Toronto ON M5K 1E6

Fax: 416-868-0673

Attn: James Gage
Email: jgage@mccarthy.ca

Ernst & Young Inc.
Ernst & Young Tower, 100 Adelaide Street West
P.O. Box 1
Toronto, ON M5H 0B3

Fax: 416-943-3300

Attn: Alex Morrison and Karen Fung
Email: alex.f.morrison@ca.ey.com and karen.l.fung@ca.ey.com

Aird & Berlis
Brookfield Place, 181 Bay Street
Suite 180
Toronto, ON M5J 2T9

Fax: 416-865-4707

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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 CANNTRUST HOLDINGS INC. ET AL.

Court File No. CV-20-00638930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

SALE AND INVESTMENT SOLICITATION PROCESS ORDER

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