

**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
PHARMHOUSE INC.**

SEVENTH REPORT OF THE MONITOR

June 19, 2021

INTRODUCTION

1. On September 15, 2020, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an initial order in these proceedings (the “**Initial Order**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”, and the proceedings thereunder, the “**CCAA Proceedings**”) which among other things: appointed Ernst & Young Inc. (“**EY**”) as monitor of PharmHouse Inc. (“**PharmHouse**” or the “**Applicant**”) (in such capacity, the “**Monitor**”); approved a stay of proceedings until and including September 25, 2020 (the “**Stay Period**”); authorized the Applicant to enter into a credit facility (the “**DIP Facility**”) with RIV Capital Corporation (previously Canopy Rivers Corporation) (“**RIV Capital**” or the “**DIP Lender**”) in accordance with the commitment letter between the Applicant and the DIP Lender dated September 15, 2020 (the “**Commitment Letter**”); and approved the appointment of Edge Financial Consulting Services Corp. as Chief Restructuring Organization of the Applicant (in such capacity, the “**CRO**”).
2. On September 28, 2020, the Court granted an Amended and Restated Initial Order (the “**Amended and Restated Initial Order**”) that, among other things:
 - a) extended the Stay Period to October 31, 2020;

- b) increased the maximum amount of the Administration Charge, the Director's Charge and the DIP Lender's Charge (each as defined in the Initial Order);
 - c) approved and sealed a key employee retention plan; and
 - d) amended the Court-approved priority charges to extend their respective priority over all Encumbrances (as defined in the Initial Order), except as otherwise set out in the Initial Order.
3. Attached hereto as **Appendix "A"** is a copy of the Amended and Restated Initial Order.
4. On October 29, 2020, the Court granted an order (the "**SISP Order**") approving:
- a) a sale and investment solicitation process (the "**SISP**");
 - b) the engagement and appointment of BMO Nesbitt Burns Inc. o/a BMO Capital Markets as advisor to the PharmHouse in the SISP; and
 - c) the SISP Advisor Charge (as defined in the SISP Order).
5. On October 29, 2020, the Court also granted an order establishing a process to identify, but not resolve, potential claims against the Applicant and/or its current and former directors and officers (the "**Claims Identification Process**").
6. Several orders were issued between October 30, 2020 and February 25, 2021, which among other things, extended the Stay Period to March 19, 2021 and approved amendments to the Commitment Letter.
7. On March 11, 2021, the Court granted an order (the "**Approval and Vesting Order**"), which, among other things:
- a) approved the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between PharmHouse and Sensei Ag Holdings, Inc. and vested in its wholly-owned subsidiary, Sensei Farms Leamington ULC (f/k/a 1292406 B.C. ULC) (the "**Purchaser**"), all of

PharmHouse's right, title and interest in and to the assets described in the Sale Agreement, including the Staples Facility (defined herein) (collectively, the "**Purchased Assets**"); and

- b) sealed the unredacted Sale Agreement.
8. On March 11, 2021, the Court also granted an order (the "**Ancillary Order**") which, among other things:
- a) approved the sixth amendment to the Commitment Letter and authorized an increase in the DIP Facility and the DIP Lender's Charge;
 - b) approved the terms of settlement set out in the settlement agreement (the "**Settlement Agreement**") between TerrAscend Canada Inc., TerrAscend Corp. and PharmHouse dated March 8, 2021, and sealed the unredacted Settlement Agreement;
 - c) granted an extension of the Stay Period until and including June 30, 2021;
 - d) approved a second key employee retention plan;
 - e) authorized the Applicant, with the consent of the DIP Lender, the Agent (defined herein) and the Monitor, to sell or dispose of assets other than the Purchased Assets (the "**Remaining Assets**") under the Sale Agreement without further order of the Court;
 - f) declared that the Applicant shall have no obligation to replenish the Cash Collateral (defined herein) if amounts are drawn from it in respect of the September Principal Amount, the December Principal Payment, the March Principal Payment (each as defined in the Ancillary Order), and/or certain of the interest payments due under the Senior Credit Agreement (defined herein); and

- g) authorized the Monitor to make certain payments and distributions following the completion of the Transaction, subject to maintaining the Reserve (as defined in the Ancillary Order).
9. On May 4, 2021, the Court granted:
- a) an order (the “**Amended and Restated Approval and Vesting Order**”) that, among other things, amended and restated the Approval and Vesting Order;
 - b) an order (the “**Amended and Restated Ancillary Order**”) that, among other things, amended the Ancillary Order; and
 - c) an order approving the transaction contemplated by the sale of goods agreement between Tweed Inc. (“**Tweed**”) and the Applicant and vesting in Tweed, all of the Applicant’s right, title and interest in the goods described in the sale of goods agreement free and clear of any claims or encumbrances (the “**Tweed Approval and Vesting Order**”).
10. Attached hereto as **Appendices “B”, “C” and “D”** are copies of the Amended and Restated Approval and Vesting Order, Amended and Restated Ancillary Order and the Tweed Approval and Vesting Order.

PURPOSE

11. The purpose of this Seventh Report is to provide the Court with information and updates in respect of the following:
- a) the Applicant’s activities since the Sixth Report of the Monitor dated April 29, 2021 (the “**Sixth Report**”);
 - b) distribution of the remaining funds of the Applicant;
 - c) the termination of the CCAA Proceedings and proposed assignment into bankruptcy of the Applicant under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”);

- d) the receipts and disbursements of the Applicant and the revised Cash Flow Forecast (defined herein);
- e) the activities performed by the Monitor and the Applicant to preserve the Applicant's Records in accordance with the Preservation Plan (each defined herein);
- f) the proposed protocol for the future production of files collected under the Preservation Plan (the "**Production Protocol**");
- g) the proposed protocol to review applicable files preserved pursuant to the Preservation Plan for privilege prior to providing records under the Production Protocol (the "**Privilege Protocol**");
- h) the activities of the Monitor since the Sixth Report;
- i) details of the fees and disbursements of the Monitor for the period from February 27, 2021 to June 4, 2021;
- j) details of the fees and disbursement of the Monitor's legal counsel for the period from March 1, 2021 to June 5, 2021;
- k) the Monitor's recommendations with respect to the Applicant's motion for:
 - i. an order (the "**Document Preservation Order**") that, among other things, approves the Preservation Plan and establishes the Production Protocol and the Privileged Protocol; and
 - ii. an order (the "**CCAA Termination Order**") that, among other things, terminates the CCAA Proceedings upon the filing of a certificate (the "**Monitor's Certificate**") by the Monitor, terminating the SISP Advisor Charge immediately, terminating the Director's Charge and the Administration Charge upon the filing of the Monitor's Certificate (the "**CCAA Termination Time**"), discharging and releasing the CRO and deeming Peter Kampian to

have resigned as director of PharmHouse, authorizing the Applicant to transfer the CCAA Reserve (defined herein) to Bennett Jones LLP (“**Bennett Jones**”) in trust, authorizing the Applicant to transfer the Bankruptcy Reserve (defined herein) to EY, approving the activities and fees as of the Monitor and its counsel, approving the Fee Accrual (defined herein), discharging and releasing the Monitor and granting certain related releases in favour of the Released Parties (defined herein), extending the Stay Period until and including the CCAA Termination Time, and authorizing the Applicant, or the Monitor on behalf of the Applicant to file an assignment in bankruptcy and authorizing EY to act as trustee-in-bankruptcy of PharmHouse (in such capacity, the “**Trustee**”).

TERMS OF REFERENCE

12. In preparing this Seventh 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 Applicant, discussions with management of the Applicant, and information from other third-party sources (collectively, the “**Information**”).
13. 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**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
14. Some of the Information referred to in this Seventh Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
15. Future-oriented financial information referred to in this Seventh Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections

are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

16. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Seventh Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
17. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
18. The Seventh Report should be read together with the affidavit of Peter Kampian sworn June 14, 2021 (the "**Kampian Affidavit**"). All documents relating to the CCAA Proceedings are also available on the Monitor's document centre at www.ey.com/ca/pharmhouse.

BACKGROUND

Cannabis Operations

19. PharmHouse is a private company formed under the *Canada Business Corporations Act* and is a joint venture between Canopy Rivers Corporation (now RIV Capital) and 2615975 Ontario Limited ("**261**") (collectively the "**Shareholders**"). A shareholders' agreement was entered into on May 7, 2018 between 261, Canopy Rivers Corporation and PharmHouse (previously 10730076 Canada Inc.). A controlling interest of 51% is held by 261 and 49% is held by RIV Capital.
20. PharmHouse was a licensed producer of cannabis in accordance with the *Cannabis Act* and the *Cannabis Regulations*. PharmHouse's licensed operating facility was located in Staples, Ontario (the "**Staples Facility**"). The Staples Facility was a retrofitted greenhouse, which contained 10 flowering rooms, referred to as "zones". Each zone was approximately 90,000 square feet, with a consolidated cultivation area of approximately 900,000 square feet and additional processing, utilities and storage space of approximately 400,000 square

feet. The principal activities of PharmHouse was the cultivation and processing of dried cannabis flower and the cultivation of cannabis plants for other licensed producers of cannabis (collectively, the “**Cannabis Products**”). PharmHouse’s license issued by Health Canada under the *Cannabis Act* and Regulations (the “**Cannabis License**”) was limited to standard cultivation and did not permit the sale of the Cannabis Products directly to the recreational cannabis market without selling to another licensed producer.

21. PharmHouse provided Health Canada with a notice of cessation of operations and a request for revocation of its Cannabis License on April 4, 2021 with an expected cessation date of May 13, 2021, which notice complied with the required 30-day notice to Health Canada. All cannabis activities of PharmHouse ceased on May 11, 2021 and PharmHouse surrendered its license to Health Canada effective May 11, 2021. On May 14, 2021, Health Canada formally revoked PharmHouse’s Cannabis License.

Pre-Filing Debt Obligations

22. The Applicant had the following secured debt obligations at the time of seeking the Initial Order:
 - a) BMO Bank of Montreal (“**BMO**”), as administrative agent (the “**Agent**”), for a syndicate of lenders comprised of Canadian Imperial Bank of Commerce, Concentra Bank, and BMO (collectively the “**Lenders**”), provided PharmHouse with a senior non-revolving credit facility pursuant to a first lien credit agreement dated January 7, 2019, as subsequently amended by amending agreements dated February 14, 2019, June 28, 2019, April 13, 2020 and June 25, 2020 (the “**Senior Credit Agreement**”) pursuant to which:
 - i. PharmHouse was the borrower for a maximum principal amount of \$90 million with an interest rate of prime plus 2.5%;
 - ii. the Agent held as security on behalf of the Lenders, among other things, a general security agreement with a first-ranking security interest in all of PharmHouse’s present and future property, assets and undertaking, a collateral

mortgage with a first-priority mortgage and charge over the Staples Facility (the “**Pre-Filing Senior Lenders’ Security**”) and a pledge of cash collateral in the amount of \$4.5 million (the “**Cash Collateral**”); and,

- iii. RIV Capital and RIV Capital Inc. (previously Canopy Rivers Inc.) provided a joint and several guarantee to the Agent limited to \$90 million, in the aggregate, for amounts owing by PharmHouse to the Agent under the Senior Credit Agreement (the “**Canopy Rivers Guarantee**”);
- b) the Shareholders provided an interest-free, secured loan to PharmHouse in the amount of \$5.1 million (the “**Shareholder Loan**”), payable on demand pursuant to which \$2.6 million was advanced by 261 and \$2.5 million was advanced by RIV Capital; and
- c) RIV Capital also provided a secured loan to PharmHouse in the amount of \$40 million, with interest accruing at that rate of 12% per annum (the “**RIV Capital Secured Loan**”). The RIV Capital Secured Loan is subordinated to the Shareholder Loan .

UPDATE ON THE ACTIVITIES OF THE APPLICANT

- 23. Since the Sixth Report, the Applicant, with the assistance of the CRO, and its counsel, in consultation with the Monitor, have:
 - a) ceased all cannabis operations and removed all cannabis from the facility as required by the Sale Agreement;
 - b) addressed any questions or concerns from Health Canada in the revocation of the Cannabis License;
 - c) completed the transaction with Tweed as approved by the Tweed Approval and Vesting Order, as at May 13, 2021;

- d) completed and closed the Transaction, which included the sale of the Staples Facility, with the Purchaser, as approved by the Amended and Restated Approval and Vesting Order, as at May 14, 2021;
- e) distributed funds to the Agent in accordance with the Amended and Restated Ancillary Order;
- f) assisted the Monitor with regard to the implementation of the Preservation Plan;
- g) terminated the employment of all employees of PharmHouse and retained on contract three previous employees which are needed for financial reporting and to execute the Preservation Plan;
- h) reported to the DIP Lender, the Agent and 261 regarding the 13-week cash flow forecast and other financial information on a weekly basis; and
- i) held weekly meetings with 261, as requested.

