

COURT FILE NUMBER 2401-17986 Clerk's stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD., GREEN ROCK CANNABIS (EC 1) LIMITED and 420 DISPENSARIES LTD.

APPLICANTS 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD., GREEN ROCK CANNABIS (EC 1) LIMITED, and 420 DISPENSARIES LTD.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **STIKEMAN ELLIOTT LLP**  
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File No.: 155857.1002

### **NOTICE TO THE RESPONDENT(S)**

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: February 12, 2025  
Time: 2:00pm  
Where: Edmonton Law Courts – By Webex (See **Schedule "A"**)  
Before: The Honourable Justice Harris in Commercial Chambers

Go to the end of this document to see what you can do and when you must do it.

### Remedy claimed or sought:

1. 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 OpCo**"), Green Rock Cannabis (EC 1) Ltd. ("**Green Rock**") and 420 Dispensaries Ltd. ("**420 Dispensaries**") (collectively, "**FOUR20**" or the "**Applicants**"), respectfully seek:
  - (a) an Order under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") substantially in the form attached hereto as **Schedule "B"**:
    - i. abridging the time for serving and deeming service of this Application and supporting materials good and sufficient;
    - ii. declaring that the Landlord Claims (as defined herein) are properly valued pursuant to subsection 65.2(4) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") as follows:
      1. Strathcona Building Inc. c/o Skyslimit Inc. ("**Strathcona**"): \$56,615;
      2. The Meadowlands Development Corporation ("**Meadowlands**"): \$228,176;
      3. Palisades Edmonton Holdings Ltd. and Palisades Edmonton G.P. Ltd. c/o Humford Management Inc. ("**Palisades**"): \$237,187; and
      4. RioCan Holdings (Brentwood Village) Inc. c/o RioCan Real Estate Investment Trust ("**RioCan**"): \$255,550; and
    - iii. extending the current CCAA stay period which is set to expire on February 25, 2025 (the "**Stay Period**") up to and including March 31, 2025, or such other date as this Court may deem appropriate;
  - (b) such further and other relief as counsel may request and this Honourable Court may deem just.

### Grounds for making this application:

#### Background

2. The FOUR20 business is focused on cannabis retail sales in Alberta and Ontario. It is not a producer of cannabis. 420 Parent is the ultimate parent company of the FOUR20 group of companies. 420 Premium, Green Rock, and 420 Dispensaries are directly or indirectly owned by

420 Parent. FOUR20 currently operates 27 retail stores in Alberta and one in Ontario, and employs well over 100 people.

3. This proceeding originally commenced when three of the FOUR20 companies filed Notices of Intention to Make a Proposal under the BIA in April of 2024. FOUR20 sought creditor protection as a result of several factors, including the fact that they had numerous uneconomic leased locations which were causing the FOUR20 business to be unprofitable. The uneconomic leased locations were a result of the highly regulated environment and competition in the cannabis industry since it first became legalized in 2018. Many cannabis retailers in Canada have been forced to proceed through a restructuring process in order to right-size their operations in recent years.
4. The other major factor driving the FOUR20 business restructuring was ongoing litigation (the "**Litigation**") between FOUR20 Parent and High Park Shops Inc. ("**High Park**") as a result of a failed corporate arrangement in 2020. In the Litigation, FOUR20 sought damages of up to \$114 million as a result of the failed corporate arrangement, and High Park counterclaimed for repayment of a bridge loan which had been extended in anticipation of that corporate arrangement.
5. Earlier in 2024, High Park had obtained a summary judgment with respect to their counterclaim (the "**High Park Summary Judgment**") and while FOUR20 Parent was in the course of appealing that judgment (the "**420 Appeal**"), High Park issued a garnishee summons which could have destroyed operations of the FOUR20 business.
6. On September 19, 2024, the Honourable Justice Jones granted the Applicants the Initial Order under the CCAA, which converted the BIA proceedings into a proceeding under the CCAA and added an additional applicant company within the 420 corporate group.
7. On September 19, 2024, after granting the Initial Order, the Honourable Justice Jones granted the Applicants' application for the ARIO. Pursuant to the ARIO, the Initial Stay was extended to December 16, 2024.
8. On September 19, 2024, in addition to granting the Initial Order and the ARIO, the Honourable Justice Jones further granted an order approving the Sale and Investment Solicitation Process (the "**SISP**") sought by the Applicants (the "**SISP Order**") and an order approving the process for determining all claims against the Applicants (the "**Claims Procedure Order**"). Notably, the September 19, 2024 Order was granted just two weeks prior to the hearing of 420's appeal of the High Park Summary Judgment order. The result of that appeal (which was unknown at that time) directly impacted the contingent nature of High Park's claim in these proceedings.

