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

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

Applicants

TWELFTH REPORT OF THE MONITOR

Dated June 3, 2021

INTRODUCTION

1. On March 31, 2020 (the "**Filing Date**"), the Court granted an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") that, among other things, appointed Ernst & Young Inc. as monitor of the Applicants (in such capacity, the "**Monitor**"), approved a stay of proceedings until and including April 9, 2020 (the "**Stay Period**"), granted certain Court-ordered charges, and approved FTI Consulting Canada Inc. continuing to act as Chief Restructuring Officer (the "**CRO**") of the Applicants. In addition, the Initial Order granted a limited stay of proceedings during the Stay Period in favour of O Cannabis We Stand on Guard For Thee Corporation, Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and Cannabis Coffee and Tea Pod Company Ltd. staying any rights arising out of, related to, or triggered by the insolvency of any of the Applicants or the commencement of these proceedings (the "**CCAA Proceedings**").

2. On April 9, 2020, the Court granted an order (the "**Amended and Restated Initial Order**") that, amongst other things:

   a) extended the Stay Period to July 5, 2020;

b) increased the maximum amount of each of the Administration Charge, the Directors' Charge and the Intercompany Charge, as defined in the Initial Order;

c) approved the amended and restated engagement letter dated as of April 3, 2020 pursuant to which the CannTrust Group engaged the Financial Advisor to assist the CannTrust Group in a review of strategic alternatives (the "**Financial Advisor Engagement Letter**") and granted the Transaction Fee Charge (as defined in the Amended and Restated Initial Order);

d) approved the Key Employee Retention Plan (the "**KERP**") and granted the KERP Charge (as defined in the Amended and Restated Initial Order); and

e) approved a limited stay of proceedings in respect of various current and former directors, officers and employees of the Applicants, and the auditors, certain underwriters and certain selling shareholders that are currently named, in addition to the Applicants, as defendants in the Canadian Class Actions, the Zola Action, the US Class Actions and the Construction Action, all as defined in the initial affidavit of Greg Guyatt dated March 31, 2020.

3. The Stay Period has been further extended pursuant to orders of the Court dated July 2, 2020, October 28, 2020, January 29, 2021 and April 30, 2021, and currently runs until and including June 30, 2021.

4. On April 16, 2021, the Court granted an order (the "**Meeting Order**"), among other things, authorizing CannTrust Holdings Inc., CannTrust Inc. and Elmcliffe Investments Inc. (collectively, the "**CannTrust Plan Companies**") to call, hold and conduct meetings of their creditors (the "**Meetings**") to vote on their plan of compromise, arrangement and reorganization (as amended, the "**CCAA Plan**").

5. On April 30, 2021, the Court granted an order (the "**DIP Approval Order**"), among other things, authorizing the Applicants to borrow under a CCAA interim financing and exit credit facility (the "**DIP and Exit Loan**") to be provided by Cortland Credit Lending Corporation in its capacity as administrative agent (the "**Agent**") on behalf of itself, its affiliates and/or other lenders to be designated from time to time (collectively, the "**DIP**

Lender") in the maximum amount of $22.5 million, on the terms and subject to the conditions set forth in the term sheet between the CannTrust Group and the Agent dated April 13, 2021 (the "**DIP Term Sheet**"), sealing the unredacted version of the DIP Term Sheet and granting a charge over the Applicants' property in respect of these borrowings (the "**DIP Lender's Charge**").

6. The Meetings were held on May 28, 2021 for all Affected Creditors and the CCAA Plan was approved by each class of Affected Creditors in accordance with the Meeting Order. The CannTrust Plan Companies will bring a motion for the Court to sanction the CCAA Plan on June 11, 2021.

PURPOSE

7. The purpose of the twelfth report of the Monitor (the "**Twelfth Report**") is to report to the Court on:

   a) the contract of purchase and sale (the "**Hwy 97 Sale Agreement**") between Swaranjit Singh Chahal and Ravinder Kaur Chahal as purchasers (the "**Purchasers**") and CTI Holdings (Osoyoos) Inc. as vendor ("**CTI**" or the "**Vendor**"), for the property with municipal address 7621 Highway 97, Oliver, British Columbia and PID 002-841-258 (the "**Hwy 97 Property**");

   b) the amendment letter between the Financial Advisor and the CannTrust Group dated as of June 2, 2021 (the "**Financial Advisor Amendment**"); and

   c) the Monitor's recommendation with respect to the Applicants' motion for:

      (i) an order (the "**Approval and Vesting Order**") approving the sale transaction contemplated in the Hwy 97 Sale Agreement (the "**Hwy 97 Transaction**") and the execution of the Hwy 97 Sale Agreement by CTI and vesting the Hwy 97 Property in the Purchasers free and clear of encumbrances; and

      (ii) an order (the "**Financial Advisor Amendment Approval Order**") approving the Financial Advisor Amendment.

TERMS OF REFERENCE

8. In preparing this Twelfth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**").

9. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian auditing standards ("**CAS**") or any other standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS or any other standards in respect of the Information.

10. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Twelfth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

12. All court documents and materials related to these CCAA Proceedings have been posted on the Monitor's website at www.ey.com/ca/canntrust (the "**Monitor's Website**").

13. This Twelfth Report should be read together with the affidavit of Greg Guyatt dated June 2, 2021, in connection with the proposed Approval and Vesting Order and proposed Financial Advisor Amendment Approval Order (the "**Guyatt Affidavit**").

PROPOSED APPROVAL AND VESTING ORDER

Background

14. CTI is a wholly-owned subsidiary of CannTrust Inc. ("**CannTrust Opco**") and is an Applicant in these CCAA Proceedings. CTI is not one of the CannTrust Plan Companies that is proposing the CCAA Plan as it did not have any claims asserted against it in the claims procedure approved by this Court that will be compromised.

15. The Hwy 97 Property is one of four parcels of land in Osoyoos and Oliver, BC purchased by CTI in March 2019 (the "**BC Lands**") with the intent to utilize these lands for outdoor cultivation of cannabis for the Applicants' extraction-based products. The four parcels collectively span 81 acres. The Hwy 97 Property spans 11.6 acres. The declared value of the Hwy 97 Property at the time it was acquired by CTI in March 2019 was $739,000.

16. The land is zoned for agricultural use. The Applicants needed to obtain a license from Health Canada (a "**Cannabis License**"), pursuant to the *Cannabis Act* and related regulations, in order to plant or cultivate cannabis on this land.

17. CannTrust Opco did begin the application process for a Cannabis License with respect to the BC Lands but postponed and then subsequently withdrew its applications following its regulatory challenges that arose in June and July 2019.

18. Since the BC Lands were purchased by CTI, CannTrust Opco had hired a few employees to manage the BC Lands and had purchased or leased equipment to prepare the land for cultivation. However, the Hwy 97 Property was not developed further in any significant manner since the acquisition, and no operations were ever commenced on the premises.

19. There is one structure on the Hwy 97 Property: an unoccupied single-storey residential building that existed when the Hwy 97 Property was purchased by CTI.

20. In or around January 2021, the Applicants decided that outdoor growing on the BC Lands was no longer part of their go-forward business plan and began soliciting real estate brokers to list the BC Lands for sale.

Sales and Marketing Process

21. The Applicants engaged Colliers International ("**Colliers**") to assist with listing the BC Lands for sale. Colliers initially listed the BC Lands on the South Okanagan Real Estate Board MLS on March 3, 2021, as a single portfolio sale for $5,750,000.

22. As a result of the COVID-19 pandemic, Colliers' marketing campaign has been solely digital. As outlined in the marketing report of Colliers dated May 26, 2021 ("**Marketing Report**"), Colliers created marketing materials and initiated several outreach methods including an email marketing campaign, direct contact, and listing on ColliersCanada.com and UiqueProperties.ca. According to Colliers, a marketing email was sent to over 2,500 active owner-occupiers, investors, and corporations within the investment and agricultural sector. In addition, 50 prospects were personally and directly contacted. A copy of the Marketing Report is attached as **Appendix "A"** to this Twelfth Report.

23. As outlined in the Marketing Report six potential purchasers toured the BC Lands, from varying sectors, including wine, cannabis and agriculture.

24. By mid-April 2021, it was decided by the Applicants, based on advice from Colliers, that an overall better value for the BC Lands would be received if the BC Lands were sold in separate lots rather than as a portfolio sale. On April 30, 2021, the BC Lands, including the Hwy 97 Property, were listed separately on the South Okanagan Real Estate Board MLS. The Hwy 97 Property was listed at $1,075,000.

25. On May 5, 2021, the Purchasers made an initial offer on the Property. The Purchasers' initial offer was believed to be below market value and was countered by CTI. The Purchasers then submitted a second offer, which was accepted by CTI after consultation with the Monitor. The Hwy 97 Sale Agreement was entered into on May 14, 2021.

26. Colliers has indicated that, following the Hwy 97 Sale Agreement being entered into, it has received three additional inquiries from prospective purchasers, some of which expressed an interest in submitting a closed-envelope competing offer for the Hwy 97 Property. However, as of the date of this Twelfth Report, no competing offers had been received.

27. Notwithstanding the potential interest of an alternative bidder, the Monitor notes that Colliers carried out a robust market solicitation process for the Hwy 97 Property, and the Applicants have already entered into the Hwy 97 Sale Agreement after consultation with the Monitor. Accordingly, the Applicants and the Monitor do not believe that it would be appropriate to consider a late bid at this stage, even if one were to be submitted.

