

COURT FILE NUMBER 25-3086302 / B301 86302  
25-3086304 / B301 86304  
25-3086318 / B301 86318

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS  
AMENDED



AND IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF 420  
INVESTMENTS LTD., 420 PREMIUM MARKETS LTD.  
and GREEN ROCK CANNABIS (EC 1) LIMITED

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

DOCUMENT **ORDER (STAY EXTENSION AND MISCELLANEOUS RELIEF)**

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File No.: 155857.1002

**DATE ON WHICH ORDER WAS PRONOUNCED:** June 27, 2024

**LOCATION WHERE ORDER WAS PRONOUNCED:** Edmonton, Alberta (Via Webex)

**NAME OF JUSTICE WHO MADE THIS ORDER:** Justice N.J. Whitting

**UPON THE APPLICATION** of the Applicants, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**") (collectively, "**FOUR20**" or the "**Applicants**"); AND UPON having reviewed the Affidavit of Scott Morrow, sworn June 19, 2024 (the "**First Morrow Affidavit**"), and the First Report of KSV Restructuring Inc. in its capacity as proposal trustee of the Applicants (the "**Proposal Trustee**"), dated June 24, 2024; AND UPON noting that each of the Applicants filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") on May 29, 2024 (the "**Filing Date**"); AND UPON being advised that Strathcona Building Inc. ("**Strathcona**") filed an application on June 14, 2024 and The Meadowlands Development Corporation ("**Meadowlands**") filed an application on June 13, 2024 each relating to challenges to Notices of Disclaimers sent for certain leased locations ("together, the "**Disclaimer Challenge Applications**"); AND UPON being further advised that FOUR20, Strathcona and Meadowlands

have agreed adjourn the Disclaimer Challenge Applications by consent to July 26, 2024; AND UPON having heard counsel for FOUR20, counsel for the Proposal Trustee and any other counsel or other interested parties present;

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

**SERVICE**

1. The time for service of the application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the application.

**CONSOLIDATION OF ESTATES**

2. The estates of the Applicants 420 Parent (Estate No. 25-3086318), 420 Premium (Estate No. 25-3086304), and GRC (Estate No. 25-3086302) (each individually an “**Estate**”) shall, subject to further order of the Court, be procedurally consolidated into one estate (the “**Consolidated Estate**”) and shall continue under Estate No. 25-3086318 (with the proceeding in respect thereof being the “**Consolidated Proposal Proceeding**”).
3. The style of cause for the Consolidated Proposal Proceeding shall be as follows:

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,  
c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD. and  
GREEN ROCK CANNABIS (EC 1) LIMITED

4. Without limiting the generality of the foregoing, the Proposal Trustee is hereby authorized and directed to administer the Consolidated Estates on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as proposal trustee under the BIA as if the Consolidated Estate were a single estate and the Consolidated Proposal Proceeding were a single proceeding under the BIA, including without limitation:
  - (a) the meeting of creditors of the Applicants may be convened and conducted jointly, but the votes of creditors at such meeting shall be calculated separately for each Applicant;
  - (b) the Proposal Trustee is authorized to issue consolidated reports in respect of the Applicants; and
  - (c) the Proposal Trustee is authorized to deal with all filings and notices relating to the proposal proceedings of the Applicants, each as required under the BIA, on a consolidated basis.

5. Any pleadings or other documents served or filed in the Consolidated Proposal Proceeding by any party shall be deemed to have been served or filed in each of the proceedings comprising the Consolidated Proposal Proceeding.
6. A copy of this Order shall be filed by the Applicants in the Court file for each of the Estates but any subsequent document required to be filed will be hereafter only be required to be filed in the Consolidated Estate (Estate No. 25-3086318).
7. The procedural consolidation of the Estates pursuant to this Order shall not:
  - (a) affect the legal status or corporate structure of the Applicants; or
  - (b) cause any Applicant to be liable for any claim for which it is otherwise not liable or cause any Applicant to have an interest in an asset to which it otherwise would not have.
8. The Estates are not substantively consolidated, and nothing in this Order shall be construed to that effect.
9. The Proposal Trustee may apply to this Court for advice and directions with respect to the implementation of this Order or with respect to any other matter relating to the procedural consolidation of the Consolidated Estate.

#### **EXTENSION OF TIME TO FILE A PROPOSAL AND STAY OF PROCEEDINGS**

10. The time within which the Applicants are required to file a proposal to their creditors with the Official Receiver under section 50.4(9) of the BIA is hereby extended to August 12, 2024.
11. The stay of proceedings in the within matter is extended by 45 days to and including August 12, 2024 (the "**Proposal Extension Date**").
12. Nothing in this Order shall prevent any party from taking an action against the Applicants:
  - (a) where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law;
  - (b) to file any registration or preserve or perfect a security interest; or
  - (c) prevent the registration of a claim for lien,

provided that no further steps shall be taken by such party except in accordance with further Order of this Court, and notice in writing of such action be given to the Applicants and the Proposal Trustee at the first available opportunity.

