

COURT FILE NUMBERS 25-3086318
25-3086304
25-3086302

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,
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

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

DOCUMENT **APPLICATION FOR STAY EXTENSION AND MISCELLANEOUS RELIEF**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **STIKEMAN ELLIOTT LLP**
Barristers & Solicitors
4300 Bankers Hall West
888-3rd Street SW
Calgary, AB T2P 5C5

Karen Fellowes, K.C. / Natasha Doelman
Tel: (403) 724-9469 / (403) 781-9196
Fax: (403) 266-9034
Email: kfellowes@stikeman.com / ndoelman@stikeman.com

File No.: 155857.1002

NOTICE TO RESPONDENTS:

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

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

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

Date: Thursday, June 27, 2024
Time: 10:00 a.m.
Where: Via Webex (<https://albertacourts.webex.com/meet/virtual.courtroom86>)
Before: The Honourable Justice N.J. Whitling

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

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

Remedy claimed or sought:

1. 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**") seek an Order attached hereto as **Schedule "A"** for the following relief:
 - (a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;
 - (b) extending the time within which the Applicants are required to file a proposal to their creditors for 45 days to August 12, 2024, pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended (the "**BIA**"), and seeking additional terms in the stay extension;
 - (c) directing that the proposal proceedings and estates of the Applicants shall be procedurally consolidated and shall continue under a single estate (each individual estate being an "**Estate**", and the consolidated estate being the "**Consolidated Estate**"), authorizing and directing the Proposal Trustee (defined below) to administer the Estates making up the Consolidated Estate on a consolidated basis and permitting the Applicants to file a joint proposal to their creditors, and granting ancillary relief arising from the procedural consolidation of the Estates;
 - (d) authorizing and empowering the Applicants to obtain and borrow under an interim facility loan agreement (such facility, the "**Interim Facility**" and such agreement, the "**Interim Facility Agreement**"), the terms of which are still being negotiated and will be disclosed in a supplemental affidavit if an agreement is reached;
 - (e) granting the following super-priority charges on all the property, assets and undertaking of the Applicants (the "**Property**"):
 - (i) an Administration Charge (the "**Administration Charge**") to KSV Restructuring Inc. ("**KSV**"), in its capacity as Trustee under the Notices of Intention to Make a Proposal filed by the Applicants (the "**Proposal Trustee**"), counsel to the Proposal Trustee and the Applicants' counsel, as security for their professional fees and disbursements up to the maximum amount of \$300,000;
 - (ii) a charge (the "**Interim Lender's Charge**") to secure the Applicants' obligations under the Interim Facility Agreement;
 - (iii) a directors' and officers' charge (the "**D&O Charge**") in the amount of \$721,000;

- (iv) a key employee retention plan (“**KERP**”) described in the Confidential Exhibit (as defined below) for certain key employees of the Applicants (“**KERP Employees**”) and granting a charge as security for payments under the KERP, up to the maximum amount of \$373,928.17 (“**KERP Charge**”); and
 - (f) granting the following priority to the Court-ordered charges on the Property of Applicants:
 - (i) First – Administration Charge;
 - (ii) Second – Interim Lender’s Charge;
 - (iii) Third – D&O Charge; and
 - (iv) Fourth – KERP Charge, and
 - (g) directing that the Clerk of the Court, or alternatively, the Bank of Montreal release the garnished funds to the Applicants forthwith, and
2. an Order (the “Sealing Order”) substantially in the form attached as **Schedule “B”** to this application sealing **Exhibit “Q”** of the Affidavit of Scott Morrow sworn on June 19, 2024 (the “**Confidential Exhibit**” and the “**Morrow Affidavit**” respectively) on the Court record in relation to the KERP and KERP Charge; and
 3. such further and other relief as this Honourable Court may deem just.

Grounds for making this application:

A. Background

4. The Applicants are private corporations existing under the laws of the Province of Alberta. 420 Parent is the ultimate parent company of the FOUR20 group of companies. The FOUR20 business is focused on cannabis retail sales in western Canada.
5. 420 Premium and GRC are directly or indirectly owned by 420 Parent.
6. 420 Premium is the main operating entity under the FOUR20 brand. Prior to the filing of the NOIs, 420 Premium operated 33 licensed cannabis retail stores under the banner name of “FOUR20” in Alberta. GRC operates one licensed cannabis retail store in Ontario under the banner name “FOUR20”.

7. The Applicants filed Notices of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy Canada under Part III of the BIA (the “**NOIs**”) in Estate numbers 25-3086318, 25-3086304 and 25-3086302 (collectively, the “**NOI Proceedings**”).