Hwy 97 Sale Agreement

28. The Hwy 97 Sale Agreement is based on the standard form template created by the British Columbia Real Estate Association. The Purchasers are individuals that are unrelated to the Applicants. The following is an outline of the material terms of the Hwy 97 Sale Agreement:

a) the Hwy 97 Property is being purchased on an ‘as is’ basis;

b) the Hwy 97 Sale Agreement is conditional on the following, which were inserted for the benefit of CTI: (i) approval of the Hwy 97 Sale Agreement by the Monitor; (ii) approval of the Hwy 97 Sale Agreement by the DIP Lender, and (iii) an approval and vesting order being issued by this Court;

c) CTI is required to notify the Purchasers that the conditions have been satisfied or waived on or before 5:00 p.m. on June 14, 2021; otherwise, the Sale Agreement would be null and void; and

d) the completion date will be ten business days following the date on which the approval and vesting order has been resealed by the British Columbia Supreme Court, if necessary.

29. The Monitor has been advised by the Applicants that the DIP Lender has consented to the Hwy 97 Sale Agreement.

30. The Monitor has reviewed the Hwy 97 Sale Agreement and believes that the terms and purchase price are reasonable as:

a) the sales and marketing efforts of Colliers were reasonable in reaching potential purchasers of property of this size, location and usefulness;

b) the purchase price is reasonable relative to the appraised value of the Hwy 97 Property; and

c) other than the conditions for Monitor, DIP Lender and Court approval, there are no conditions that are required by CTI or the Purchasers that would cause the Hwy 97 Transaction to not be completed as proposed.

31. The purchase price has been redacted from the Hwy 97 Sale Agreement attached as Exhibit "H" to the Guyatt Affidavit and reproduced here in this Twelfth Report as **Appendix "B"**. An unredacted version of the Hwy 97 Sale Agreement is attached as Confidential Exhibit "G" to the Guyatt Affidavit. The Applicants have requested in the proposed Approval and Vesting Order that the unredacted version of the Hwy 97 Sale Agreement be sealed. The Monitor agrees that the purchase price is commercially sensitive information, the disclosure of which could adversely affect the Applicants if the Hwy 97 Transaction is not completed and the Applicants are required to re-market the property. The unredacted copy of the Hwy 97 Sale Agreement will be unsealed upon the closing of the Hwy 97 Transaction. The breadth and duration of the sealing order are narrowly tailored. The Monitor supports the request by the Applicants for a sealing order in the circumstances.

32. For the reasons stated above, the Monitor approves and consents to the Hwy 97 Sale Agreement. For the same reasons, the Monitor recommends that the Court grant the proposed Approval and Vesting Order, if the Court sees fit to do so.

FINANCIAL ADVISOR AMENDMENT

33. As noted above, in the Amended and Restated Initial Order, this Court approved the Financial Advisor Engagement Letter and the appointment of the Financial Advisor pursuant to the terms thereof.

34. The Financial Advisor Engagement Letter contemplated a Transaction Fee in an amount equal to the sum of (a) $1,000,000 plus (b) 4.0% of the value of the consideration payable

to CannTrust Holdings, its shareholders or creditors pursuant to any Transaction (as that term is defined in the Financial Advisor Engagement Letter) to the extent that the value exceeds $45,000,000 (the “**Transaction Fee**”). The Transaction Fee was secured by the Transaction Fee Charge granted by this Court in the Approval and Vesting Order.

35. The DIP Term Sheet provided that the DIP and Exit Loan would be secured by the DIP Lender’s Charge, which would only be subordinate to the Administration Charge, the Directors’ Charge and the KERP Charge (each as defined and provided for the Amended and Restated Initial Order).

36. In order to obtain the Financial Advisor’s agreement to subordinate the Transaction Fee Charge to the DIP Lender’s Charge and to secure the ongoing assistance of the Financial Advisor to the extent necessary, the CannTrust Group agreed to the terms of the Financial Advisor Amendment, which was entered into on June 2, 2021. A copy of the Financial Advisor Amendment is attached to the Guyatt Affidavit as Exhibit “J”.

37. The terms of the Financial Advisor Amendment can be briefly summarized as follows:

a) the term of the engagement is extended and will be deemed terminated 12 months from June 2, 2021, unless extended again by mutual written consent; and

b) subsection 2(e) of the Financial Advisor Engagement Letter is amended such that the Transaction Fee would be payable upon the earlier of a public announcement of and execution of a definitive agreement with respect to a Transaction if the Applicants are still subject to these CCAA proceedings; otherwise, the Transaction Fee shall be payable in accordance with the terms of the Financial Advisor Engagement Letter.

38. The Monitor has reviewed the Financial Advisor Amendment and believes that the terms are reasonable and appropriate to secure the ongoing assistance of the Financial Advisor to the extent necessary.

39. For the reasons stated above, the Monitor recommends that the Court grant the proposed Financial Advisor Amendment Approval Order, should the Court see fit to do so.

CONCLUSIONS AND RECOMMENDATIONS

40. For the reasons stated herein, the Monitor recommends that the Court grant the proposed Approval and Vesting Order and Financial Advisor Amendment Approval Order, should the Court see fit to do so.

All of which is respectfully submitted this 3rd day of June 2021.

