SUPERIOR COURT OF JUSTICE

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: **CV-22-00688966-00CL** **DATE:** **30 JANUARY 2023**

NO. ON LIST: **5**

TITLE OF PROCEEDING: **THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC. AND TERRACE GLOBAL INC.**

BEFORE JUSTICE: **MADAM JUSTICE KIMMEL**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
REBECCA KENNEDY *(counsel)*	Ernst & Young Inc. (Court-Appointed Monitor)	rkennedy@tgf.ca
RACHEL NICHOLSON *(counsel)*		rnicholson@tgf.ca
JENNY STAM *(counsel)*	Avant Brands K1 Inc., (DIP Lender and Purchaser)	Jennifer.stam@nortonrosefulbright.com

ENDORSEMENT OF JUSTICE KIMMEL:

1. The court approved the use of a reverse vesting structure (and order, "RVO") for reasons explained in the endorsement of Cavanagh J. dated December 16, 2022. At the same time various other relief was granted that was considered to be critical to the orderly and efficient conclusion of the within CCAA proceedings and the completion of the going concern sale transaction (the "Transaction") contemplated by the approved Amended and Restated Purchase Agreement dated as of December 1, 2022 among the Flowr Canada Holdings ULC (the "Vendor"), The Flowr Group (Okanogan) Inc. (the "Purchased Entity"), and Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc., the "Purchaser").
2. To that end, on December 16, 2022 the court granted an Approval and Vesting Order and an Ancillary Order. At that time, it was contemplated that the parties would be working towards a tax effective structure for the Transaction and that there might be a need for additional steps to be taken as part of the Pre-Closing Reorganization that was provided for in the Approval and Vesting Order. These additional steps have now been determined, with the benefit of tax advice. The court's approval is sought, by an Amended and Restated Approval and Vesting Order, for them to be implemented in accordance with that advice. The further steps are detailed in the Fourth Report of the Monitor dated January 27, 2023 filed in support of this motion, which indicates that the additional steps are being implemented for tax purposes to deal with intercompany liabilities of Flowr Okanagan and are necessary for the consummation of the Transaction by the Purchaser. The Canada Revenue Agency was served with this motion and did not appear or take any position.
3. The Amended and Restated Approval and Vesting Order also enhances the powers of the Monitor, after the filing of its Certificate, to see the applicants through to the conclusion of these CCAA proceedings after the Transaction closes, when the applicants' respective directors and officers will resign. The authority granted to the Monitor in the proposed Amended and Restated Approval and Vesting Order will ensure that the Monitor has the requisite authority to deal with the winding-down of all the applicants, in an orderly and efficient manner.
4. The Amended and Restated Approval and Vesting Order also deals with one missed security registration (in respect of a debt paid prior to the commencement of the CCAA proceedings and that should have been removed) to ensure that it forms part of the encumbrances to be released and discharged under Schedule B to that order.
5. I am satisfied that the relief reflected in the Amended and Restated Approval and Vesting Order is appropriate and that the additional orders reflected therein should be made. Counsel asked that two orders be signed by me today: one dated today appending a black line of the Amended to the Original Approval and Vesting Order and another clean version of the Amended and Restated Approval and Vesting Order (dated on the original date that it was signed by Cavanagh J., December 16, 2022).
6. Both orders may issue in the forms signed by me today.

Kimmel J.

KIMMEL J.