9. On October 8, 2024, the Honourable Justice Feasby heard the 420 Appeal, and allowed the appeal, overturning the High Park Summary Judgment Order. High Park has since appealed Justice Feasby's decision, and a hearing on that appeal is set for April 2025.
10. On December 5, 2024, the Honourable Justice Harris granted an order to FOUR20 extending the Stay Period up to and including February 25, 2025 – at the hearing before Justice Harris, the Monitor advised that some of the timelines in the SISP were being extended at the request of bidders.
11. On December 20, 2024, FOUR20 received binding offers as part of the SISP. FOUR20 worked diligently and in good faith in conjunction with the Monitor to assess these binding offers. FOUR20 gave serious consideration to the bids it received in the SISP and had multiple discussions with bidders about bid structure.
12. Concurrently, FOUR20 was exploring other opportunities that would allow FOUR20 to continue as a going concern for the benefit of all stakeholders, without having to sell assets (which would ultimately effect the value of the collateral held by secured creditors) and enhance the ability of the business to continue as a profitable venture after emerging from CCAA protection, while still preserving all affected parties' rights in the Litigation, which 420 Parent believes to be its most valuable asset.
13. FOUR20's creditor structure is unique, in that the existing secured creditors at the 420 Parent level do not also have direct security over the assets at the 420 OpCo level. As a result, an opportunity presented itself to advance a Plan which deals with creditors at the 420 OpCo level, without effecting the secured position of creditors at the 420 Parent level, while preserving the Litigation and counterclaim until such time as all appeals have been exhausted or the matter has been finally determined.
14. On January 9, 2025, FOUR20 became party to a term sheet pursuant to which they obtained funding for a plan of compromise or arrangement to FOUR20's creditors (the "**Plan**"). FOUR20, in consultation with the Monitor, developed the Plan to, among other things, effect a transaction whereby (i) FOUR20 will borrow a pool of cash consideration which, along with cash consideration contributed by FOUR20, will be used to satisfy in full the creditors of 420 OpCo and Green Rock, provided the Landlord Claims (as defined below) are calculated pursuant to subsection 65.2(4) of the BIA; (ii) Stoke Canada Finance Corp., the senior secured lender at the 420 OpCo level, will be satisfied in full (iii) the secured creditors of 420 Parent and 420 Dispensaries will be unaffected, (iv) the Litigation (which FOUR20 views as a significant asset), including the High Park Counterclaim, will be preserved and can continue unaffected following

FOUR20's emergence from CCAA protection, and (v) the continuation of FOUR20 and their retail operations for the benefit of all stakeholders will be ensured.

15. Ultimately, FOUR20 has determined that if the creditors accept the proposed Plan, the creditors will be in an equal or materially better position than if FOUR20 accepted any of the bids in the SISP.
16. As such, FOUR20 is largely prepared to advance the Plan at this time; the Plan has been substantially developed, a term sheet to provide funding for the Plan has been executed and definitive documents are expected to be executed forthwith, and the Applicants understand that there is support from the Monitor pending this Court's determination of the valuation of the Landlord Claims (as defined below) and pending a final determination of the characterization of and amounts of the Intercompany Loans (as defined below). FOUR20 understands that the Monitor will provide an analysis of the benefits of the proposed Plan versus a sale of assets in advance of the next hearing after it can fully evaluate the Plan following these determinations.