ERNST & YOUNG INC., in its capacity as Monitor of the Applicants, and not in its corporate or personal capacity.

per:

Alex Morrison, CPA, CA, CIRP, LIT
Senior Vice President

Karen Fung, CPA, CA, CIRP, LIT
Vice President

APPENDIX "A"

MARKETING SUMMARY

200 Granville Street, 19th Floor
Vancouver, British Columbia
Canada V6C 2R6
www.collierscanada.com

MAIN [+1 604 681 4111]
FAX [+1 604 661 0849]

June 1, 2021

c/o Colliers International
1900 – 200 Granville Street
Vancouver, BC V6C 2R6

Attention: Mr. David Blair

Dear David:

Re: 7621 Highway 97, British Columbia

Further to your request, we are pleased to provide you with a summary of our marketing efforts with respect to the potential sale of the property known as 7621 Highway 97, British Columbia.

Colliers formally listed the property as part of a portfolio sale on the South Okanagan Real Estate Board MLS on March 3rd, 2021 at a price of $5,750,000. We immediately commenced our due diligence process and marketing material preparation in addition to organizing a site visit. Initial access to the facility was delayed as there was no common key to be found for the unit. We began making direct calls to potential parties during the week of March 3rd when the property was first launched onto the MLS. Direction was given to prospective purchasers that offers would be accepted at any time after March 15th, 2021. This stipulation was put in place to allow for proper market exposure on the MLS prior to accepting an offer, if any.

Following this, the properties were listed on an individual basis on April 30, 2021. A detailed summary report on offers received is included further in this report. The new listing price for each individual property is as follows:

- 7621 Highway 97: $1,075,000
- 894 Juniper Road: $1,050,000
- 8707 296 Avenue: $3,775,000

The marketing team consists of Bianca Gilbert, Alan Johnson, and Stephen Webber from Colliers. Colliers is a full service commercial real estate company and the listing team has industry leading expertise in a multitude of asset types including agricultural, industrial, and land. Colliers is the first international real estate brokerage to have successfully completed transactions in the cannabis industry, and the listing team has a proven track record of these transactions.

Our actions to date have included the following:

1. **Detailed Information Package**: We prepared a comprehensive Information Package that provides prospects detailed information of the property. Location maps, legal plans, improvement details, zoning bylaws, photographs and more are available to prospective purchasers upon request.

2. **Internet**: In addition to the MLS, we placed the listing on ColliersCanada.com, and UniqueProperties.ca. Our web listing provides detailed information on the property and allows visitors to download the MLS brochure.

3. **Email Marketing:** Two marketing email blasts were sent to a targeted list of active owner occupiers, investors, and corporations within the investment and agricultural sector. This list totals over 2,500 different qualified prospects.
   E-Blast Statistics:
   a. Unique Opens: 40.76% (887 opens)
   b. Clicks: 27.45% (115 people)
   c. Clicks Per Person: 2.86

4. **Direct Contact**: We have been in personal and direct contact with an estimated 50 prospects. This number does not include casual conversations or quick inquiries based on receipt of our eblast. Brokers in our Vancouver and Kelowna offices have also been made aware of the offering.

5. **Advertising**: Our advertising has so far been limited to electronic advertising.

6. **Tours:** A total of six tours have come through the facility to date.
   - **Winery Prospect**
   - **Investor Prospect**
   - **Farm Prospect**
   - **Investor Prospect**
   - **Investor Prospect**
   - **Farmer Prospect**
   - **Farmer Prospect**
   - **Investor Prospect**

MARKETING REPORT
Real Estate Board: South Okanagan Real Estate Board

Initial List Date: March 3, 2021
Initial List Price: $5,750,000 *(Portfolio Sale)*

Offers:
Two offers were received on a portfolio basis from the same buyer, Prospect #1. The first offer was received on February 25, 2021, and the second on April 6, 2021. Both offers were for the same purchase price. The main individual behind Prospect #1 is known to the vendor and was involved in the vendor’s original purchase of the properties.

The first offer was declined as the properties had not yet had exposure on the MLS. The CCAA process would require a minimum exposure time and review of marketing efforts, to which the first offer did not allow reasonable exposure to engage in a competitive listing and offer process. This was communicated to the buyer’s agent, who then confirmed the buyer would submit a secondary offer at a later date.

The listing team believed the offer to be under market for the properties. In discussing with the buyer's agent, the agent disclosed they intended to purchase the properties with the intent to re-sell the properties for profit. The listing team further questioned the buyer's agent and had reason to believe the buyer could not complete the sale without selling one or more of the properties in the portfolio prior to closing. There is also the potential for a conflict of interest given the previous relationship of the buyer to the vendor. In addition to the offer being under-market and unqualified, the optics of selling the property under market to a buyer previously affiliated with the vendor was noted.

Second List Date: April 30, 2021
Individual Property List Prices:

- 7621 Highway 97: $1,075,000
- 894 Juniper Road: $1,050,000
- 8707 296 Avenue: $3,775,000

Offers:
An offer was received on May 5th 2021 for 7621 Highway 97. This was believed to be under market, and was countered by the vendor. The buyer resubmitted a subject-free offer and accepted all countered terms. Since the offer acceptance date, we have had 3 inquiries from prospective purchasers, however none have submitted an offer.