TERMINATION OF THE CCAA PROCEEDINGS TO BANKRUPTCY

Current Operations

- 24. As at the date of this Seventh Report, the Applicant has no remaining employees, has ceased operations and only utilizes the services of a small number of independent contractors in addition to the CRO in order to oversee PharmHouse's remaining financial reporting requirements, assist with the implementation and administration of the Preservation Plan and report to RIV Capital as required under the DIP Facility.
- 25. The Applicant's only remaining material assets are cash, refunds, deposit returns from vendors, return of cash collateral as a result of the release of a standby letter of credit from the Agent, and HST refunds. Pursuant to the Amended and Restated Ancillary Order, PharmHouse was authorized to distribute the proceeds of the Transaction less the Reserve. Accordingly, on May 14, 2021, PharmHouse made each of the distributions contemplated by the Amended and Restated Ancillary Order.

26. On May 14, 2021, RIV Capital pursuant to its obligations under the Canopy Rivers Guarantee, paid the remaining indebtedness owing by PharmHouse to the Agent.
27. As at June 14, 2021, PharmHouse still holds residual cash proceeds in the amount of \$6,577,573 from the sale of the Remaining Assets under the sale of goods agreement and from the sale of cannabis inventory prior to the close of the Transaction.

Termination of CCAA Proceedings and proposed Assignment into Bankruptcy

28. Since the Applicant has realized on all of its available assets and therefore will not have any further recoveries for the benefit of its creditors other than the DIP Lender, the Applicant does not intend to file a plan of compromise or arrangement. As such, the Applicant seeks the CCAA Termination Order, among other things:
 - a) terminating the CCAA Proceedings, and discharging and releasing the CRO and the Monitor upon the filing of the Monitor's Certificate;
 - b) deeming Peter Kampian to have resigned as director of PharmHouse;
 - c) authorizing the Applicant, or the Monitor, on behalf of the Applicant, to file an assignment in bankruptcy prior to the CCAA Termination Time; and
 - d) authorizing EY to act as the Trustee of the Applicant.
29. EY is prepared to act as the Trustee and has attached as **Appendix "E"** to this Seventh Report, a copy of EY's consent to act as Trustee.
30. The Monitor supports the assignment in bankruptcy as:
 - a) it provides for an orderly and efficient wind up of the corporation; and
 - b) triggers the Applicant's former employees' entitlement to assert claims under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1, for any amounts owing for severance or termination pay and related amounts, which they would not otherwise be entitled to recover in the absence the bankruptcy of PharmHouse.

Distribution of remaining funds in PharmHouse

31. RIV Capital, in its capacity as the DIP Lender is now the senior-ranking secured lender to PharmHouse and is entitled to any remaining proceeds held by the Applicant, subject to the proposed waterfall as set out below.
32. In contemplation of the termination of the CCAA Proceedings and PharmHouse's anticipated bankruptcy, any remaining funds are proposed to be dealt with as follows:
 - a) \$30,000 + HST (the "**Bankruptcy Reserve**") to be paid to EY, in its capacity as proposed Trustee, in order to administer the anticipated bankruptcy of PharmHouse;
 - b) \$100,000 + HST (the "**CCAA Reserve**") to be held by Bennett Jones in trust, in connection with the fees and expenses to be incurred by the Monitor and its agents in retaining and preserving certain of the Applicant's books and records in accordance with the CCAA and applicable cannabis laws;
 - c) the Fee Accrual to be held by the Monitor to satisfy payment of any of its fees and disbursements, including those of its counsel incurred with regard to completing any required steps in the CCAA Proceedings;
 - d) the remaining amount to be distributed to RIV Capital; and
 - e) any unused amounts of the Bankruptcy Reserve, the CCAA Reserve and the Fee Accrual to be distributed to RIV Capital.
33. The Monitor is supportive of the proposed distribution as:
 - a) all claims in priority to the Pre-Filing Senior Lenders' Security as identified during the Claims Identification Process and determined to be a priority claim, have been paid;
 - b) it provides for the cost of administering the no-asset bankruptcy of PharmHouse;

- c) it provides for the estimated costs to complete the administration of the CCAA Proceedings; and
- d) any remaining amounts will be distributed to RIV Capital in its capacity as the DIP Lender. The DIP Facility is not expected to be repaid in full.

Discharge of the CRO

- 34. The CRO was appointed on the Filing Date, and as described in the Kampian Affidavit, Peter Kampian, the principal of the CRO, was appointed as the sole director of the Applicant. The CRO, among other things, directed the business operations of PharmHouse, was involved in all aspects of the CCAA Proceedings including the SISP, the Transaction and the ultimate wind-down of the operations of PharmHouse.
- 35. The Applicant is seeking to discharge the CRO upon the termination of the CCAA Proceedings, which would include the deemed resignation of Peter Kampian as director of the Applicant.
- 36. Since PharmHouse has no ongoing operations and the anticipated bankruptcy will occur immediately prior to the termination of the CCAA Proceedings, the Monitor supports the discharge of the CRO and the deemed resignation of Peter Kampian as director of the Applicant.

Discharge of Certain Court Charges

- 37. Effective upon the granting of the CCAA Termination Order, the SISP Advisor Charge granted under the SISP Order will be terminated. Further, at the CCAA Termination Time, the Administration Charge and the Director's Charge granted under the Amended and Restated Initial Order will be terminated.
- 38. There are no remaining amounts owed under the SISP Advisor Charge as the SISP Advisor was paid its fee on May 14, 2021 pursuant to the Amended and Restated Ancillary Order.

39. The Monitor understands that no amounts are owing under the Director's Charge and that all amounts owing under the Administration Charge will be paid prior to the Monitor filing the Monitor's Certificate.

Limited Release in Favour of the Released Parties

40. The proposed CCAA Termination Order releases Peter Kampian, EY, counsel to the Monitor, Edge and their respective affiliates, officers, directors, partners, employees and agents (collectively, the "**Released Parties**" and each a "**Released Party**") from the Released Claims (as defined in the CCAA Termination Order). Each of the Released Parties has made and continues to make significant contributions to the Applicant's restructuring efforts and the CCAA Proceedings.
41. The Released Claims do not include any claim or liability arising out of any gross negligence or wilful misconduct on the part of the applicable Released Party or any claim against the Applicant's current and former directors that is not permitted to be released pursuant to subsection 5.1(2) of the CCAA.
42. The Monitor is of the opinion that the proposed releases are fair, reasonable and appropriate in the circumstances.

APPLICANT'S RECEIPTS AND DISBURSEMENTS

43. A summary of the Applicant's actual receipts and disbursements from March 1, 2021 to June 13, 2021 (the "**Reporting Period**") as compared to the cash flow forecast appended to the Fifth Report of the Monitor dated March 9, 2021 as Appendix "J" (the "**Variance Analysis**") is attached as **Appendix "F"** to this Seventh Report.
44. During the Reporting Period, the Applicant generated a net cash inflow of \$6,156,345. The receipts consist of the sale of inventory and sale of Remaining Assets. The disbursements relate mainly to payroll, utilities, freight and general administrative expenses. As at June 13, 2021, the Applicant's cash on hand was \$6,577,573.
45. During the Reporting Period, the Applicant did not make any draws on the DIP Facility as it had drawn all available funds under the DIP Facility. As at June 13, 2021, the Applicant

had drawn a total of \$10,611,693 on the DIP Facility inclusive of interest that has accrued under the DIP Facility.

46. Further details of both the permanent and timing differences are attached to the Variance Analysis.

OVERVIEW OF APPLICANT’S CASH FLOW FORECAST OVER THE STAY PERIOD

47. The Applicant, with the assistance of the CRO, and in consultation with the Monitor, has prepared a cash flow forecast (the “**Cash Flow Forecast**”) from June 14, 2021 to August 1, 2021 (the “**Forecast Period**”). The Cash Flow Forecast is attached as **Appendix “G”** to this Seventh Report.
48. The Cash Flow Forecast projects that during the Forecast Period, the Applicant will have HST refunds and vendor refunds and return of deposits, totalling \$521,679. The Applicant estimates the total combined disbursements of \$684,550. The net cash outflow for the Forecast Period is \$162,871 and the Cash Flow Forecast projects that the Applicant will have an ending cash balance at August 1, 2021 of \$6,414,702.
49. The Cash Flow Forecast includes the establishment of the Bankruptcy Reserve, the CCAA Reserve and the Fee Accrual.

STAY EXTENSION

50. The Stay Period is currently set to expire on June 30, 2021. The Applicant is requesting the Stay Extension, which will extend the Stay Period to the CCAA Termination Time. The CCAA Termination Time is anticipated to be on or before July 31, 2021.
51. The CCAA Termination Time is contingent upon the filing of the Monitor’s Certificate. The Monitor’s Certificate will be filed with the Court once it has confirmed that the remaining matters as identified in this report in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor. The Monitor has indicated in paragraph 72 of this Seventh Report, the remaining activities which will need to be

completed with regard to the administration of the CCAA Proceedings prior to the filing of the Monitor's Certificate.

52. The Monitor is of the view that the Stay Extension is appropriate as it will allow the Applicant to continue to work with its vendor to finalize the transfer of video files, collect its remaining refunds and unused deposits, to pay outstanding post-filing liabilities and to transfer its books and records, and accounts to the Trustee. Furthermore, the Applicant has acted and continues to act in good faith and with due diligence in pursuing its restructuring since the date of the Initial Order.
53. Based on the Cash Flow Forecast, the Monitor is of the opinion that the Applicant will have sufficient liquidity to fund its operations through to August 1, 2021. The Monitor anticipates that it will be able to file the Monitor's Certificate and terminate the CCAA Proceedings by July 31, 2021.
54. For the foregoing reasons, the Monitor supports the Applicant's request to extend the Stay Period to the CCAA Termination Time.

THE PRODUCTION PROTOCOL

Background

55. As further described in the Kampian Affidavit, prior to the Filing Date, 261 issued an action against PharmHouse, Canopy Growth Corporation, RIV Capital Corporation, TerrAscend Canada Inc., and TerrAscend Corp. (collectively, the "**Original Defendants**"), for damages in the amount of \$500,000,000 (the "**First 261 Claim**"). PharmHouse was named as a defendant in the First 261 Claim for the limited purpose of ensuring compliance with any Court-orders made in the proposed litigation.
56. In accordance with the endorsement of the Honourable Justice Hainey dated October 30, 2020, 261 discontinued the First 261 Claim without prejudice to 261's right to recommence the First 261 Claim against the Original Defendants other than PharmHouse.

57. On February 9, 2021, 261 recommenced the First 261 Claim against the Original Defendants (other than PharmHouse) and Olivier Dufourmantelle (collectively, the “**Defendants**”) under Court File No.: CV-21-00029716-0000 (the “**Recommended Claim**”).

Preservation Plan

58. Pursuant to the endorsement of Justice Koehnen dated March 11, 2021, the Monitor agreed to retain and preserve copies of all of PharmHouse’s current and historic operational and financial records and emails subject to further order of the Court. As such, the Monitor, with assistance of the Applicant took an inventory of the Records that were stored physically or digitally.
59. Due to COVID-19 restrictions, the Monitor was not able to attend on the premises, accordingly relied on information provided by the Applicant, and its corresponding assistance, remotely.
60. The Monitor, with assistance of the Applicant, determined the universe of available records (collectively, the “**Records**”) and developed the protocol to retain and preserve the Records (the “**Universe of Records and Proposed Preservation Plan**” or the “**Preservation Plan**”). A copy of the Universe of Records and Proposed Preservation Plan is attached as **Appendix “H”**.
61. The Records and the duration of the storage of the Records under the Preservation Plan are summarized as follows:

Record Type	Duration
Email files in .pst format	June 23, 2023
Digital Server documents in original formats	June 23, 2023
Accounting records via online platform	June 23, 2023
Video Files for Health Canada regulatory purposes	June 23, 2022

62. The Monitor has made its best efforts to retain and preserve the Records and has shared the Preservation Plan with all parties to the Recommended Claim.
63. The Applicant is seeking approval of the Preservation Plan prepared and implemented by the Monitor *nunc pro tunc*.

