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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	MONDAY, THE 29TH
	)	
MR. JUSTICE MCEWEN	)	DAY OF NOVEMBER, 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 CANNTRUST HOLDINGS INC., CANNTRUST INC., CTI HOLDINGS (OSOYOOS) INC. AND ELMCLIFFE INVESTMENTS INC.

Applicants

APPROVAL AND VESTING ORDER
(Sale of 296th Avenue Properties)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order approving the sale transaction (the "**Transaction**") contemplated by the contract of purchase and sale (the "**Sale Agreement**") between CTI Holdings (Osoyoos) Inc. (the "**Vendor**") and 1320202 B.C. Ltd. (the "**Purchaser**") dated October 8, 2021 and appended as Exhibit "K" to the Affidavit of David Blair sworn November 24, 2021 (the "**Blair Affidavit**"), and vesting in the Purchaser the Vendor's right, title and interest in and to the assets described in the Sale Agreement including, without limitation, the lands and premises bearing Parcel Identifier (PID) numbers 007-861-940 and 011-259-540 in Osoyoos, British Columbia (the "**Purchased Assets**"), was heard this day by way of judicial video conference via Zoom in Toronto, Ontario due to the COVID-19 pandemic.

ON READING the Blair Affidavit, the Fifteenth Report of Ernst & Young Inc. in its capacity as the monitor of the Applicants (the "**Monitor**") dated November 25, 2021 (the "**Fifteenth Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor and any such other counsel that were present as listed on the participant information sheet, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record of the Applicants in support of this motion and the Fifteenth Report is hereby abridged and validated such that this motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF SALE AGREEMENT AND TRANSACTION

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Vendor is hereby authorized and approved. 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, or as it may direct.

3. **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, including without limitation the real property identified in **Schedule "B"** hereto (the "**Lands**"), shall vest absolutely in the Purchaser, or as it may direct, 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), liens, executions, leases, notices of lease, subleases, licenses, restrictions, contractual rights, options, judgments, liabilities (direct, indirect, absolute or contingent), obligations, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing: (i) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Personal Property Security Act* (British Columbia) or any other personal property registry system; and (ii) all court ordered charges granted in the Amended and Restated Initial Order dated April 9, 2020 made in these proceedings (as amended and restated from time to

time, including pursuant to the DIP Approval Order dated April 30, 2021); (iii) all encumbrances affecting or relating to the Purchased Assets (collectively, the "**Encumbrances**"), which Encumbrances this Court orders are hereby expunged and discharged as against the Purchased Assets and are non-enforceable and non-binding as against the Purchaser (but which shall not include the right of way and statutory right of way listed in **Schedule "C"**).

4. **THIS COURT ORDERS** that upon presentation for registration in the Land Title Office for the Land Title District of Kamloops of a certified copy of this Order, together with a letter from Kornfeld LLP authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:

(a) enter the Purchaser as the owner of the Lands, together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of the Purchaser in and to the Lands, is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of the Purchaser as aforesaid; and

(b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Lands all of the registered Encumbrances except for those listed in Schedule "C".

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, 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) 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 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 *Bankruptcy and Insolvency Act* (Canada) 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

8. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

9. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

10. **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.

McE—— J.

SCHEDULE "A"

FORM OF MONITOR'S CERTIFICATE

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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Applicants

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated March 31, 2020, as amended, Ernst & Young Inc. was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants.

B. Pursuant to an Order of the Court dated November 29, 2021, the Court approved the contract of purchase and sale made as of October 8, 2021 (the "**Sale Agreement**") between CTI Holdings (Osoyoos) Inc. (the "**Vendor**") 1320202 B.C. Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Vendor's right, title and interest in and to the Property (defined in the Sale Agreement) including all of the lands and premises bearing Parcel Identifier (PID) numbers 007-861-940 and 011-259-540 in Osoyoos, British Columbia (the "**Purchased Assets**"), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the terms and conditions to closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and (iii) the transaction has been completed to the satisfaction of the Monitor.

C. The Monitor has been advised by the Vendor and/or the Purchaser, as applicable, that: (i) the Purchaser has paid and the Vendor has received the purchase price for the Purchased Assets pursuant to the Sale Agreement; (ii) the terms and conditions to closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and (iii) aside from the delivery of this certificate, the transaction has been completed.

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 Purchaser has paid and the Vendor has received the purchase price for the Purchased Assets payable on the Completion Date pursuant to the Sale Agreement;

2. The terms and conditions to closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and

3. The transaction has been completed to the satisfaction of the Monitor.

4. This Certificate was delivered by the Monitor at ___________ [TIME] on ___________ [DATE].

ERNST & YOUNG INC., solely in its capacity as court appointed monitor of the Applicants, and not in its personal capacity or in any other capacity

Per: ________________________________

Name:

Title:

SCHEDULE "B"
LEGAL DESCRIPTION OF THE LANDS

8707 296th Avenue, Osoyoos, British Columbia, V0H 1V7

296th Avenue, Osoyoos, British Columbia, V0H 1V7

PID 011-259-540

LOT 664 DISTRICT LOT 2450S SIMILKAMEEN DIVISION YALE DISTRICT PLAN 2066

PID 007-861-940

LOT 407 DISTRICT LOT 2450S SIMILKAMEEN DIVISION YALE DISTRICT PLAN 1957 EXCEPT PLAN 14139

SCHEDULE "C"
PERMITTED ENCUMBRANCES – PID 007-861-940

Reg No.	Date	Instrument Type	Amount	Registered Owner
108979E	1964-05-20	RIGHT OF WAY	N/A	WEST KOOTENAY POWER AND LIGHT COMPANY LIMITED
KN14073	1999-02-18	STATUTORY RIGHT OF WAY	N/A	WEST KOOTENAY POWER LTD.

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29 Nov 21

Order to go as per the draft filed and signed. The motion is unopposed and supported by the Monitor.

I have reviewed the proposed sale with counsel. Soundair factors have been met and overall the order sought is fair and reasonable.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER
(Sale of 296th Avenue Properties)
(Returnable November 29, 2021)

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