To date, the initial offeror, Prospect #1, has not resubmitted any offers on the properties on an individual basis.

An offer was also received for 894 Juniper Road and has since been countered. We are waiting on a response from the prospective buyer.

OTHER INTEREST

Inquiries: Approximately 15 separate inquiries from prospective purchasers since the second list date, half of which are realtors and the remainder from owner-occupiers. The most serious interest has come from the purchaser whose offer has been submitted for review and approval by the court. There have been two parties who have inquired with interest to lease the properties for 1-2 years. Given the liabilities associated with leasing farmland, these inquiries were declined.

Tours: Please see above for full list of toured parties

Webpage Statistics:

PROPERTY	MLS VIEWS	COLLIERS CANADA VIEWS	UNIQUE PROPERTIES VIEWS
7621 Highway 97	555	63	278
894 Juniper Road	158	60	278
8707 296 Avenue	44	47	278
Portfolio	n/a	150	n/a

A copy of the marketing brochure is accompanied in a secondary attachment.

Conclusion

Given the amount of interest to date, we believe the current offer on 7621 Highway 97 is of fair market value and recommend proceeding with the sale. The properties have had reasonable and adequate exposure on the MLS, ColliersCanada, and UniqueProperties and the most significant interest to date has come from the offeror of the property.

Sincerely,

COLLIERS INTERNATIONAL

Bianca Gilbert
Senior Associate
Industrial Practice Group
Dir: 604 694 7225
bianca.gilbert@colliers.com

Alan L. Johnson, B.Com
Vice President
Unique Properties Group
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Stephen Webber
Associate Vice President
Dir: 250 258 0258
stephen.webber@colliers.com

APPENDIX "B"

REDACTED HWY 97 SALE AGREEMENT

CONTRACT OF PURCHASE AND SALE
INFORMATION ABOUT THIS CONTRACT

THIS INFORMATION IS INCLUDED FOR THE ASSISTANCE OF THE PARTIES ONLY. IT DOES NOT FORM PART OF THE CONTRACT AND SHOULD NOT AFFECT THE PROPER INTERPRETATION OF ANY OF ITS TERMS.

1. **CONTRACT:** This document, when signed by both parties, is a legally binding contract. READ IT CAREFULLY. The parties should ensure that everything that is agreed to is in writing.

2. **DEPOSIT(S):** Section 28 of the *Real Estate Services Act* requires that money held by a brokerage in respect of a real estate transaction for which there is an agreement between the parties for the acquisition and disposition of the real estate be held by the brokerage as a stakeholder. The money is held for the real estate transaction and not on behalf of one of the parties. If a party does not remove a subject clause, the brokerage requires the written agreement of both parties in order to release the deposit. If both parties do not sign the agreement to release the deposit, then the parties will have to apply to court for a determination of the deposit issue.

3. **COMPLETION:** (Section 4) Unless the parties are prepared to actually meet at the Land Title Office and exchange title documents for the Purchase Price, it is, in every case, advisable for the completion of the sale to take place in the following sequence:

   (a) The Buyer pays the Purchase Price or down payment in trust to the Buyer's Lawyer or Notary (who should advise the Buyer of the exact amount required) several days before the Completion Date and the Buyer signs the documents.

   (b) The Buyer's Lawyer or Notary prepares the documents and forwards them for signature to the Seller's Lawyer or Notary who returns the documents to the Buyer's Lawyer or Notary.

   (c) The Buyer's Lawyer or Notary then attends to the deposit of the signed title documents (and any mortgages) in the appropriate Land Title Office.

   (d) The Buyer's Lawyer or Notary releases the sale proceeds at the Buyer's Lawyer's or Notary's office.

   Since the Seller is entitled to the Seller's proceeds on the Completion Date, and since the sequence described above takes a day or more, it is strongly recommended that the Buyer deposits the money and the signed documents AT LEAST TWO DAYS before the Completion Date, or at the request of the Conveyancer, and that the Seller delivers the signed transfer documents no later than the morning of the day before the Completion Date.

   While it is possible to have a Saturday Completion Date using the Land Title Office's Electronic Filing System, parties are strongly encouraged **NOT** to schedule a Saturday Completion Date as it will restrict their access to fewer lawyers or notaries who operate on Saturdays; lenders will generally not fund new mortgages on Saturdays; lenders with existing mortgages may not accept payouts on Saturdays; and other offices necessary as part of the closing process may not be open.

4. **POSSESSION:** (Section 5) the Buyer should make arrangements through the REALTOR® for obtaining possession. The Seller will not generally let the Buyer move in before the Seller has actually received the sale proceeds. Where residential tenants are involved, Buyers and Sellers should consult the *Residential Tenancy Act*.