Production Protocol

64. The Applicant's proposed Production Protocol is as follows:
- a) 261 or any of the Defendants may request (the “**Requesting Party**”) retained Records of the Applicant from Litigation Counsel (as defined in the Document Preservation Order) ;
 - b) the Requesting Party can request any of the following Records (the “**Requested Records**”) from the Litigation Counsel:
 - i. emails in PST format or such other format as Litigation Counsel may deem advisable;
 - ii. digital documents in their native formats or such other formats as Litigation Counsel may deem advisable;
 - iii. inventory and purchase orders in their native formats or such other formats as Litigation Counsel may deem advisable;
 - iv. accounting data in its native format or such other format as Litigation Counsel may deem advisable; and
 - v. electronic copies of physical records in such format as Litigation Counsel may deem advisable.
65. The Requested Records would be subject to the Privilege Protocol (described further herein) and the cost incurred by Litigation Counsel, the Monitor, the Trustee and their agents (as applicable) in complying with the Production Protocol and the Privilege Protocol

are to be paid by the Requesting Party in advance without prejudice to such Requesting Party's right to seek to recover such costs from one or more of the parties to the Recommended Claim.

66. As further described in the Kampian Affidavit, the proposed Production Protocol was provided to 261 and the Defendants for comment and the Applicant received a limited response.
67. The Monitor is supportive of the Production Protocol as it is appropriate in these circumstances, the product of consultation among the Applicant, the Monitor, 261 and the Defendants, and is intended to preserve the interests of the parties to the Recommended Claim.

Privilege Protocol

68. The Applicant's proposed Privilege Protocol is to allow Litigation Counsel to review all of the Requested Records in the manner most practicable in the circumstances (including through the use of targeted search terms and external document review services), as determined by Litigation Counsel in its discretion, for solicitor-client, litigation, settlement or any other form of privilege applicable thereto prior to their release to the Requesting Party and the other parties to the Recommended Claim.
69. As described in the Preservation Plan, the Monitor or the Trustee and its agents (as applicable) will have possession of the Records. The Litigation Counsel will have access to such records in order to comply with the Privilege Protocol and the Production Protocol.
70. The Monitor is supportive of the Privilege Protocol in the context of the impending bankruptcy of the Applicant, as it is a practical solution to provide access to 261 and the Defendants' counsel to the Requested Records at the cost of the Requesting Party, while still allowing for any necessary privilege review to be completed by the Litigation Counsel.

ACTIVITIES OF THE MONITOR & THE REMAINING ACTIVITIES IN THE CCAA PROCEEDINGS

71. Since the Sixth Report, the Monitor has:
- a) assisted the Applicant in closing the Transaction and distributed the proceeds pursuant to the Amended and Restated Ancillary Order;
 - b) assisted the Applicant in winding down the operations of PharmHouse;
 - c) developed and implemented, with the assistance of the Applicant, the Preservation Plan;
 - d) assisted the Applicant in its weekly financial reporting to the DIP Lender;
 - e) assisted the Applicant in its weekly financial reporting to 261; and
 - f) facilitated the weekly meetings with 261, when requested.
72. The remaining activities required to complete the CCAA Proceedings by the Monitor include:
- a) ensuring that the video files have been properly retained by the vendor, and arranging for the long-term storage of Records;
 - b) monitoring the payment of remaining outstanding post-filing invoices;
 - c) assisting the Applicant to complete its fiscal 2021 tax filings;
 - d) filing the assignment in bankruptcy on behalf of the Applicant; and
 - e) confirming that all matters to be attended to, as described herein, in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor and filing with the Court the Monitor's Certificate.

REQUEST FOR APPROVAL OF FEES AND DISBURSEMENTS

73. The Monitor and its counsel, Borden Ladner Gervais LLP (“**BLG**”), have maintained detailed records of their professional time and disbursements for their respective periods detailed below.
74. Pursuant to the Amended and Restated Initial Order, the Monitor and its counsel shall each be paid their reasonable fees and disbursements as part of the CCAA Proceedings and shall further pass their accounts from time to time.
75. The total fees and disbursements of the Monitor during the period February 27, 2021 to June 4, 2021 (exclusive of HST) is \$230,369.77 which included fees of \$219,339.75 and disbursements of \$10,970.02. Attached hereto as **Appendix “I”** is the affidavit of Alexander Morrison in respect of the Monitor’s fees and disbursements during this period. The Monitor has incurred and anticipates that it will incur additional fees and expenses of approximately \$99,000 (exclusive of HST).
76. The total fees and disbursements of BLG during the period February 1, 2021 to June 11, 2021 (exclusive of HST) is \$93,332.46, which includes fees of \$82,051.20 and disbursements of \$1,793.46. Attached hereto as **Appendix “J”** is the affidavit of Alex MacFarlane in respect of BLG’s fees and disbursements during this period. BLG has incurred and anticipates that it will incur additional fees and expenses of approximately \$31,000 (exclusive of HST).
77. As mentioned herein, the Monitor and its counsel will perform additional activities and incur fees to complete the CCAA Proceedings prior to the filing of the Monitor’s Certificate (the “**Fee Accrual**”), estimated to be \$130,000 (exclusive of HST). The Monitor and the Applicant are seeking approval of the Fee Accrual at this time .
78. The Monitor has reviewed BLG’s accounts and confirms that the services reflected therein have been duly authorized and duly rendered and that, in the Monitor’s opinion, the fees and disbursements charged by BLG are reasonable.

79. The fees and disbursements of the Monitor and its counsel have been reviewed by PharmHouse, and PharmHouse has advised that it does not oppose the approval of these fees and disbursements or the Fee Accrual.

CONCLUSIONS AND RECOMMENDATIONS

80. For the reasons stated herein, the Monitor recommends that the Court grant the proposed CCAA Termination Order and Document Preservation Order, should the Court see fit to do so.

All of which is respectfully submitted this 19th day of June, 2021.

ERNST & YOUNG INC.

**Solely in its role as Court-appointed Monitor
of PharmHouse Inc., and not in its personal or corporate capacity**

Per:



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



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

APPENDIX “A”

AMENDED AND RESTATED INITIAL ORDER

ENDORSEMENT
(September 28, 2020)

Various counsel attended on this comeback motion as reflected on the Counsel Slip.

2615975 Ontario Limited, the 51% majority shareholder and a secured creditor of the Applicant (the "**Majority Shareholder**") which was not involved in the commencement of this CCAA proceeding, has filed an Affidavit of Adam Driedger sworn September 27, 2020 (the "**Driedger Affidavit**"). The Driedger Affidavit attaches certain Exhibits that detail the 261 Objections (as defined in the First Report). The Affidavit of Olivier Dufourmantele sworn September 27, 2020, responds to certain of the assertions made in the Driedger Affidavit and Exhibits thereto.

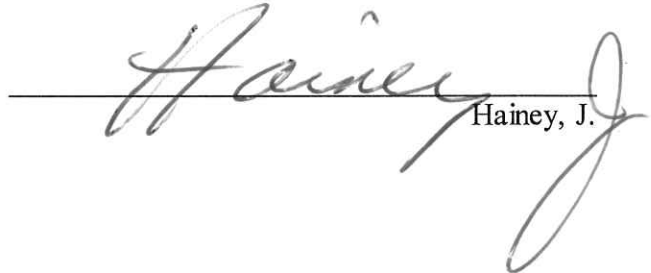
I am advised that, following extensive discussions amongst counsel for the Applicant, the Monitor, the Majority Shareholder, the DIP Lender and Bank of Montreal for itself and as Agent for the Senior Lenders, the relief sought on this Motion will proceed on an unopposed basis expressly subject to the terms of the attached Amended and Restated Initial Order, provided that, notwithstanding anything contained in the Amended and Restated Initial Order:

1. The extension of the stay of proceedings to all defendants to the 261 Claim with respect to the 261 Claim (the "**Third-Party Stay**") is without prejudice to any argument that any party is entitled to make at any time that the Third Party Stay should not apply to the 261 Claim. The onus remains on the Applicant in all respects to demonstrate that it is entitled to the Third-Party Stay, as it was at the hearing of the initial application in respect of this CCAA proceeding.
2. The granting of the Amended and Restated Initial Order is without prejudice to the rights of any interested party to cross-examine the affiant, Olivier Dufourmantele, on his affidavit sworn September 15, 2020 (the "**Dufourmantele Affidavit**") and his affidavit sworn September 27, 2020 (the "**Second Dufourmantele Affidavit**"), or Adam Driedger on the Driedger Affidavit. Notwithstanding the granting of the Amended and Restated Initial Order and the absence of any cross-examination of Mr. Dufourmantele or Mr. Driedger, no interested party shall be deemed to have accepted or admitted the contents of the Dufourmantele Affidavit, the Second Dufourmantele Affidavit or the Driedger Affidavit, in whole or in part.
3. Subject to further Order of the Court, the Applicant and the CRO, under the oversight of the Monitor, undertake to engage and consult with the Majority Shareholder and its counsel throughout this proceeding, in respect of: (i) all material decisions related to the Business or the Property of the Applicant; and (ii) any material steps to be taken in these proceedings to advance the Applicant's restructuring. The Applicant and the CRO will respond to all reasonable requests from the Majority Shareholder or its counsel on a timely basis, and the Majority Shareholder will involve the Monitor as necessary.
4. Subject only to any applicable regulatory restrictions, the Monitor's consent must be obtained prior to all material decisions affecting PharmHouse being undertaken by the Applicant or the CRO. Such decisions shall be brought before the Monitor with sufficient time to fully consider same, and to the extent reasonably possible, consult with such parties

as the Monitor deems appropriate. Any decision made, or contemplated with regard to any of the Offtake Agreements, shall first be reviewed with the Monitor, and the Monitor, in its judgment, may consult with any of the applicable stakeholders of PharmHouse.

5. The materials provided to the DIP Lender on a weekly basis pursuant to the Applicant's reporting obligations under the Commitment Letter will be provided to the Majority Shareholder, and the CRO and the Monitor will conduct a weekly update meeting with the Majority Shareholder regarding same.
6. The Monitor has advised that it supports the resignation of Olivier Dufourmantelle and the appointment of Peter Kampian as a director of the Applicant. The Court has been advised that Mr. Dufourmantelle, Mr. Kampian, the Applicant and Rivers are supportive of that, and that the parties will seek to implement such changes. The parties may seek further directions from the Court in respect of this matter at any time should they be required.
7. Confidential Appendix "A" to the Dufourmantelle Affidavit, Confidential Appendix "D" to the First Report, and Confidential Exhibits "C", "K", "L", "M", and "N" to the Driedger Affidavit shall be sealed and kept confidential pending further order of the Court.

Capitalized terms used but not defined herein having the meanings ascribed to them in the Amended and Restated Initial Order.


Hailey, J.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.

MONDAY, THE 28th

JUSTICE HAINEY

DAY OF SEPTEMBER, 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 PHARMHOUSE INC. (the "Applicant")

AMENDED & RESTATED INITIAL ORDER
(Amending Initial Order dated September 15, 2020)

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day by Zoom videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Olivier Dufourmantelle sworn September 15, 2020 (the "Dufourmantelle Affidavit") and the Exhibits thereto, the affidavit of Olivier Dufourmantelle sworn September 27, 2020 and the Exhibits thereto, the Affidavit of Adam Driedger sworn September 27, 2020 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice (in the case of the 2615975, as defined below, notice being limited to this motion for the Amended and Restated Initial Order only);

ON HEARING the submissions of counsel for the Applicant, counsel for Ernst & Young Inc. ("EY"), counsel for Canopy Rivers Corporation (the "DIP Lender"), counsel for 2615975 Ontario Limited, the majority shareholder and a secured creditor of the Applicant ("2615975") and counsel for Bank of Montreal, as administrative agent, lead arranger and sole bookrunner

(the "**Agent**") in connection with the Pre-filing Senior Lenders' Credit Agreement (as defined herein) and such other parties listed on the Counsel Slip, no one appearing for any other party although duly served as appears from the Affidavits of Service of Joshua Foster sworn September 15, 2020 and September 18, 2020, and on reading the consent of EY to act as Monitor (the "**Monitor**"), the Pre-Filing Report of the Monitor dated September 15, 2020 and the First Report of the Monitor dated September 25, 2020 and the Supplement to the First Report of the Monitor dated September 27, 2020 (collectively, the "**First Report**"), and upon being advised that 2615975 does not oppose the granting of this Amended and Restated Initial Order expressly subject to the terms of this Court's Endorsement of this date,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts,

accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, subject to the approval of the Monitor.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, and subject to the Definitive Documents, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course prior to, on, or, after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

Payments for expenses incurred prior to this Order shall require the consent of the Monitor and the DIP Lender, or leave of this Court.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance; (ii) Canada Pension Plan; and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein and pursuant to the Definitive Documents, the Applicant is hereby directed, until further Order of this Court: (a) to

make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business. Notwithstanding anything contained in this paragraph, the Applicant shall be permitted, to the extent permitted by the Definitive Documents, to make payments of interest owing to the Agent in connection with the Pre-filing Senior Lenders' Credit Agreement (as defined in paragraph 48 hereto).