#### **Valuation of Landlord Claims**

17. As of the date that the Applicants filed their NOIs in the NOI Proceeding, 420 OpCo was party to 44 leases. After filing the NOIs, 420 OpCo issued 16 Notices of Disclaimer pursuant to section 65.2 of the BIA for nine (9) uneconomic locations and seven (7) non-operating locations, including its head office (collectively, the "**Disclaimed Leases**").
18. The Notices of Disclaimer for the Disclaimed Leases were issued by FOUR20, in consultation with and approval of the Monitor (then the Proposal Trustee), after it was determined that they were in the best interests of the respective companies, creditors, employees and other stakeholders, and necessary for the making of a viable proposal.
19. In June 2020, two of the landlords of the Disclaimed Leases (the "**Landlords**"), Meadowlands and Strathcona, brought applications for, inter alia, declarations that the Notices of Disclaimer issued by 420 OpCo do not apply to their respective leases. Both Meadowlands and Strathcona subsequently agreed to adjourn their applications sine die to see if a result acceptable to both parties could instead be reached through these insolvency proceedings, either through the SISP or through a plan of arrangement.
20. Four of the Landlords, including Meadowlands and Strathcona, have since filed proofs of claim as part of the claims process in the CCAA Proceedings. As the Disclaimed Leases were all disclaimed pursuant to section 65.2 of the BIA, the Landlords' claims with respect to the Disclaimed Leases (the "**Landlord Claims**") are all properly valued pursuant to subsection 65.2(4) of the BIA.

21. As such, FOUR20 submits that the values of the Landlords' Claims, as calculated pursuant to subsection 65.2(4) of the BIA, are as follows:<sup>1</sup>
- (a) Strathcona: \$56,615;
  - (b) Meadowlands: \$228,176;<sup>2</sup>
  - (c) Palisades: \$237,187;<sup>3</sup> and
  - (d) RioCan: \$255,550.<sup>4</sup>
22. The Applicants understand that the Monitor supports this approach to valuation and that the Monitor will be providing further analysis in the Second Report of the Monitor.

### **Stay Extension**

23. Following determination of this Application, the Applicants intend to work with the Monitor to promptly advance the Plan. The Applicants are currently seeking tax advice with respect to the treatment of intercompany loans between 420 Parent and 420 OpCo (the "**Intercompany Loans**") but expect to resolve that matter within the next few weeks. The Applicants also understand that the Monitor is working on assessing the Intercompany Loans and FOUR20 is continuing to collect additional information requested by the Monitor to complete this analysis. Once these matters are resolved, the Applicants intend to apply to this Court to, *inter alia*, authorize filing of the Plan and setting a creditors' meeting to vote on the Plan. As such, the Applicants have already booked Court time on March 14, 2025 to hear this forthcoming application.
24. An extension of the Stay Period past February 25, 2025 is required to allow for determination of the issues in the within Application and to allow the Applicants to continue advancing the Plan, as set forth above.
25. The Applicants are, and at all times have been, acting in good faith and with due diligence.

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<sup>1</sup> These numbers may be subject to change depending on tax treatment; the Court will be advised of any such revisions if necessary.

<sup>2</sup> The total pursuant to the BIA calculation is \$244,176, minus \$16,000 in remaining security deposit held by Meadowlands.

<sup>3</sup> The total pursuant to the BIA calculation is \$287,997, minus \$28,219 in remaining security deposit held by Palisades.

<sup>4</sup> The total pursuant to the BIA calculation is \$281,551, minus \$26,000 in remaining security deposit held by RioCan.

26. The Applicants currently have sufficient cash flow to continue operating and funding these CCAA Proceedings through to the end of the proposed extension of the Stay Period without the need for DIP lending.
27. If the Stay Period is not extended, the stay of proceedings under the CCAA will expire on February 25, 2025, which will terminate the Applicants' restructuring efforts, which have been ongoing for several months and are at a critical point towards conclusion.
28. It is appropriate in the circumstances and in the best interests of the Applicants and all stakeholders that the extension of the Stay Period to March 31, 2025 be granted.