5. **TITLE:** (Section 9) It is up to the Buyer to satisfy the Buyer on matters of zoning or building or use restrictions, toxic or environmental hazards, encroachments on or by the Property and any encumbrances which are staying on title before becoming legally bound. It is up to the Seller to specify in the Contract if there are any encumbrances, other than those listed in Section 9, which are staying on title before becoming legally bound. If you as the Buyer are taking out a mortgage, make sure that title, zoning and building restrictions are all acceptable to your mortgage company. In certain circumstances, the mortgage company could refuse to advance funds. If you as the seller are allowing the Buyer to assume your mortgage, you may still be responsible for payment of the mortgage, unless arrangements are made with your mortgagecompany.

6. **CUSTOMARY COSTS:** (Section 15) In particular circumstances there may be additional costs, but the following costs are applicable in most circumstances:

   Costs to be Borne by the Seller

   Lawyer or Notary Fees and Expenses:
   - attending to execution documents.

   Costs of clearing title, including: - investigating title,
   - discharge fees charged by encumbrance holders,
   - prepayment penalties.

   Real Estate Commission (plus GST).
   Goods and Services Tax (if applicable).

   Costs to be Borne by the Buyer

   Lawyer or Notary Fees and Expenses:
   - searching title,
   - drafting documents.

   Land Title Registration fees.
   Survey Certificate (if required).
   Costs of Mortgage, including:
   - mortgage company's Lawyer/Notary.
   - appraisal (if applicable)
   - Land Title Registration fees.

   Fire Insurance Premium.
   Sales Tax (if applicable).
   Property Transfer Tax.
   Goods and Services Tax (if applicable).

   DS DB G.L RC

   In addition to the above costs there maybe financial adjustments between the Seller and the Buyer pursuant to Section 6 and additional taxes payable by one or more of the parties in respect of the Property or the transaction contemplated hereby (e.g. empty home tax and speculation tax).

7. **CLOSING MATTERS:** The closing documents referred to in Sections 11, 11A and 11B of this Contract will, in most cases, be prepared by the Buyer's Lawyer or Notary and provided to the Seller's Lawyer or Notary for review and approval. Once settled, the lawyers/notaries will arrange for execution by the parties and delivery on or prior to the Completion Date. The matters addressed in the closing documents referred to in Sections 11A and 11B will assist the lawyers/notaries as they finalize and attend to various closing matters arising in connection with the purchase and sale contemplated by this Contract.

8. **RISK:** (Section 16) The Buyer should arrange for insurance to be effective as of 12:01 am the Completion Date.

9. **FORM OF CONTRACT:** This Contract of Purchase and Sale is designed primarily for the purchase and sale of freehold residences. If your transaction involves: a house or other building under construction, a lease, a business, an assignment, other special circumstances (including the acquisition of land situated on a First Nations reserve), additional provisions, not contained in this form, may be needed, and professional advice should be obtained. A Property Disclosure Statement completed by the Seller may be available.

10. **REALTOR® Code, Article 11:** A REALTOR® shall not buy or sell, or attempt to buy or sell an interest in property either directly or indirectly for himself or herself, any member of his or her Immediate Family, or any entity in which the REALTOR® has a financial interest, without making the Realtor's position known to the buyer or seller in writing. Section 5-9 of the Rules: If a licensee acquires, directly or indirectly, or disposes of real estate, or if the licensee assists an associate in acquiring, directly or indirectly, or disposing of real estate, the licensee must make a disclosure in writing to the opposite party before entering into any agreement for the acquisition or disposition of the real estate.

11. **RESIDENCY:** When completing their residency and citizenship status, the Buyer and the Seller should confirm their residency and citizenship status and the tax implications thereof with their Lawyer/Accountant.

12. **AGENCY DISCLOSURE:** (Section 21) all Realtors with whom the Seller or the Buyer has an agency relationship should be listed. If additional space is required, list the additional Realtors on a Contract of Purchase and Sale Addendum.

BCREA THE CANADIAN BAR ASSOCIATION British Columbia Branch

CONTRACT OF PURCHASE AND SALE

BROKERAGE: RE/MAX WINE CAPITAL REALTY DATE: May 11th 2021

ADDRESS: 444 School Ave;Box 220 OLIVER BC PC: V0H1T0 PHONE: (250) 498-6500

PREPARED BY: MATHEW LEWIS MLS® NO:

SELLER: CTI Holdings (Osoyoos) Inc.	BUYER: Swaranjit Singh Chahal
SELLER:	BUYER: Ravinder Kaur Chahal
ADDRESS:	ADDRESS: 430 Pinehill Road Oliver, BC
PC:	PC: V0H 1T5
PHONE:	PHONE:
	OCCUPATION: Farmer

PROPERTY:

7621 Highway 97

UNIT NO. ADDRESS OF PROPERTY

Oliver V0H 1T5

CITY/TOWN/MUNICIPALITY POSTAL CODE

002-841-258

PID OTHER PID(S)

Lot 23, Plan KAP1729, District Lot 2450S, Similkameen Div of Yale Land District

LEGAL DESCRIPTION

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

1. **PURCHASE PRICE:** The purchase price of the Property will be [redacted] DOLLARS $[redacted] (Purchase Price)

2. **DEPOSIT:** A deposit of $50,000.00 which will form part of the Purchase Price, will be paid **within 24 hours of acceptance** unless agreed as follows:

All monies paid pursuant to this section (Deposit) will be paid in accordance with section 10 or by uncertified cheque except as otherwise set out in this section 2 and will be delivered in trust to RE/MAX Wine Capital Realty and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.