10. THIS COURT ORDERS that, notwithstanding anything else contained in this Order, the Agent is permitted to withdraw the September 30, 2020 principal payment due under the Pre-Filing Senior Lenders' Credit Agreement (the "September Principal Amount") from the Cash Collateral (as defined in the Pre-Filing Senior Lenders' Credit Agreement); provided, however, that the Applicant shall have no obligation to replenish the September Principal Amount withdrawn from the Cash Collateral prior to December 31, 2020.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such terms as may be contained in the Definitive Documents and in all cases subject to the consent of the Monitor, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) sell inventory (i) pursuant to and in accordance with existing Offtake Agreements (as defined in the Dufourmantelle Affidavit); or (ii) otherwise with the consent of the Monitor and the DIP Lender and in consultation with the Agent;
- (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. THIS COURT ORDERS that until and including October 31, 2020, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all

Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

15. THIS COURT ORDERS that, for greater certainty, the terms of paragraph 14 herein shall apply to the 261 Claim (as defined in the Dufourmantelle Affidavit), including all defendants to the 261 Claim, but the stay in respect of the 261 Claim shall be subject in all respects to the terms of the Endorsement of this Court of today's date.

NO EXERCISE OF RIGHTS OR REMEDIES

16. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance,

transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTOR'S AND OFFICER'S INDEMNIFICATION AND CHARGE

21. THIS COURT ORDERS that the Applicant shall indemnify its director and officer against obligations and liabilities that he may incur as a director or officer of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any

officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. THIS COURT ORDERS that the director and officer of the Applicant (solely in its capacity as a director or officer of the Applicant and not in any other capacity) shall be entitled to the benefit of and are hereby granted a charge (the "**Director's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$275,000, as security for the indemnity provided in paragraph 21 of this Order. The Director's Charge shall have the priority set out in paragraphs 53 and 55 herein.

23. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Director's Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Director's Charge to the extent that they do not have coverage under any director's and officer's insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

APPROVAL AND SEALING OF THE CRO ENGAGEMENT LETTER

24. THIS COURT ORDERS that the agreement dated as of September 14, 2020 pursuant to which the Applicant has engaged Edge Financial Consulting Services Corp. ("**Edge**") to act as Chief Restructuring Organization (the "**CRO**") through the services of Peter Kampian ("**Kampian**") and other employees or agents of Edge (as applicable), an unredacted copy of which is attached as Confidential Exhibit "A" to the Dufourmantele Affidavit as may be amended by the parties thereto with the consent of the Monitor (the "**CRO Engagement Letter**"), and the appointment of the CRO pursuant to the terms thereof, are hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby. In the event there is any inconsistency between the terms of the CRO Engagement Letter and the terms of this Order and the corresponding Endorsement, the terms of this Order and the corresponding Endorsement shall prevail in all respects.

25. THIS COURT ORDERS that, subject to the provisions of the CCAA, this Order and any subsequent Order of this Court, and at all times subject to the oversight of the Monitor, the CRO is authorized to exercise and perform the powers, responsibilities and duties as described in the

CRO Engagement Letter and subject to the terms thereof, together with such other powers, responsibilities and duties as may be agreed upon by the CRO and approved by the Monitor and this Court (collectively, the "CRO Powers"), including, without limitation, the power to:

- (a) make decisions with respect to the day to day aspects of the management and operations of the Business, including, without limitation, organization, human resources, marketing, sales, operations, finance and administration, in such manner and take such actions and steps, as the CRO deems reasonably necessary and appropriate, and execute such documents and writings as required to cause or permit the Applicant to do all things authorized, directed and permitted pursuant to the CCAA, the terms of this Order, and any subsequent Orders of this Court, subject to the terms of those Orders;
- (b) subject to the terms of this Order, realize and dispose of the Property of the Applicant on behalf of the Applicant, including, without limitation, to negotiate and enter into agreements on behalf of the Applicant with respect to the sale or other disposition of all or any part of the Property;
- (c) represent the Applicant in any negotiations with any other stakeholders and their professional constituencies, including vendors and suppliers, including with respect to the Offtake Agreements, which negotiations shall involve the Monitor;
- (d) evaluate the short-term company-prepared cash flows and financing requirements of the Applicant as they relate to these proceedings;
- (e) assist the Applicant in the preparation and oversight of financial statements and schedules, monthly operating reports, and other information required in these proceedings, as applicable;
- (f) assist the Applicant in obtaining court approval and administration of financing including developing forecasts and information, and any insolvency related claims management and reconciliation process;
- (g) work with the Applicant, and its retained professionals, as appropriate, to assess any offer(s) made to the Applicant;

- (h) communicate with and provide information to the Monitor, the DIP Lender, the Agent and 2615975 and their respective advisors, regarding the Business and affairs of the Applicant;
- (i) assist the Monitor, as requested by the Monitor, in connection with the powers given to the Monitor; and
- (j) work with the Assistants and the Monitor in respect of all of the foregoing;

provided that, in each case such actions, agreements, expenses and obligations shall be construed to be those of the Applicant and not of the CRO personally.

26. THIS COURT ORDERS that none of the CRO, Kampian or such other employees or agents of Edge (unless such party explicitly agrees otherwise), shall be, or be deemed to be a director, officer or employee of the Applicant.

27. THIS COURT ORDERS that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter and this Order, be deemed to be in Possession (as defined below) of any of the Property within the meaning of any Environmental Legislation (as defined below) or Cannabis Legislation (as defined below); provided, however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO, as the case may be, shall be deemed to be a Person who has been lawfully appointed to take, or has lawfully taken, possession or control of such Property for the purposes of section 14.06(1.1)(c) of the *Bankruptcy and Insolvency Act of Canada* (the "BIA") and shall be entitled to the benefits and protections in relation to Applicant and such Property as provided by section 14.06(2) of the BIA to a "trustee" in relation to an insolvent Person and its property.

28. THIS COURT ORDERS that nothing in the CRO Engagement Letter or this Order shall be construed as resulting in the CRO being an employer, successor employer, responsible person or operator within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever.

29. THIS COURT ORDERS that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date

of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO, provided further that in no event shall the liability of the CRO exceed the quantum of the fees paid to the CRO.

30. THIS COURT ORDERS that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with the written consent of the CRO and the Monitor, or with leave of this Court on notice to the Applicant, the Monitor, and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor, and the CRO at least ten (10) days prior to the return date of any such motion for leave.

31. THIS COURT ORDERS that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicant.

32. THIS COURT ORDERS that payment obligations of the Applicant to the CRO in respect of any fees and disbursements of the CRO shall be entitled to the benefit of and shall form part of the Administration Charge (as defined below) set out herein.

33. THIS COURT ORDERS that the unredacted copy of the CRO Engagement Letter included as Confidential Exhibit "A" to the Dufourmantele Affidavit shall be sealed and kept confidential pending further order of this Court.

APPOINTMENT OF MONITOR

34. THIS COURT ORDERS that EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

35. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (as hereinafter defined) and the Agent and their counsel on a weekly basis of financial and other information as agreed to between the Applicant and, the DIP Lender and the Agent which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender and the Agent;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender and the Agent, which information shall be reviewed with the Monitor and delivered to the DIP Lender and the Agent and their counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lender and the Agent;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

- (i) perform such other duties as are required by this Order or by this Court from time to time.

36. THIS COURT ORDERS that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act* S.C. 2018, c.16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1 or other such applicable federal or provincial legislation (collectively, the "**Cannabis Legislation**"), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

37. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

38. THIS COURT ORDERS that, in addition to the rights and protections afforded to the DIP Lender and the Agent under this Order or at law, neither the DIP Lender nor the Agent shall incur any liability or obligation as a result of the carrying out of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or willful misconduct on its part.

39. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant, including without limitation, the Agent, the Senior Lenders, the DIP Lender and 2615975 with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

40. THIS COURT ORDERS that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting in such capacities shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

41. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of this Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a biweekly basis.

42. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

43. THIS COURT ORDERS that the CRO, the Monitor, counsel to the Monitor, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the CRO, the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 53 and 55 hereof.

DIP FINANCING

44. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures.

45. THIS COURT ORDERS that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of September 15, 2020 (as may be amended from time to time, the "**Commitment Letter**"), filed.

46. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

47. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not exceed the amount of \$7,500,000 or secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 53 and 55 hereof.

48. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 7 days notice to the Applicant, the Agent (and the Senior Lenders) and the Monitor but subject to the pre-filing postponement, subordination or intercreditor agreements involving the Applicant, Canopy Rivers Corporation and the Agent (collectively, the **"Senior Lenders' Intercreditor Agreement"**), may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, but subject to the Senior Lenders' Intercreditor Agreement, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant;
- (c) upon the occurrence of an event of default under the Senior Credit Agreement (save and except in respect of the Applicant's proceedings under the CCAA and the failure to pay the September Principal Amount), the Agent, upon 7 days notice to the Applicant, the DIP Lender and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Pre-Filing Senior Lenders' Credit Agreement or the Pre-Filing Senior Lenders' Security; and
- (d) the foregoing rights and remedies of the DIP Lender and the Agent shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

49. THIS COURT ORDERS AND DECLARES that, unless otherwise agreed to by the applicable party, the DIP Lender (with respect only to Advances made after the commencement of this proceeding), the Agent (and the Senior Lenders) shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the BIA, with respect to any advances made under the Definitive Documents or the Pre-filing Senior Lender's Credit Agreement, as applicable.

50. THIS COURT ORDERS that notwithstanding anything to the contrary in this Order or the Definitive Documents, or as a result of the incurrence of any obligations to the DIP Lender Pursuant to the Commitment Letter or the Definitive Documents, the existing liens and other security of the Agent, Canadian Imperial Bank of Commerce, Concentra Bank, Bank of Montreal as lenders (collectively, the "**Senior Lenders**"). pursuant to the credit agreement dated as of January 7, 2019, and subsequently amended by amending agreements dated February 14, 2019, June 28, 2019, April 13, 2020 and June 25, 2020 (collectively, as amended, supplemented and otherwise modified from time to time, the "**Pre-Filing Senior Lenders' Credit Agreement**" and the security granted in connection therewith, the "**Pre-filing Senior Lender's Security**") shall have the priority set out in paragraphs 53 and 55 herein.

APPROVAL AND SEALING OF KEY EMPLOYEE RETENTION PLAN

51. THIS COURT ORDERS that the Key Employee Retention Plan (the "**KERP**") described in the First Report, certain details of which are attached thereto as Confidential Appendix "D" is hereby approved and the Applicant is authorized and directed to make payments in accordance with the terms thereof.

52. THIS COURT ORDERS that Confidential Appendix "D" to the First Report shall be sealed and kept confidential pending further order of this Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

53. THIS COURT ORDERS that the priorities of the Director's Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000).

Second – Director's Charge (to the maximum amount of \$275,000).

Third – Pre-Filing Senior Lenders' Security.

Fourth – DIP Lender's Charge (to the maximum amount of \$7,500,000).

54. THIS COURT ORDERS that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

55. THIS COURT ORDERS that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall, except as otherwise set out in paragraph 53 hereof, rank ahead of all other existing security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Persons.

56. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

57. THIS COURT ORDERS that the Charges, the Commitment Letter and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation

of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

58. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

59. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the Globe and Mail, National Edition, a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

60. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of

documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.ey.com/ca/pharmhouse.

61. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

SEALING OF CONFIDENTIAL EXHIBITS

62. **THIS COURT ORDERS** that Confidential Exhibits "C, "K, "L", "M, and "N" to the Driedger Affidavit sworn September 27, 2020 are hereby sealed, confidential and shall not form part of the public record, and that Confidential Exhibits "C, "K, "L, "M, and "N" shall be placed into a separate confidential exhibit book that is kept separate and apart from all other contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further order of the Court.

GENERAL

63. **THIS COURT ORDERS** that any interested Person, including, but not limited to, the Applicant, 2615975, the Agent, the DIP Lender and the Monitor, may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation of this Order hereunder.

64. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

65. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

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

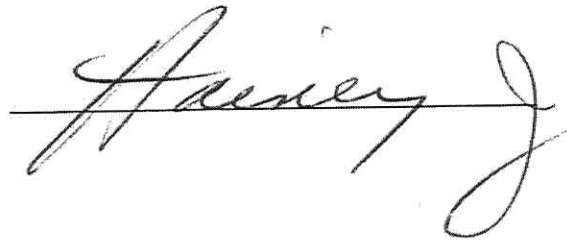
67. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

68. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 29 2020

PER / PAR:




**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 PHARMHOUSE INC.**

Court File No.: CV-20-00647704-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)
Mike Shakra (LSO# 64604K)
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Lawyers for the Applicant

APPENDIX “B”

AMENDED AND RESTATED APPROVAL AND VESTING ORDER

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

THE HONOURABLE MR.