B. Extension of the Stay Period

8. Subsection 50.4(8) of the BIA requires the insolvent person to file a proposal within 30 days after the filing of the notice of intention.
9. Since the filing of the NOIs, the Applicants have diligently begun to formulate a proposal to their creditors but have not yet completed all the tasks needed in order to do so. Therefore, the Applicants require an extension of the stay of proceedings to August 12, 2024, to facilitate this process and to protect the Applicants’ business and operations while they continue to develop a viable proposal for the benefit of stakeholders.
10. The Applicants have acted, and continue to act, in good faith and with due diligence since filing the NOIs. No creditor will be materially prejudiced by the requested stay extension.
11. The Proposal Trustee supports the requested stay extension.

C. Expanded Stay of Proceedings

12. The Applicants seek an expansion of the traditional stay of proceedings language (the “**Expanded Stay**”) normally granted in NOI proceedings. In particular, the Applicants seek the language listed in the proposed form of order included under the headings “No Interference with Rights”, “Continuation of Services”, and “Cash Management System”.
13. Despite the current stay of proceedings, High Park Shops Inc. has taken steps to garnish one of 420 Parent’s bank accounts and Moneris Solutions Corporation, the company responsible for operating 420 Premium’s Cash Management System, has begun allocating 25% of the value of the transactions it processes to a reserve until such reserve has \$100,000 and has further shifted to collecting fees on a daily basis. These unexpected moves have negatively impacted the Applicants’ cashflow. The language added in the above-mentioned sections of the proposed form of order will prevent situations like this from occurring and ensure that the Applicants are able to continue operating smoothly during the NOI Proceedings.
14. The Expanded Stay is both fair and reasonable and the Proposal Trustee has indicated its support for the Expanded Stay.

D. Procedural Consolidation

15. The Applicants seek to have each of the Estates procedurally consolidated into one Estate. The Applicants form a closely connected group of corporations. An Order procedurally consolidating the Estates will allow the Estates to be managed more efficiently and economically, which is necessary and appropriate to: (a) enable the Court to efficiently determine common questions of fact and law between the parties; (b) clarify the issues and claims being advanced by parties as they relate to the same transaction or series of transactions; (c) ensure consistency and avoid the possibility of conflicting decisions; and (d) facilitate the efficient and economic resolution of the Applicants' restructuring proceedings. Procedural consolidation is just and expeditious and no creditor will be materially prejudiced as a result.

E. Administration Charge

16. The Applicants seek a Court-ordered Administration Charge over the Property of the Applicants granted in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicants, to secure the payment of their professional fees and disbursements (incurred at their standard rates and charges, subject to the terms set forth in their respective engagement letters, as applicable), whether incurred before or after the filing of the NOI. The proposed Administration Charge is in an aggregate amount of \$300,000.
17. The proposed Administration Charge is proposed to rank ahead of and have priority over all encumbrances, including security interests trusts, deemed trusts, liens, charges and encumbrances, claims of secured creditors statutory or otherwise, in favour of any person, as well as any other Court-ordered charges against the Applicants.
18. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these proceedings.
19. The Proposal Trustee is of the view that the Administration Charge is fair and reasonable in the circumstances and will provide the necessary assurances and protections to the professionals assisting the Applicants through the insolvency process.

C. The Interim Lender's Charge

20. The Applicants have prepared a projected 13-week cashflow statement with the assistance of the Proposal Trustee. Though it is not currently projected that there will be a cashflow shortfall, in order to guarantee the smooth and efficient continuation of these NOI Proceedings and the Applicants' ordinary course operations, the Applicants are in the process of negotiating the Interim Facility Agreement. The Interim Facility is intended to cover any potential liquidity shortfall. The terms of

the Interim Facility Agreement, if an agreement is reached, will be provided to this Court as part of a supplemental affidavit. It is expected that a term of the Interim Facility Agreement will be that the Interim Facility be secured by a second ranking super-priority Interim Lender's Charge.

F. The D&O Charge

21. The Applicants seek a Court-ordered third ranking super-priority D&O Charge on the Property of the Applicants in favour of the directors and officers of the Applicants (the "**D&Os**") up to the maximum amount of \$721,000.
22. The D&Os have been actively involved in the Applicants' efforts to continue business operations and generate a viable proposal, including through overseeing the Applicants' liquidity management efforts, the Applicants' review and exploration of strategic options and alternatives in connection with their liquidity and financial challenges, communications and negotiations with key stakeholders and working with the Proposal Trustee and advisors in pursuing restructuring efforts through the NOI process.
23. A successful restructuring of the Applicants will only be possible with the continued participation of the D&Os. These individuals have specialized expertise and relationships with the Applicants' stakeholders. In addition, the D&Os have gained significant knowledge that cannot be easily replicated or replaced.
24. As such, the Applicants believe the D&O Charge is fair and reasonable in the circumstances. The amount of the D&O Charge has been calculated based on the estimated exposure of the directors and officers and has been reviewed with the Proposal Trustee who is in agreement with the amount sought. The proposed D&O Charge would apply only to the extent that the D&Os do not have coverage under the Applicants' D&O insurance policies or there is insufficient coverage.