**Affidavit or other evidence to be used in support of this application:**

29. The Affidavit of Scott Morrow, sworn February 3, 2025;
30. The second report of the Monitor, to be filed, and all previous reports filed by the Monitor in these proceedings; and
31. Such further and other material as counsel may advise and this Honourable Court may permit.

**Applicable Acts and regulations:**

32. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
33. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended; and
34. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

35. None.

**How the application is proposed to be heard or considered:**

36. Before the presiding Justice in Commercial Chambers via Webex.

**WARNING**

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any

further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

## SCHEDULE "A"

### Webex Details

The above booking is Confirmed

File #(s) : B301 086318

Style of Cause: PROPOSAL OF: v. 420 INVESTMENTS LTD.

Date/Duration:

Feb 12, 2025 02:00 PM

Total: 120 Minute(s)

Booking Type/List: Commercial

Purpose of Hearing: Commercial Hearing

Counsel: Archer James Gleim Bell; Karen Linda Fellowes; Michael William Selnes; Carole Joanne Hunter;

Special Requirements:

Requirements: Courtroom Required

Equipment: Video Conferencing

**Counsel: Please ensure that all relevant parties have received Webex information.**

**Virtual Courtroom 86** has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom86>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. **Note: Recording or rebroadcasting of the video is prohibited.**

**5. Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit:

<https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the “Cisco Webex Meetings” App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above.

**SCHEDULE "B"**

**Proposed form of Order**

COURT FILE NUMBER 2401-17986  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

IN THE MATTER OF *THE COMPANIES, CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420 PREMIUM  
MARKETS LTD., GREEN ROCK CANNABIS (EC 1) LIMITED and  
420 DISPENSARIES LTD.

DOCUMENT **ORDER**

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PARTY FILING THIS  
DOCUMENT

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File No.: 155857.1002

**DATE ON WHICH ORDER WAS PRONOUNCED:** February 12, 2025  
**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable Justice Harris  
**LOCATION OF HEARING:** Calgary Courts Centre

**UPON** the application (the "**Application**") of 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 OpCo**"), Green Rock Cannabis (EC 1) Limited ("**Green Rock**"), and 420 Dispensaries Ltd. ("**420 Dispensaries**" and collectively, "**FOUR20**");

**AND UPON** reading the Application, the Affidavit of Scott Morrow, sworn February 12, 2025, the Affidavit of Ryan Pernal, sworn January 29, 2025, the Second Report dated [●], 2024 (the "**Monitor's Report**") of KSV Restructuring Inc. in its capacity as monitor of FOUR20 (the "**Monitor**");

**AND UPON** hearing from counsel for FOUR20, the Monitor, and such other parties present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

## **SERVICE**

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

## **EXTENSION OF THE STAY PERIOD**

2. The Stay Period, as defined in paragraph 14 of the Amended and Restated Initial Order granted in these proceedings by the Honourable Justice Jones on September 19, 2024, is hereby extended up to and including March 31, 2025.

## **VALUATION OF LANDLORD CLAIMS**

3. The Landlord Claims (as defined in paragraph 23 of the Application) shall be calculated in accordance with subsection 65.2(4) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
4. The following valuations are hereby approved with respect to the Landlord Claims:
  - (i) Strathcona Building Inc. c/o Skyslimit Inc.: \$56,615;
  - (ii) The Meadowlands Development Corporation: \$228,176;
  - (iii) Palisades Edmonton Holdings Ltd. and Palisades Edmonton G.P. Ltd. c/o Humford Management Inc.: \$237,187; and
  - (iv) RioCan Holdings (Brentwood Village) Inc. c/o RioCan Real Estate Investment Trust: \$275,405.

## **MISCELLANEOUS**

5. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

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Justice of the Court of King's Bench of Alberta