)

TUESDAY, THE 4th

)

JUSTICE KOEHNEN

)

DAY OF MAY, 2021

**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
PHARMHOUSE INC.**



Applicant

AMENDED AND RESTATED APPROVAL AND VESTING ORDER

THIS MOTION, made by PharmHouse Inc. (the "**Vendor**" or the "**Applicant**") for an Order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Vendor and Sensei Ag Holdings, Inc. dated March 3, 2021, attached as Exhibit "L" to the Affidavit of Peter Kampian sworn March 4, 2021 (the "**Kampian Affidavit**"), and vesting in Sensei Farms Leamington ULC (f/k/a 1292406 B.C. ULC) (the "**Purchaser**"), all of the Vendor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day via videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of the Applicant and the Fifth Report of Ernst & Young Inc. in its capacity as Monitor of the Applicant (the "**Monitor**") and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for RIV Capital Corporation (f/k/a Canopy Rivers Corporation) (the "**DIP Lender**"), counsel for Bank of Montreal as Agent, counsel for the Purchaser, and for those other parties appearing as indicated by the counsel slip, no one

appearing for any other person on the service list, although properly served as appears from the affidavits of Joshua Foster sworn March 4, 2021 and April 27, 2021:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction are hereby approved, and the execution of the Sale Agreement by the Vendor is hereby authorized, approved and ratified, with such minor amendments as the Vendor, with the approval of the Monitor and the DIP Lender, and the Purchaser may agree to in writing. The Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), encumbrances, obligations, liabilities, claims (including without limitation, any claim based on any theory that the Purchaser is a successor or continuation of the Vendor or its business) demands, guarantees, contractual commitments, liens, executions, levies, assessments, reassessments, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered, published or

filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by Order of this Court in these CCAA proceedings, including by (i) the Initial Order of the Honourable Justice Hainey dated September 15, 2020, as amended and restated by the Orders of the Honourable Justice Hainey dated September 28, 2020 and October 30, 2020, respectively, and (ii) the SISP Approval Order of the Honourable Justice Hainey dated October 29, 2020;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system;
- (c) all claims in respect of, or relating to, any taxes owing by the Vendor or in respect of any of the Purchased Assets as of the Closing Date, including any contingent or additional tax liability consequential to an assessment or reassessment made subsequent to Closing for periods prior to Closing; and
- (d) those Claims listed on Schedule "B" (real property) and Schedule "C" (personal property) hereto,

(all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances, easements and restrictive covenants listed on Schedules "D" and "E" hereto) and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that upon the registration in the Land Registry Office #12 for the Land Titles Division of Essex of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and/or the *Land Registration Reform Act* (Ontario), the Land Registrar is hereby directed to enter the Purchaser, as the owner of the subject real property identified in Schedule "F" hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims and Encumbrances listed in Schedule "B" hereto.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser regarding the fulfillment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

9. **THIS COURT ORDERS** that, provided that the Sale Agreement has not been terminated, any plan of compromise or arrangement that may be filed by the Vendor shall not derogate or otherwise affect any right or obligation of the Purchaser under the Sale Agreement unless otherwise agreed by the Vendor and Purchaser.

10. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, each of the Vendor and the Monitor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendor's Employees, including personal information of those Employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

11. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

SEALING

12. **THIS COURT ORDERS** that Confidential Exhibit "A" to the Kampian Affidavit shall be and is hereby sealed, to be kept confidential and shall not form part of the public record pending further Order of this Court.

GENERAL

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendor and the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Vendor and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Vendor and the Monitor and their respective agents in carrying out the terms of this Order.

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. prevailing Eastern Time on the date hereof.

PLJ

Schedule "A" – Form of Monitor's Certificate

Court File No.: CV-20-00647704-00CL

**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
PHARMHOUSE INC.**

Applicant

MONITOR'S CERTIFICATE

RECITALS

A. PharmHouse Inc. (the "**Vendor**" or the "**Applicant**") commenced these proceedings under the *Companies' Creditors Arrangement Act* on September 15, 2020 (the "**CCAA Proceedings**").

B. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated September 15, 2020, Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of the Applicant in the CCAA Proceedings.

C. Pursuant to an Order of the Court dated March 11, 2021, as amended and restated on May 4, 2021, the Court approved the agreement of purchase and sale made as of March 3, 2021 (the "**Sale Agreement**") between the Vendor and Sensei Ag Holdings, Inc. and ordered that all of the Vendor's right, title and interest in and to the Purchased Assets shall vest in Sensei Farms Leamington ULC (f/k/a 1292406 B.C. ULC) (the "**Purchaser**"), which vesting is to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation, in form and substance satisfactory to the Monitor, from the

Purchaser and the Vendor that all conditions to Closing have been satisfied or waived, by the Vendor and Purchaser, as applicable.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Vendor and the Purchaser, in form and substance satisfactory to the Monitor, that all conditions to Closing under the Sale Agreement have been satisfied or waived by the Vendor and Purchaser, as applicable;
2. The Monitor has received written confirmation from the Vendor that it has received the Cash Balance; and
3. This Monitor's Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Ernst & Young Inc., in its capacity as
Monitor of PharmHouse Inc., and not in its
personal capacity**

Per: _____

Name:

Title:

Schedule "B" – Claims to be deleted and expunged from title to the Real Property

1. Instrument No. CE867602, dated January 7, 2019, being a Charge from PharmHouse Inc. in favour of the Bank of Montreal in the amount of \$100,000,000;
2. Instrument No. CE867603, dated January 7, 2019, being a Charge from PharmHouse Inc. in favour of the Bank of Montreal in the amount of \$100,000,000; and
3. Instrument No. CE867604, dated January 7, 2019, being a Charge from PharmHouse Inc. in favour of Canopy Rivers Corporation in the amount of \$50,000,000

Schedule "C" – Claims to be deleted and vested of personal property

1. All Claims and Encumbrances under the following Ontario personal property system registrations:

File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	AO	MV		
767734038 PPSA	20201116 15571862 5083	PHARMHOUSE INC.	ADT SECURITY SERVICES CANADA, INC.			X	X	X		
	Reg. 5 year(s) Expires 16NOV 2025									
	Amount Secured: \$2526964									
	General Collateral Description: NATIONAL ACCOUNT ELECTRONIC SECURITY SERVICES MASTER AGREEMENT									
File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	AO	MV		
765676467 PPSA	20200911 16571590 1459	PHARMHOUSE INC.	2615975 ONTARIO LIMITED			X	X	X	X	X
	Reg. 5 year(s) Expires 11SEP 2025		CANOPY RIVERS CORPORATION							
	No Fixed Maturity Date									
765676467	20200915 12241590 1587	PHARMHOUSE INC.								
	A AMNDMNT									
	Reason for Amendment: TO REMOVE THE ONTARIO CORPORATION # FOR THE DEBTOR.									
File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	AO	MV		
746526537 PPSA	20181204 16421590 4796	PHARMHOUSE INC.	BANK OF MONTREAL, AS AGENT			X	X	X	X	X
	Reg. 5 year(s) Expires 04DEC 2023									
746526537	20200423 11391590 2143	PHARMHOUSE INC.								
	A AMNDMNT									
	Reason for Amendment: AMEND REGISTRATION TO REFLECT NEW ADDRESS FOR BUSINESS DEBTOR.									

File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	A	O	MV	
746066268 PPSA	20181121 1148 1590 3657 Reg. 6 year(s) Expires 21 NOV 2024	PHARMHOUSE INC.	CANOPY RIVERS CORPORATION		X	X	X	X		X
746066268	20181218 1457 1590 6017 J OTHER	PHARMHOUSE INC.								
	SUBORDINATION Reason for Amendment: SUBORDINATION OF REFERENCE FILE NUMBER 746066268 TO REFERENCE FILE NUMBER 746526537, IN FAVOUR OF BANK OF MONTREAL, AS AGENT.									
File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	A	O	MV	
762510789 PPSA	20200608 1715 1462 4174 Reg. 6 year(s) Expires 08 JUN 2026	PHARMHOUSE INC.	TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.			X		X		
	General Collateral Description: MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS, ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT)									
File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	A	O	MV	
762510771 PPSA	20200608 1715 1462 4173 Reg. 6 year(s) Expires 08 JUN 2026	PHARMHOUSE INC.	TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.			X		X		
	General Collateral Description: MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS, ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT)									
File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
				CG	I	E	A	O	MV	
762296499 PPSA	20200601 1709 1462 2321 Reg. 6 year(s) Expires 01 JUN 2026	PHARMHOUSE INC.	TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.			X		X		

[illegible]

	ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT)						
733311567	20181122 17011462 9577	1454411 ONTARIO INC.					
	A AMNDMNT	PHARMHOUSE INC.					
	Reason for Amendment: TO ADD AN ADDITIONAL DEBTOR NAME						
733311567	20190121 17051462 8834	1454411 ONTARIO INC.					
	A AMNDMNT	PHARMHOUSE INC.					
	Reason for Amendment: TO ADD AN ADDITIONAL DEBTOR NAME AND ADDRESS						

2. All Claims and Encumbrances under the following litigation:

JURISDICTION / FILE NUMBER	DATE OF FILING	PLAINTIFF / PLAINTIFF BY COUNTERCLAIM / APPLICANT / PETITIONER		DEFENDANT / DEFENDANT BY COUNTERCLAIM / RESPONDENT		CASE TYPE
		NAME	TYPE	NAME	TYPE	
Essex/ CV20000287110000	2020/02/06	Shilson Excavation & Trucking Inc.	Plaintiff	Pharmhouse Inc.	Defendant	Construction Lien
Essex/ CV19000285170000	2019/12/19	Wesco Distribution Canada LP	Plaintiff	Pharmhouse Inc. Ideal Power & Control Inc.	Defendant Defendant	Construction Law (other than construction lien)
Essex/ CV20000287860000	2020/02/27	Sesco Design Build Inc.	Plaintiff	Pharmhouse, formerly known as 10730076 Canada Inc.	Defendant (plus Group Defendants)	Construction Lien

JURISDICTION / FILE NUMBER	DATE OF FILING	PLAINTIFF / PLAINTIFF BY COUNTERCLAIM / APPLICANT / PETITIONER		DEFENDANT / DEFENDANT BY COUNTERCLAIM / RESPONDENT		CASE TYPE
		NAME	TYPE	NAME	TYPE	
Essex/ CV20000287880000	2020/02/27	LPI Mechanical Inc.	Plaintiff	Pharmhouse Inc., formerly known as 10730076 Canada Inc.	Defendant (plus Group Defendants)	Construction Lien
Essex/ CV20000288010000	2020/03/03	Micon Group Ltd.	Plaintiff	Pharmhouse Inc. (formerly 10730076 Canada Inc.)	Defendant (plus Group Defendants)	Construction Lien
Essex/ CV20000288480000	2020/03/16	Custom Insulation Systems Ltd.	Plaintiff	Pharmhouse Inc.	Defendant (plus Group Defendants)	Construction Lien
Essex/ CV20000288760000	2020/04/03	Environmental Systems Corporation	Plaintiff	Pharmhouse Inc.	Defendant (plus Group Defendants)	Construction Lien
Essex/ CV20000292210000	2020/08/31	2615975 Ontario Inc.	Plaintiff	Pharmhouse Inc.	Defendant (plus Group Defendants)	Tort: Economic Injury (other than medical/PM)

**Schedule "D" – Permitted Encumbrances related to the Real Property
(unaffected by the Vesting Order)**

"Permitted Encumbrances" means, collectively in relation to the Real Property, the following Encumbrances:

General

1. reservations, limitations, provisos and conditions, if any, expressed in any original grants of land from the Crown;
2. subdivision agreements, site plan control agreements, development agreements, servicing agreements, utility agreements, permits, licenses, airport zoning regulations and other similar agreements with Governmental Authorities or private or public utilities affecting the development or use of the Real Property, which do not, individually or in the aggregate, materially affect the use or value of the Real Property;
3. minor encroachments by the Real Property over neighbouring lands permitted under agreements with neighbouring landowners and minor encroachments over the Real Property by improvements of neighbouring landowners permitted under agreements with neighbouring landowners, which do not, individually or in the aggregate, materially affect the use or value of the Real Property;
4. rights-of-way for, or reservations or rights of others for, sewers, drains, water lines, gas lines, electric lines, railways, telegraph, telecommunications and telephone lines, or cable conduits, poles, wires and cables, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of the Real Property, which do not, individually or in the aggregate, materially affect the use or value of the Real Property;
5. any easements, servitudes or rights-of-way in favour of any Governmental Authority, any private or public utility, any railway company or any adjoining owner, which do not, individually or in the aggregate, materially affect the use or value of the Real Property;
6. any unregistered easements, servitudes, rights-of-way or other unregistered interests or claims not disclosed by registered title in respect of the provision of utilities to the Real Property, which do not, individually or in the aggregate, materially affect the use or value of the Real Property;
7. any rights of expropriation, access or use or any other similar rights conferred or reserved to any Governmental Authority by Applicable Laws;
8. the provisions of all Applicable Laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning of the Real Property;
9. any reference plans or plans registered pursuant to the *Boundaries Act* (Ontario);
10. Encumbrances for real or immovable property taxes (which term includes charges, rates and assessments) or charges for electricity, power, gas, water and other services and

utilities in connection with the Real Property that have accrued but are not yet due and owing or, if due and owing, directed to be paid on Closing from the Purchase Price (but excluding, for greater certainty, any contingent or additional tax liability consequential to an assessment or reassessment made subsequent to Closing for periods prior to Closing); and

11. any minor title defects, irregularities, easements, servitudes, encroachments, rights-of-way or other discrepancies in title or possession related to the Real Property which would be disclosed by an up-to-date plan of survey, real property report, certificate of location or technical description and which do not, individually or in the aggregate, materially affect the use or value of the Real Property.