### **NO INTERFERENCE WITH RIGHTS**

13. From the Filing Date up to and including the Proposal Extension Date, no individual, firm, corporation, governmental body, or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") shall accelerate, suspend, 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 Applicants, or take any further action to issue or enforce any garnishee summons, except with the written consent of the Applicants and the Proposal Trustee, or leave of this Court.

### **CONTINUATION OF SERVICES**

14. From the Filing Date up to and including the Proposal Extension Date, all Persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
  - (b) oral or written agreements or arrangements with the Applicants, including without limitation all purchase orders, supply agreements, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Applicants;

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 Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Proposal Trustee or as may be ordered by this Court.

### **CASH MANAGEMENT SYSTEM**

15. The Applicants shall be entitled to continue to use their existing central cash management system currently in place or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the

Cash Management System without any liability in respect thereof to any Person or Persons (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, treated as unaffected in any Proposal filed by the Applicants under the BIA, with respect to claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

#### **ADMINISTRATION CHARGE**

16. The Proposal Trustee, counsel to the Proposal Trustee, and the Applicant's counsel shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges, by the Applicants as part of the costs of these proceedings.
17. As security for the professional fees and disbursements incurred both before and after the granting of this Order, the Proposal Trustee, counsel to the Proposal Trustee, and the Applicant's counsel shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on all the current and future property, assets and undertaking of the Applicants, of every nature and kind whatsoever, and wherever situated including all proceeds thereof (collectively, the "**Property**"), which Administration Charge shall not exceed an aggregate amount of \$300,000 as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 24 hereof.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

18. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and/or officers of the Applicants after the commencement of the within proceedings, provided that the occurrence giving rise to the indemnified obligations and liabilities shall have occurred after May 29, 2024, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
19. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**D&O Charge**") on the Property, which charge shall not exceed an aggregate amount of \$433,000, as security for the indemnity provided in paragraph 18 of this Order. The D&O Charge shall have the priority set out in paragraph 24 hereof.

## **KERP CHARGE**

20. The Key Employee Retention Plan (“**KERP**”) attached as **Exhibit “Q”** to the First Morrow Affidavit is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms thereof to the maximum aggregate amount of \$373,928.17.
21. The KERP Employees (as defined in the KERP) shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Applicants’ Property, which shall not exceed the aggregate amount of \$373,928.17, to secure amounts payable to the KERP Employees pursuant to paragraph 20 of this Order. The KERP Charge will have the priority set out in paragraph 24 hereof.
22. The Applicants and any other person that may be appointed to act on behalf of the Applicants, including, without limitation, a trustee, liquidator, receiver, interim receiver, receiver and manager, or any other person acting on behalf of such a person, is hereby authorized and directed to implement and perform its obligations under the KERP in accordance with the terms of the KERP, and as may be amended or modified by further Order of this Court.
23. The Applicants are hereby authorized and directed to execute and deliver such additional documents as may be necessary to give effect to the KERP, subject to the prior approval of the Proposal Trustee, or as may be ordered by this Court.

## **PRIORITY OF COURT-ORDERED CHARGES**

24. The priorities of the Administration Charge, D&O Charge and the KERP Charge (collectively, the “**Charges**”) shall be as follows:
  - First - Administration Charge;
  - Second – D&O Charge; and
  - Third – KERP Charge.
25. The filing, registration or perfection of the Charges shall not be required, and 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.
26. Each of the Charges shall constitute a charge on the Property and the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any person.

27. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Proposal Trustee and the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**"), or further order of this Court.
28. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy or receivership order(s) issued pursuant to the BIA, or any bankruptcy or receivership order made in respect of the Applicants;
  - (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, licence, permit or other agreement (collectively, an "**Agreement**") that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
    - (ii) 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 creation of the Charges; and
    - (iii) the payments made by the Applicants pursuant to this Order 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.

## **ALLOCATION**

29. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Charges amongst the various assets comprising the Property.

## **DISCLAIMER CHALLENGE APPLICATIONS**

30. The Disclaimer Challenge Applications are adjourned to July 26, 2024, or such other date as Strathcona, Meadowlands and FOUR20 may agree to in writing or as directed by further Order of this Court.

## **BANK OF MONTREAL ACCOUNT**


31. To the extent that the Bank of Montreal (“**BMO**”) has frozen any of the Applicants’ bank accounts by reason only that the Applicants filed notices of intention or in connection with the garnishment served by High Park Shops Inc., BMO shall immediately unfreeze such bank accounts and, in accordance with s. 65.1(1) of the BIA, be prohibited from discontinuing services to the Applicants by reason only that the Applicants filed notices of intention.

## **GENERAL**

32. The Applicants or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.
33. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Proposal Trustee 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 Applicants and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Applicants and the Proposal Trustee and their respective agents in carrying out the terms of this Order.
34. Any interested party (including the Applicants and the Proposal Trustee) 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.



35. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.

  
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J.C.K.B.A.