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3. **TERMS AND CONDITIONS:** The purchase and sale of the Property includes the following terms and is subject to the following conditions:

This agreement is conditional on the following, which condition is inserted for the benefit of the Seller:

a) The terms of this agreement and the sale of the property being approved and consented by Ernst & Young inc., in its capacity as the court-appointed monitor of the Seller in its proceedings under the Companies' Creditors Agreement Act (Canada) before the Ontario Superior Court of Justice (the " Court') bearing Court File No. CV-20-00638930-00CL (The ' CCAA Proceedings");
(b) the terms of this Agreement and the Sale of the Property being approved and consented to by Cortland Credit Lending Corporation in its capacity as administrative agent with respect to the credit facility approved by the court in the CCAA proceedings ob April 30, 2021; and
(c) the Seller obtaining an Approval and Vesting order from the Court in the CCAA Proceedings with respect to this agreement and the sale of the Property.

If the Seller has not provided notice to the Buyer that these conditions have been satisfied or waived on or before 5:00PM on June 14th, 2021, the Agreement shall become null and void and the Buyer's deposit shall be returned without interest or deduction.

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Completion Date means 10 business days following the date on which the Supreme Court of British Columbia reseals the Approval and Vesting Order from the Court or otherwise issues and order which is satisfactory to the BC Land Title and Survey Authority to allow the registration of title to the Property in the name of the Buyer.

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Excise Tax Act: The Buyer acknowledge and agrees that the Purchase Price does not include goods and services tax ("GST" payable under the *Excise Tax Act* (Canada). The Buyer will pay to the Seller on the Completion Date concurrently with the Purchase Price, the total GST payable, if any, in respect of the purchase of the Property.

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The parties acknowledge and agree that the parties have been advised to seek independent legal advice regarding the Speculation and Vacancy Tax, Empty Home Tax, Goods and Services Tax, and any other applicable Taxes

Each condition, if so indicated is for the sole benefit of the party indicated. Unless each condition is waived or declared fulfilled by written notice given by the benefiting party to the other party on or before the date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

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4. **COMPLETION:** The sale will be completed on 10 Business Days following the Court Date, yr. ________ (Completion Date) at the appropriate Land Title Office.

5. **POSSESSION:** The Buyer will have vacant possession of the Property at ________________ m. on 1 Day Following Completion, yr.________(Possession Date) OR, subject to the following existing tenancies, if any:
Vacant.

6. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel utilities and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of The Possession Date, yr.__________(Adjustment Date).

7. **INCLUDED ITEMS:** The Purchase Price includes any buildings, improvements, fixtures, appurtenances and attachments thereto, and all blinds, awnings, screen doors and windows, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, INCLUDING:
N/A - As is where is on completion.

BUT EXCLUDING:

8. **VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on______________________yr.______________.

9. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, existing tenancies set out in Section 5, if any, and except as otherwise set out herein.

10. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by certified cheque, bank draft, wire transfer, cash or Lawyer's/Notary's or real estate brokerage's trust cheque.

11. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registrable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.

11. A. **SELLER'S PARTICULARS AND RESIDENCY:** The Seller shall deliver to the Buyer on or before the Completion Date a statutory declaration of the Seller containing: (1) particulars regarding the Seller that are required to be included in the Buyer's Property Transfer Tax Return to be filed in connection with the completion of the transaction contemplated by this Contract (and the Seller hereby consents to the Buyer inserting such particulars on such return); (2) declarations regarding the Speculation and Vacancy Tax for residential properties located in jurisdictions where such tax is imposed, if requested by the Buyer's Conveyancer, and the Vancouver Vacancy By-Law for residential properties located in the City of Vancouver; and (3) if the Seller is not a non-resident of Canada as described in the non-residency provisions of the *Income Tax Act*, confirmation that the Seller is not then, and on the Completion Date will not be, a non-resident of Canada. If on the Completion Date the Seller is a non-resident of Canada as described in the residency provisions of the *Income Tax Act*, the Buyer shall be entitled to hold back from the Purchase Price the amount provided for under section 116 of the *Income Tax Act*.

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11. B. **GST CERTIFICATE:** If the transaction contemplated by this Contract is exempt from the payment of Goods and Services Tax ("**GST**"), the Seller shall execute and deliver to the Buyer on or before the Completion Date, an appropriate GST exemption certificate to relieve the parties of their obligations to pay, collect and remit GST in respect of the transaction. If the transaction contemplated by this Contract is not exempt from the payment of GST, the Seller and the Buyer shall execute and deliver to the other party on or before the Completion Date an appropriate GST certificate in respect of the transaction.