Specific Instruments

The characterization or description of those items on the balance of this Schedule "D" are prepared for purposes of convenience only, and for accurate reference, recourse should be had to the registration itself.

1. Instrument No. R286958, registered on August 27, 1963, being a By-Law;
2. Instrument No. CE451947, registered on December 6, 2010, being an Application to Consolidate;
3. Instrument No. CE452774, registered on December 13, 2010, being an Application to Consolidate;
4. Instrument No. CE736428, registered on September 27, 2016, being an Application to Consolidate; and
5. Instrument No. CE758858, registered on February 16, 2017, being a Notice of a Site Plan Agreement.

**Schedule "E" – Permitted Encumbrances related to personal property
(unaffected by the Vesting Order)**

1. The following registrations under the *Personal Property Security Act* (Ontario)

File No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
				CG	I	E	AO	MV	
755510364 PPSA	20190916 1936 1531 9827 Reg. 6 year(s) Expires 16SEP 2025	PHARMHOUSE INC.	DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.			X	X	X	X
	2019 CROWN SC5215-30TT-190 (VIN: 10115706)								

Schedule "F" – Legal Description of the Real Property

PROPERTY DESCRIPTION: PT LOT 7 CON 11 MERSEA, DESIGNATED AS PARTS
1, 2, 3 & 4, PL 12R26670; MUNICIPALITY OF
LEAMINGTON

PIN 75084-0131 (LT)

**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 PHARMHOUSE INC.**

Court File No.: CV-20-00647704-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AMENDED AND RESTATED
APPROVAL AND VESTING ORDER

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Lawyers for the Applicant

APPENDIX “C”

AMENDED AND RESTATED ANCILLARY ORDER

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

THE HONOURABLE MR.

)

TUESDAY, THE 4th

JUSTICE KOEHNEN

)

DAY OF MAY, 2021

)

**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
PHARMHOUSE INC.**



Applicant

**AMENDED AND RESTATED ANCILLARY ORDER
(Amending the Ancillary Order dated March 11, 2021)**

THIS MOTION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), was heard this day via videoconference due to the COVID-19 pandemic.

ON READING the Notice of Motion of the Applicant, the affidavits of Peter Kampian sworn March 4, 2021 (the "**Kampian Affidavit**") and April 27, 2021, the Fifth Report of Ernst & Young Inc. (the "**Fifth Report**"), in its capacity as monitor of the Applicant (the "**Monitor**"), filed, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for RIV Capital Corporation (f/k/a Canopy Rivers Corporation) (the "**DIP Lender**"), counsel for Bank of Montreal as Agent, counsel for Sensei Ag Holdings, Inc., counsel for Canopy Growth Corporation, and such other counsel as were present, no one else appearing although duly served as appears from the affidavits of service of Joshua Foster sworn March 4, 2021 and April 27, 2021;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in: (i) the Second Amended and Restated Initial Order dated October 30, 2020 (the "**Second Amended and Restated Initial Order**"); (ii) the Stay Period and DIP Amendment Order dated February 25, 2021 (the "**Stay Period and DIP Amendment Order**"); or (iii) the Kampian Affidavit, as applicable.

DISTRIBUTIONS

3. **THIS COURT ORDERS** that the distributions authorized and approved by this Order shall at all times be subject to the completion of the Transaction and the receipt of the Sale Proceeds by the Monitor.
4. **THIS COURT ORDERS** that the Monitor is authorized and directed to pay from the Sale Proceeds all amounts due to the SISP Advisor pursuant to the SISP Advisor Engagement Letter (the "**SISP Advisor Distribution**").
5. **THIS COURT ORDERS** that, subject to the creation and retention of the Reserve to be agreed upon by the Applicant, the Monitor, the DIP Lender and the Agent or on further order of the Court and the payment of the SISP Advisor Distribution, the Monitor is authorized and directed to distribute the remainder of the Net Sale Proceeds to the Agent in partial satisfaction of the Applicant's obligations owing to the lenders under the Pre-Filing Senior Lenders' Credit Agreement (the "**Agent Distribution**" and together with the SISP Advisor Distribution, the "**Distributions**").
6. **THIS COURT ORDERS** that, subject to receipt of the Sale Proceeds, the Monitor is authorized and directed to pay \$20,735.50 to Custom Insulation Systems Ltd. from the Reserve in full and final satisfaction of all claims of Custom Insulation Systems Ltd. against the Applicant and its current and former directors and officers, including those asserted in its proof of claim dated November 3, 2020.

DIP AMENDMENT

7. **THIS COURT ORDERS** that the execution by the Applicant of Amendment No. 6 dated March 11, 2021 to the Commitment Letter (the "**Sixth DIP Amendment**"), a substantially final copy of which is attached as Appendix "H" to the Fifth Report, is hereby authorized and approved, pursuant to which the maximum principal amount of the DIP Loan under the Commitment Letter was increased by an additional \$340,000 (to \$10,740,000 in the aggregate).

8. **THIS COURT ORDERS** that:

- (a) paragraphs 43 to 49 of the Second Amended and Restated Initial Order shall apply to the Commitment Letter as amended by the Sixth DIP Amendment and all references to the Commitment Letter contained in the Second Amended and Restated Initial Order shall be deemed to be references to the Commitment Letter as amended by the Sixth DIP Amendment;
- (b) the DIP Lender's Charge shall secure all amounts owing by the Applicant to the DIP Lender under the Commitment Letter and Definitive Documents as amended by the Sixth DIP Amendment; and
- (c) for greater certainty, paragraphs 46 and 52 of the Second Amended and Restated Initial Order are hereby amended to replace the references to "\$10,400,000" with "\$10,740,000".

KEY EMPLOYEE RETENTION PLAN

9. **THIS COURT ORDERS** that the key employee retention plan (the "**Second KERP**") described in the Kampian Affidavit and the Fifth Report, the details of which are contained in Confidential Appendix "D" to the Fifth Report (the "**Confidential KERP Appendix**"), is hereby approved and the Applicant is authorized and directed to make payments in accordance with the terms thereof.

10. **THIS COURT ORDERS** that payments made by the Applicant pursuant to this Order in respect of the Second KERP and the Distributions do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

REPLENISHMENT OF CASH COLLATERAL AND PRINCIPAL REPAYMENT

11. **THIS COURT ORDERS** that, notwithstanding anything contained in the Second Amended and Restated Initial Order or the Stay Period and DIP Amendment Order, upon the occurrence of an event of default under the Pre-Filing Senior Lenders' Credit Agreement, save and except in respect of:

- (a) the Applicant's proceedings under the CCAA;
- (b) the failure to pay the September Principal Amount;
- (c) the failure to pay the December Principal Payment; and
- (d) the failure to pay the principal payment due March 31, 2021 under the Pre-Filing Senior Lenders' Credit Agreement (the "**March Principal Payment**"),

the Agent, upon 7 days notice to the Applicant, the DIP Lender and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Pre-Filing Senior Lenders' Credit Agreement or the Pre-Filing Senior Lenders' Security.

12. **THIS COURT ORDERS** that, notwithstanding anything else contained in this Order or the Second Amended and Restated Initial Order, but subject to any agreement between the Agent and the DIP Lender, the Agent is permitted to withdraw the:

- (a) September Principal Amount;
- (b) the December Principal Payment,
- (c) the March Principal Payment; and/or
- (d) interest payments due under the Pre-Filing Senior Lenders' Credit Agreement on or around March 1, 2021, April 1, 2021, May 1, 2010 and June 1, 2021;

from the Cash Collateral provided, however, that the Applicant shall have no obligation to replenish any such amount(s) withdrawn from the Cash Collateral prior to June 30, 2021.

SETTLEMENT APPROVAL

13. **THIS COURT ORDERS** that the settlement agreement dated March 8, 2021 between TerrAscend Canada Inc., TerrAscend Corp. and the Applicant (the "**Settlement Agreement**") attached as Confidential Appendix "B" to the Fifth Report (the "**Confidential Settlement Appendix**") is hereby approved.

14. **THIS COURT ORDERS** that the Applicant is hereby authorized to do all things as are reasonably necessary to implement and give effect to the Settlement Agreement and carry out its obligations thereunder.

APPROVAL OF THE MONITOR'S REPORT, ACTIVITIES AND FEES

15. **THIS COURT ORDERS** that the Fifth Report, and the activities of the Monitor and its counsel referred to therein be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

16. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, as set out in the Fifth Report, be and are hereby approved.

APPROVAL OF THE EY LLP ENGAGEMENT AGREEMENT

17. **THIS COURT ORDERS** that the Terms of Service dated April 23, 2021 and the Statement of Work dated April 23, 2021 between the Applicant and Ernst & Young LLP (together, the "**EY LLP Engagement Agreement**"), a copy of which is attached as Exhibit "I" to the Affidavit of Peter Kampian sworn April 27, 2021, is hereby approved and the Applicant is hereby authorized to pay amounts due pursuant to the EY LLP Engagement Agreement in accordance with its terms.

SEALING

18. **THIS COURT ORDERS** that the Confidential KERP Appendix and the Confidential Settlement Appendix are hereby sealed and shall not form part of the public record until further order of the Court.

EXTENSION OF THE STAY PERIOD

19. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including June 30, 2021.

DISPOSITION OF OTHER ASSETS


20. **THIS COURT ORDERS** that, notwithstanding anything in the Second Amended and Restated Initial Order or the CCAA, the Applicant shall, subject to the consent of the Monitor, the Agent and the DIP Lender, have the right to sell or dispose of all assets that are not Purchased Assets under the Sale Agreement (the "**Remaining Assets**") without any further Order of this Court. The Applicant and the Monitor, as the case may be, shall maintain complete accounting and other records of any disposition of the Remaining Assets and their proceeds.

GENERAL

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

23. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order.



**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 PHARMHOUSE INC.**

Court File No.: CV-20-00647704-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AMENDED AND RESTATED
ANCILLARY ORDER

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Lawyers for the Applicant

APPENDIX “D”

TWEED APPROVAL AND VESTING ORDER

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

THE HONOURABLE MR.

)

TUESDAY, THE 4th

)

JUSTICE KOEHNEN

)

DAY OF MAY, 2021

**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
PHARMHOUSE INC.**



Applicant

APPROVAL AND VESTING ORDER

THIS MOTION, made by PharmHouse Inc. (the "**Vendor**" or the "**Applicant**") for an Order approving the sale transaction (the "**Transaction**") contemplated by a sale of goods agreement (the "**Sale Agreement**") between the Vendor and Tweed Inc. (the "**Purchaser**") dated April 27, 2021, attached as Exhibit "J" to the Affidavit of Peter Kampian sworn April 27, 2021 (the "**Kampian Affidavit**"), and vesting in the Purchaser, all of the Vendor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day via videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of the Applicant, the Sixth Report (the "**Sixth Report**") of Ernst & Young Inc. in its capacity as monitor of the Applicant (the "**Monitor**"), filed, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for RIV Capital Corporation (f/k/a Canopy Rivers Corporation) (the "**DIP Lender**"), counsel for Bank of Montreal as Agent, counsel for the Purchaser, and for those other parties appearing as indicated by the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Joshua Foster sworn April 27, 2021:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Sixth Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement or the Kampian Affidavit.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction are hereby approved, and the execution of the Sale Agreement by the Vendor is hereby authorized, approved and ratified, with such minor amendments as the Vendor, with the approval of the Monitor and the DIP Lender, and the Purchaser may agree to in writing. The Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), encumbrances, obligations, liabilities, claims, demands, guarantees, contractual commitments, liens, executions, levies, assessments, reassessments, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by Order of this Court in these CCAA proceedings, including by (i) the Initial Order of the Honourable Justice Hailey dated September 15, 2020, as amended and restated by the Orders of the Honourable Justice Hailey dated September 28, 2020 and October 30, 2020, respectively, and (ii) the SISP Approval Order

of the Honourable Justice Hailey dated October 29, 2020; and (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser regarding the fulfillment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Vendor and shall not be

void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendor and the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Vendor and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Vendor and the Monitor and their respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. prevailing Eastern Time on the date hereof.



Schedule "A" – Form of Monitor's Certificate

Court File No.: CV-20-00647704-00CL

**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
PHARMHOUSE INC.**

Applicant

MONITOR'S CERTIFICATE

RECITALS

- A. PharmHouse Inc. (the "**Vendor**" or the "**Applicant**") commenced these proceedings under the *Companies' Creditors Arrangement Act* on September 15, 2020 (the "**CCAA Proceedings**").
- B. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated September 15, 2020, Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of the Applicant in the CCAA Proceedings.
- C. Pursuant to an Order of the Court dated May 4, 2021, the Court approved the sale of goods agreement made as of May 4, 2021 (the "**Sale Agreement**") between the Vendor and Tweed Inc. (the "**Purchaser**"), and ordered that all of the Vendor's right, title and interest in and to the Goods shall vest in the Purchaser, which vesting is to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation, in form and substance satisfactory to the Monitor, from the Purchaser and the Vendor that all conditions to closing have been satisfied or waived, by the Vendor and Purchaser, as applicable.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Vendor and the Purchaser, in form and substance satisfactory to the Monitor, that all conditions to closing under the Sale Agreement have been satisfied or waived by the Vendor and Purchaser, as applicable; and

3. This Monitor's Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Ernst & Young Inc., in its capacity as Monitor
of PharmHouse Inc., and not in its personal
capacity**

Per: _____

Name:

Title:

**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 PHARMHOUSE INC.**

Court File No.: CV-20-00647704-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

APPROVAL AND VESTING ORDER

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Joshua Foster (LSO# 79447K)

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Fax: 416-863-1716

Lawyers for the Applicant

APPENDIX “E”

CONSENT TO ACT AS TRUSTEE

**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
PHARMHOUSE INC.**

Applicant

CONSENT

ERNST & YOUNG INC. of the City of Toronto hereby agrees to act as the Trustee in the bankruptcy of PharmHouse Inc., subject to the appointment by the Official Receiver.

ERNST & YOUNG INC. is a company qualified to act as a trustee of the property of the said debtor.

DATED at Toronto, Ontario this 18th day of June 2021.

ERNST & YOUNG INC., Trustee

Per: _____
Alex Morrison, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “F”

VARIANCE ANALYSIS

PharmHouse Inc.

Variance Analysis - March 1, 2021 to June 13, 2021

(\$CDN)	Notes	ACTUALS	FORECAST	Variance
Opening Cash		\$ 171,228	\$ 171,228	\$ -
Receipts				
Offtake Agreements		-	-	-
Sales	1	11,160,363	8,830,081	2,330,282
Other Receipts	2	1,164,537	38,644	1,125,893
Total Receipts		12,324,899	8,868,725	3,456,174
Disbursements				
Compensation	3	1,015,389	903,777	(111,612)
Utilities	4	332,802	420,751	87,949
Operating Expenses	5	541,917	248,863	(293,054)
SG&A	6	2,479,937	2,207,442	(272,495)
Restructuring Costs	7	1,492,491	1,981,926	489,435
BMO Loan		-	-	-
Key Employee Retention Plan		306,017	301,572	(4,445)
Capital Expenditure		-	-	-
Total Disbursements		6,168,554	6,064,331	(104,223)
Net Cash flow		6,156,345	2,804,394	3,351,951
DIP Advances		250,000	250,000	-
Closing Cash		\$ 6,577,573	\$ 3,225,622	\$ 3,351,951

DIP Facility				
Opening Balance	\$	9,945,649	\$ 9,945,649	\$ -
Interest Accrued		416,044	416,044	-
Advances		250,000	250,000	-
Closing Balance	\$	10,611,693	\$ 10,611,693	\$ -

Total DIP Facility	\$	10,740,000	\$ 10,740,000	\$ -
Advances and Interest		(10,611,693)	(10,611,693)	-
Total Undrawn DIP	\$	128,307	\$ 128,307	\$ -

Variance Analysis Notes
March 1, 2021 to June 13, 2021

1	Sales	The positive variance is due to higher yield per plant, leading to additional sales to customers as well as higher prices than forecast.
2	Other Receipts	The positive permanent variance is mainly due to proceeds from the sale of Excluded Assets.
3	Compensation	The negative variance of \$111,612 is due a timing difference of approximately \$90,000 related to the earlier termination of employees. The remaining difference relates to higher wages in the later months to increase productivity to ship product before closing of the Transaction.
4	Utilities	The overall positive variance of \$87,949 is a result of the following: i. a positive permanent difference of \$111,952 due to certain natural gas, hydro and power utility providers not requiring payment of final month due to the application of account credits; offset by ii. a negative permanent difference of \$24,003 related to higher than anticipated expenses for one natural gas provider.
5	Operating Expenses	The overall negative variance of \$293,054 is due to: i. a negative permanent variance of \$105,821 from an unexpected tank repair expense; ii. higher biological laboratory, freight and irradiation costs totalling \$194,584; offset by iii. a positive permanent difference of \$7,351 from lower than expected general maintenance expenses.
6	SG&A	The overall negative variance of \$272,495 is due to: i. a negative permanent difference from higher HST of \$595,551 as a result of higher sales receipts mentioned in Note 1; ii. a \$58,407 negative permanent difference from various SG&A expenses; offset by iii. a positive variance of \$381,463 from generator rental and insurance expenses that were less than forecast.
7	Restructuring Costs	The overall positive variance of \$489,435 is due primarily to lower restructuring professional fees than forecast.

APPENDIX “G”

CASH FLOW FORECAST

PharmHouse Inc.

Cash Flow Forecast for the Period

Week Beginning June 14, 2021

(\$CDN)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	
Week Beginning	Note	14-Jun-21	21-Jun-21	28-Jun-21	5-Jul-21	12-Jul-21	19-Jul-21	26-Jul-21	Forecast Total
Opening Cash		6,577,573	6,426,601	6,822,847	6,470,022	6,451,872	6,431,222	6,413,072	6,577,573
Receipts									
Offtake Agreements	1	-	-	-	-	-	-	-	-
Sales	2	-	-	-	-	-	-	-	-
Other Receipts	3	17,497	436,002	-	-	-	-	68,180	521,679
Total Receipts		17,497	436,002	-	-	-	-	68,180	521,679
Disbursements									
Compensation	4	5,000	11,756	5,000	5,000	5,000	5,000	5,000	41,756
Utilities	5	449	-	-	-	-	-	-	449
Operating Expenses	6	-	-	-	-	-	-	-	-
SG&A	7	74,020	2,500	123,975	2,500	5,000	2,500	4,000	214,495
Restructuring Costs	8	89,000	25,500	223,850	10,650	10,650	10,650	57,550	427,850
BMO Loan	9	-	-	-	-	-	-	-	-
Key Employee Retention Plan	10	-	-	-	-	-	-	-	-
Capital Expenditure	11	-	-	-	-	-	-	-	-
Total Disbursements		168,469	39,756	352,825	18,150	20,650	18,150	66,550	684,550
Cash Inflow (Outflow)		(150,972)	396,246	(352,825)	(18,150)	(20,650)	(18,150)	1,630	(162,871)
DIP Advances		-	-	-	-	-	-	-	-
Closing Cash		6,426,601	6,822,847	6,470,022	6,451,872	6,431,222	6,413,072	6,414,702	6,414,702
DIP Facility									
Opening Balance		10,611,693	10,611,693	10,611,693	10,739,408	10,739,408	10,739,408	10,739,408	10,611,693
Interest Accrued	12	-	-	127,715	-	-	-	139,101	266,816
Advances		-	-	-	-	-	-	-	-
Closing Balance		10,611,693	10,611,693	10,739,408	10,739,408	10,739,408	10,739,408	10,878,509	10,878,509
Total DIP Facility		10,740,000	10,740,000	10,740,000	10,740,000	10,740,000	10,740,000	10,740,000	10,740,000
Advances and Interest		10,611,693	10,611,693	10,739,408	10,739,408	10,739,408	10,739,408	10,878,509	10,878,509
Total Undrawn DIP		128,307	128,307	592	592	592	592	(138,509)	(138,509)

IN THE MATTER OF THE CCAA PROCEEDING OF PHARMHOUSE INC.
(the "Applicant" or "PharmHouse")

Notes to the Unaudited Cash Flow Forecast of the Applicant

Disclaimer

In preparing this cash flow forecast (the "**Cash Flow Forecast**"), the Applicant has relied upon unaudited financial information and the Applicant has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Applicant and additional assumptions discussed below with respect to the requirements and impact of a *Companies' Creditors Arrangement Act* ("**CCAA**") filing. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview

The Cash Flow Forecast includes the receipts and disbursements of the Applicant during the Cash Flow Forecast period. The Applicant, with the assistance of the Monitor, has prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the CCAA proceedings and the ongoing operations.

Assumptions:

1	Offtake Agreements	The Applicant has one remaining Offtake Agreement with Canopy Growth Corporation. This agreement requires the Applicant to cultivate, dry and package bulk cannabis flower for Canopy Growth. However, as PharmHouse has ceased operations and no deliveries were accepted under the Offtake Agreement, no receipts are projected.
2	Sales	These sales represent spot sales of cannabis product that has been rejected by the Offtake Agreement customers.
3	Other Receipts	Other Receipts include HST refunds, return of cash collateral from the Agent, and vendor refunds and deposit returns.
4	Compensation	Employees required for financial or Health Canada reporting have been retained on a contract basis.
5	Utilities	Utility costs are based on estimated usage, adjustments from credits and charges as a result of difference in prepayments and actuals, and fluctuating energy prices. Refunds from energy rebates have also been included within utilities as a negative disbursement.

		All utilities past the Closing Date will be the responsibility of the Purchaser.
6	Operating Expenses	This includes all costs to process and bulk package cannabis products and is based on expected production. As operation has ceased, these costs relate to outstanding accounts payable.
7	SG&A	This includes outstanding accounts payable for office supplies consultant fees and general and administrative costs. SG&A on-going costs include residual costs for collection, preservation and retention of document (hard-copy and electronic) as well as any regulatory requirements with either Health Canada or CRA. The \$100,000 + HST (the “ CCAA Reserve ”) is proposed to be provided to Bennett Jones for the payment of costs related to the preservation of Records, including the video as required by Health Canada for one year.
8	Restructuring Costs	<p>Professional fees of Monitor and its legal counsel, the professional fees of legal counsel for the Applicant, the CRO and counsel to the DIP Lender for the completion of the CCAA Proceedings Payments to the Monitor, Monitor’s legal counsel, and the Applicant’s counsel are paid weekly and the DIP Lender’s counsel. Fees of the Monitor and its counsel include a 10% courtesy discount as discussed with the DIP lender.</p> <p>It is assumed that the Applicant will exit CCAA proceedings at the end of July 2021. Included within the week of July 27th are the estimated costs to carry out the bankruptcy proceedings of \$30,000 + HST (the “Bankruptcy Reserve”).</p>
9	BMO Loan Interest	The Senior Lenders’ received full and final settlement of their outstanding loan and interest on May 14, 2021.
10	Key Employee Retention Plan	The Key Employee Retention Plan was approved by the Court and provides for payment ten days after each milestone; the 1 st milestone date occurred March 15, 2021, and a 2 nd milestone date on May 14, 2021.
11	Capital Expenditure	No Capital Expenditure has been included in the forecast period.
12	DIP Interest	DIP Interest has been forecast to be accrued based on the DIP Facility outstanding at 8% per annum, calculated and compounded monthly not in advance on the first day of each calendar month beginning September 30, 2020 and payable on the Maturity Date. As such, it will reduce the availability of the DIP Facility to the Applicant.

APPENDIX “H”

UNIVERSE OF RECORDS AND PROPOSED PRESERVATION PLAN

Universe of Records and proposed Preservation Plan

Emails

The emails are located on an exchange server and backed up with a Barracuda Message Archiver. The archiver was installed on **2019-03-26**. A small number of email accounts were in operation on the Exchange server before this date.

Email items was preserved from both data sources: Barracuda Message Archiver and Exchange server. Barracuda Archiver emails were gathered at May 1st 2021 and Exchange server emails were collected at April 30, 2021.

All files were exported in PST format on hard drives stored at Ernst & Young LLP (“EY”) facilities.