12. **TIME:** Time will be of the essence hereof, and unless the balance of the cash payment is paid and such formal agreements to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be non-refundable and absolutely forfeited to the Seller, subject to the provisions of Section 28 of the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.

13. **BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").

14. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.

15. **COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.

16. **RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer.

17. **PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.

18. **REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and the representations contained in the Property Disclosure Statement if incorporated into and forming part of this Contract, all of which will survive the completion of the sale.

19. **PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "REALTOR®(s)") described in Section 21, the real estate boards of which those Brokerages and REALTOR®s are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates the Multiple Listing Service®, of personal information about the Buyer and the Seller:

    a. for all purposes consistent with the transaction contemplated herein:

    b. if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;

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c. for enforcing codes of professional conduct and ethics for members of real estate boards; and

d. for the purposes (and to the recipients) described in the British Columbia Real Estate Association's Privacy Notice and Consent form.

The personal information provided by the Buyer and Seller may be stored on databases outside Canada, in which case it would be subject to the laws of the jurisdiction in which it is located.

20. **ASSIGNMENT OF REMUNERATION:** The Buyer and the Seller agree that the Seller's authorization and instruction set out in section 25(C) below is a confirmation of the equitable assignment by the Seller in the Listing Contract and is notice of the equitable assignment to anyone acting on behalf of the Buyer or Seller.

20A. **RESTRICTION ON ASSIGNMENT OF CONTRACT:** The Buyer and the Seller agree that this Contract: (a) must not be assigned without the written consent of the Seller; and (b) the Seller is entitled to any profit resulting from an assignment of the Contract by the Buyer or any subsequent assignee.

21. **AGENCY DISCLOSURE:** The Seller and the Buyer acknowledge and confirm as follows (initial appropriate box(es) and complete details as applicable):

DS DB | INITIALS

A. The Seller acknowledges having received, read and understood Real Estate Council of British Columbia (RECBC) form entitled "*Disclosure of Representation in Trading Services*" and hereby confirms that the Seller has an agency relationship with

Allan Johnson (*Designated Agent(s)/REALTOR®(s)*)

who is/are licensed in relation to Colliers (*Brokerage*).

G.C | RS | INITIALS

B. The Buyer acknowledges having received, read and understood RECBC form entitled "*Disclosure of Representation in Trading Services*" and hereby confirms that the Buyer has an agency relationship with

MATHEW LEWIS (*Designated Agent(s)/REALTOR®(s)*)

who is/are licensed in relation to RE/MAX WINE CAPITAL REALTY (*Brokerage*).

INITIALS

C. The Seller and the Buyer each acknowledge having received, read and understood RECBC form entitled "*Disclosure of Risks Associated with Dual Agency*" and hereby confirm that they each consent to a dual agency relationship with

__________________________________ (*Designated Agent(s)/REALTOR®(s)*) who is/are licensed in relation to ____________________ (*Brokerage*),

having signed a dual agency agreement with such Designated Agent(s)/REALTOR®(s) dated ____________.

INITIALS

D. If only (A) has been completed, the Buyer acknowledges having received, read and understood RECBC form "*Disclosure of Risks to Unrepresented Parties*" from the Seller's agent listed in (A) and hereby confirms that the Buyer has no agency relationship.

INITIALS

E. If only (B) has been completed, the Seller acknowledges having received, read and understood RECBC form "*Disclosure of Risks to Unrepresented Parties*" from the Buyer's agent listed in (B) and hereby confirms that the Seller has no agency relationship.

22. **ACCEPTANCE IRREVOCABLE** (Buyer and Seller): The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale is executed under seal. It is agreed and understood that the Seller's acceptance is irrevocable, including without limitation, during the period prior to the date specified for the Buyer to either:
   a. fulfill or waive the terms and conditions herein contained; and/or
   b. exercise any option(s) herein contained.

23. **THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.**

24. **OFFER:** This offer, or counter-offer, will be open for acceptance until 12 o'clock p. m. on May 15 ~~14~~, yr. 2021 (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

DS DB

S.C R.C

WITNESS	X [signature] SEAL BUYER	Swaranjit Singh Chahal PRINT NAME
WITNESS	X [signature] SEAL BUYER	Ravinder Kaur Chahal PRINT NAME

If the Buyer is an individual, the Buyer declares that they are a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act*:

Yes [S.C | R.C] INITIALS   No [|] INITIALS

25. **ACCEPTANCE:** The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested forthwith after completion.

Seller's acceptance is dated 5/14/2021 | 11:27 AM PDT, yr.

The Seller declares their residency:

RESIDENT OF CANADA [DS DB |] INITIALS   NON-RESIDENT OF CANADA [|] INITIALS   as defined under the *Income Tax Act*.

WITNESS	DocuSigned by: X David Blair SEAL SELLER 25ECF9733443A...	CTI Holdings (Osoyoos) Inc. PRINT NAME
WITNESS	X SEAL SELLER	PRINT NAME

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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT TORONTO

TWELFTH REPORT OF THE MONITOR
(June 3, 2021)

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