Digital Documents

File Server

File server is hosted on an on-premise vSphere server by VMWare. The file server contains all files for each department, user profile, and user drive. All files were downloaded to hard drives stored at EY facilities in their original formats (word, pdf, excel, etc.). Files were gathered on May 3, 2021.

Inventory and Purchase orders

PharmHouse utilizes Google sheets as an ad-hoc ERP system related to real-time inventory and purchase orders. These were saved monthly on the File server. Final files in Google sheets will be saved.

Accounting Data

The account data is being managed through QuickBooks Online (QBO). QBO is temporarily maintained and key data such as the general ledger will be saved via manual downloads.

Video

On premise the Genetec SAN device stored about 300TB of video files in a RAID format. PharmHouse will utilize AWS to store one year’s worth of video as required by Health Canada regulations.

Physical Records

Many of the records are electronic, however there are limited hard copies. A full catalog was taken, and the documents are stored in Iron Mountain.

Electronic Equipment

Company laptops and servers are purchased assets subject to the APA. Therefore, none were retained. Roaming User Profiles from the company laptops were automatically saved to the file server. EY imaged the file server.

PharmHouse allowed employees to retain their phones as many of them also use them for personal purposes and have personal files and photos stored thereon. All previous employees have already retained their phones, therefore PharmHouse does not have possession of the phones of any previous employees.

APPENDIX “I”

AFFIDAVIT OF ALEXANDER MORRISON

**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
PHARMHOUSE INC.**

Applicant

**AFFIDAVIT OF ALEXANDER MORRISON
(Sworn June 18, 2021)**

I, **ALEXANDER MORRISON**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am a Senior Vice-President of Ernst & Young Inc. ("EY"), the Court-appointed Monitor (the "**Monitor**") of PharmHouse Inc., and as such have knowledge of the matters hereinafter deposed to.
2. This affidavit is made in support of a motion for, among other things, the approval of the fees and disbursements of EY for the period from February 27, 2021 to June 4, 2021 (the "**Fees Period**"). Attached hereto and marked as **Exhibit "A"** is a summary of the fees and expenses of EY rendered during the Fees Period, in the total amount of \$260,317.84. Attached hereto and marked as **Exhibit "B"** is a summary of the hourly rate and time expended by the professionals at EY during the Fees Period.

4. EY requests that the Court approve its estimated fees, exclusive of disbursements and applicable taxes on fees and disbursements for the period from June 5, 2021 through to the date of the Monitor's discharge in the amount of up to \$99,000.

Adriano Gypsi


ALEXANDER MORRISON

EXHIBIT A

This is the Exhibit marked "A" referred to
in the Affidavit of Alexander Morrison,
sworn before me this 18 day of June, 2021.

A handwritten signature in blue ink, appearing to read "Adrienne Gosselin", written over a faint circular stamp.

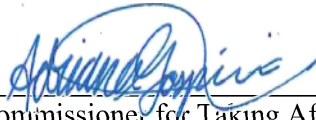
A Commissioner for Taking Affidavits

Exhibit A - Summary of Ernst & Young Fees
Services Rendered February 27, 2021 - June 4, 2021

	Invoice #	Date	Fee	Expenses	Net	Tax	Total	Period covered
1	CA12C500006450	19-Mar-21	30,394.80	1,519.74	31,914.54	4,148.89	36,063.43	week ending March 5, 2021
2	CA12C500006451	19-Mar-21	27,525.60	1,376.28	28,901.88	3,757.24	32,659.12	week ending March 12, 2021
3	CA12C500006459	23-Mar-21	15,985.35	799.27	16,784.62	2,182.00	18,966.62	week ending March 19, 2021
4	CA12C500006496	30-Mar-21	14,501.25	725.06	15,226.31	1,979.42	17,205.73	week ending March 26, 2021
5	CA12C500006539	09-Apr-21	12,760.20	638.01	13,398.21	1,741.77	15,139.98	week ending April 2, 2021
6	CA12C500006583	19-Apr-21	19,800.90	990.05	20,790.95	2,702.82	23,493.77	week ending April 9, 2021
7	CA12C500006599	22-Apr-21	13,826.70	691.34	14,518.04	1,887.35	16,405.39	week ending April 16, 2021
8	CA12C500006640	05-May-21	7,942.50	397.13	8,339.63	1,084.15	9,423.78	week ending April 23, 2021
9	CA12C500006653	07-May-21	18,142.20	907.11	19,049.31	2,476.41	21,525.72	week ending April 30, 2021
10	CA12C500006679	14-May-21	14,619.15	730.96	15,350.11	1,995.51	17,345.62	week ending May 7, 2021
11	CA12C500006707	25-May-21	23,701.50	1,185.08	24,886.58	3,235.26	28,121.84	week ending May 14, 2021
12	CA12C500006719	26-May-21	9,555.30	477.77	10,033.07	1,304.30	11,337.37	week ending May 21, 2021
13	CA12C500006827	11-Jun-21	6,201.00	310.05	6,511.05	846.44	7,357.49	week ending May 28, 2021
14	CA12C500006828	11-Jun-21	4,443.30	222.17	4,665.47	606.51	5,271.98	week ending June 4, 2021
Total			219,399.75	10,970.02	230,369.77	29,948.07	260,317.84	

EXHIBIT B

This is the Exhibit marked "B" referred to
in the Affidavit of Alexander Morrison,
sworn before me this 18 day of June, 2021.



A Commissioner for Taking Affidavits

**Exhibit B - Summary of Ernst & Young Fees by Individual
Services Rendered February 27, 2021 - June 4, 2021**

		Hourly Rates	Total Hours	Total	Discount	Net of Discount
Morrison, Alex	Senior Vice President/Partner	\$ 790.00	73.8	\$ 58,302.00	-\$ 5,830.20	\$ 52,471.80
Fung, Karen	Vice President/Senior Manger	\$ 585.00	194.8	\$ 113,958.00	-\$ 11,395.80	\$ 102,562.20
Nick Hilborn	Manager	\$ 425.00	148.4	\$ 63,070.00	-\$ 6,307.00	\$ 56,763.00
Cecilia Wang	Manager	\$ 425.00	14.7	\$ 6,247.50	-\$ 624.75	\$ 5,622.75
Cam Bear	Para-professional Manager	\$ 275.00	5.9	\$ 1,622.50	-\$ 162.25	\$ 1,460.25
Franca Mazzulla	Para-professional Manager	\$ 275.00	0.7	\$ 192.50	-\$ 19.25	\$ 173.25
Marites Carandang	Para-professional Manager	\$ 275.00	1.4	\$ 385.00	-\$ 38.50	\$ 346.50
	Total Hours		439.7	\$ 243,777.50	-\$ 24,377.75	\$ 219,399.75

**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 PHARMHOUSE INC.**

Court File No.: CV-20-00647704-00CL

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

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF ALEXANDER MORRISON

BORDEN LADNER GERVAIS LLP

Bay Adelaide Centre, East Tower

22 Adelaide St W

Toronto, Ontario M5H 4E3

Tel: 416-367-6000

Fax: 416-367-6749

Bevan Brooksbank – LSO No. 56717U

Tel: 416.367.6604

Email: BBrooksbank@blg.com

Lawyers for Ernst & Young Inc., as Court-appointed Monitor

APPENDIX “J”

AFFIDAVIT OF ALEXANDER MACFARLANE

**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
PHARMHOUSE INC.**

Applicant

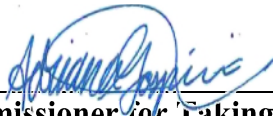
**AFFIDAVIT OF ALEX MACFARLANE
(Sworn June 17, 2021)**

I, **ALEX MACFARLANE**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am a partner at the law firm of Borden Ladner Gervais LLP ("**BLG**"), counsel to Ernst & Young Inc., in its capacity as Court- appointed Monitor (in such capacity as the "**Monitor**") of PharmHouse Inc., and as such have knowledge of the matters hereinafter deposed to.
2. This affidavit is made in support of a motion for, among other things, the approval of the fees and disbursements of BLG for the period from February 5, 2021 to June 11, 2021 (the "**Fees Period**"). Attached hereto and marked as **Exhibit "A"** is a summary of the BLG invoices for the Fees Period, in the total amount of \$94,742.02. Attached hereto and marked as **Exhibit "B"** is a summary of the hourly rate and time expended by the professionals at BLG during the Fees Period.
3. BLG requests that the Court approve its accounts for the Fees Period for fees in the amount of \$82,051.20, disbursements of \$1,793.46 and taxes of \$10,897.36 for services rendered and recorded.

4. BLG requests that the Court approve its estimated fees, exclusive of disbursements and applicable taxes on fees and disbursements for the period from June 12, 2021 through to the date of the Receiver's discharge in the amount of up to \$31,000.00

SWORN BEFORE ME over video)
conference this 17th day of June, 2021, in)
accordance with Ontario Regulation)
431/20. The affiant was located in Lockport)
, Nova Scotia, while the commissioner,)
Mariela Adriana Gasparini, was located in)
Vaughan, Ontario.)



A Commissioner for Taking Affidavits



ALEX MACFARLANE

EXHIBIT A

This is the Exhibit marked "A" referred to
in the Affidavit of Alex MacFarlane,
sworn before me this 17th day of June, 2021.



A Commissioner for Taking Affidavits

Exhibit “A”
Summary of BLG Fees
Services rendered by invoices from

DATE	INVOICE	FEES	DISBURSEMENTS	TAX	TOTAL
2021-03-19	697955709	\$42,700.95	\$1,230.73	5,708.67	\$49,640.35
2021-03-18	697955237	\$10,142.10	-	1,318.47	\$11,460.57
2021-03-18	697955239	\$12,427.20	\$134.34	1,633.00	\$14,194.54
2021-03-23	697956241	\$1,782.00	\$330.25	274.59	\$2,386.84
2021-03-30	697958309	\$2,541.60	\$59.25	338.11	\$2,938.96
2021-04-21	697968175	\$1,692.90	\$5.95	220.85	\$1,919.70
2021-05-12	697976103	\$6,155.55	\$32.94	804.51	\$6,993.00
2021-06-08	697985347	\$3,361.50	-	437.00	\$3,798.50
2021-06-14	697987360	\$1,247.40	-	162.16	\$1,409.56
Total		\$82,051.20	\$1,793.46	\$10,897.36	\$94,742.02

EXHIBIT B

This is the Exhibit marked "B" referred to
in the Affidavit of Alex MacFarlane,
sworn before me this 17th day of June, 2021.

A handwritten signature in blue ink, appearing to read "Adrienne Gypin", written over a horizontal line.

A Commissioner for Taking Affidavits

EXHIBIT “B”
Summary of Fees and Disbursements of Borden Ladner Gervais LLP
for the period from February 5, 2021 to June 11, 2021

Name of Professional	Title	Total Hours Billed	Avg. Hourly Rate 2021 (\$/Hr)	Total Amount Billed
White, Larry	Specialist	0.80	\$247.50	\$198.00
Francis, Janice L.	Specialist	0.40	\$247.50	\$99.00
Kremer, Markus F.	Partner	0.90	\$702.00	\$631.80
Hughes, Kimberley	Law Clerk	0.50	\$315.00	\$157.50
Jaipargas, Roger	Partner	0.30	\$810.00	\$243.00
Ivanov, Tamila	Partner	2.90	\$576.00	\$1,670.40
Savo, Christopher	Associate	10.50	\$508.50	\$5,339.25
Brooksbank, Bevan	Partner	5.20	\$549.00	\$2,854.80
MacFarlane, Alex	Partner	58.80	\$891.00	\$52,390.80
McNaughton, Tyler	Associate	23.10	\$445.50	\$10,291.05
Mason, Christine	Partner	6.20	\$702.00	\$4,352.40
Gasparini, Adriana	Law Clerk	10.20	\$229.41	\$2,340.00
Morganstein, Shane	Articling Student	4.00	\$238.50	\$954.00
Martyn, Kim	Senior Associate	1.20	\$441.00	\$529.20
Total Hours/Average Rate/Total Fees		125.00	\$653.75	\$82,051.20
Total Disbursements				\$1,793.46
Total Fees and Disbursements excluding Tax				\$83,844.66
Taxes (GST/HST)				\$10,897.36
Total Fees and Disbursements including Tax				\$94,742.02

**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 PHARMHOUSE INC.**

Court File No.: CV-20-00647704-00CL

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

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF ALEX MACFARLANE

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Lawyers for Ernst & Young Inc., as Court-appointed Monitor

**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 PHARMHOUSE INC.**

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***ONTARIO*
SUPERIOR COURT OF JUSTICE
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PROCEEDINGS COMMENCED AT TORONTO

SEVENTH REPORT OF THE MONITOR

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