D. The KERP Charge

25. The Applicants seek approval of the KERP for certain key employees of the Applicants (the "**KERP Employees**") and further seek a fourth-ranking super-priority KERP Charge as security for payments under the KERP, up to the maximum amount of \$373,928.17.
26. Prior to and since the filing of the NOIs, FOUR20's employees and officers have been working tirelessly to consider and implement the steps required to both stabilize and restructure FOUR20's business. In particular, the KERP Employees have expended significant time and effort in demanding circumstances to stabilize FOUR20's business and preserve value for its stakeholders.

27. As with any company in creditor protection proceedings, there is uncertainty for the employment future of FOUR20's employees (either with FOUR20 or a prospective investor in, or purchaser of, its assets and business). This uncertainty, in combination with the need to continue FOUR20's day-to-day operations, preserve value of the companies and undertake significant work required to guide FOUR20's restructuring efforts, have emphasized the importance of retaining the KERP Employees.
28. In consultation with the Proposal Trustee, the Applicants have selected the KERP Employees as they are critical to the implementation and success of the proposal proceedings. All of the KERP Employees are full-time employees of FOUR20.
29. FOUR20 has considered the roles of the KERP Employees in both its ongoing business operations and its restructuring efforts in light of the role played by the Proposal Trustee and do not believe there is any unwarranted duplication of roles.
30. It is FOUR20's view that, not only will the KERP Employees face a significantly increased workload during the proposal proceedings, but they will also have other, more certain employment opportunities available to them with other companies due to their experience and expertise. Without the benefit of the KERP, FOUR20 is highly concerned that the KERP Employees would likely consider accepting other employment opportunities.
31. The departures of key employees will be costly, disruptive and detrimental to FOUR20's restructuring efforts. The KERP Employees have irreplaceable knowledge about FOUR20's business operations. Any departures are likely to press additional challenges in terms of work and morale at a time that FOUR20 is most in need of stability and continuity.

E. Request for Sealing Order

32. The Confidential Exhibit contains sensitive personal information related to the KERP Employees, amounts payable to the KERP Employees pursuant to the KERP, and details of the KERP (collectively, the "**Confidential Information**"). If the Confidential Information was made publicly available, such disclosure could materially harm the Applicants' restructuring efforts.
33. The proposed Sealing Order is the least restrictive and prejudicial alternative to prevent the dissemination of commercially sensitive information.
34. The Applicants intend to provide notice to the Clerk of the Court of this Application in accordance with Rule 6.32 of the *Alberta Rules of Court*, AR 124/2010.

F. Release of Garnished Funds

35. In connection with a Writ of Enforcement filed by High Park Shops Inc. approximately \$15,500 was garnished from 420 Parent's bank account at the Bank of Montreal ("**BMO**") by way of garnishee summons. The funds were seized notwithstanding BMO's knowledge of the stay of proceedings in place by virtue of filing the NOIs.
36. The Applicants seek the immediate return of the garnished funds from the BMO or, alternatively the Clerk of the Court. The Proposal Trustee is supportive of the return of the garnished funds to the Applicants.
37. Such further and other grounds as counsel for the Applicants may advise and this Honourable Court may permit.

Material or evidence to be relied on:

38. The Affidavit No. 1 of Scott Morrow, sworn on June 19, 2024;
39. The First Report of the Proposal Trustee, to be filed; and
40. Such further and other materials as counsel for the Proposal Trustee or the Applicants may advise and this Honourable Court may permit.

Applicable rules:

41. *Alberta Rules of Court*, Alta. Reg. 124/2010.

Applicable Acts and regulations:

42. The *Bankruptcy and Insolvency Act*, and in particular, ss. 50.4, 50.6, 64.2 and 183.
43. Such further or other Acts or regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

44. None.

How the application is proposed to be heard or considered:

45. By Webex videoconference or teleconference before the Honourable Justice Whitting.

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the 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 a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

PROPOSED FORM OF STAY EXTENSION AND MISCELLANEOUS RELIEF ORDER

COURT FILE NUMBER

Clerk's stamp

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

APPLICANTS

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

DOCUMENT

ORDER (STAY EXTENSION AND MISCELLANEOUS RELIEF)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
4300 Bankers Hall West
888-3rd Street SW
Calgary, AB T2P 5C5

Karen Fellowes, K.C. / Natasha Doelman

Tel: (403) 724-9469 / (403) 781-9196

Fax: (403) 266-9034

Email: kfellowes@stikeman.com / ndoelman@stikeman.com

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 ●; 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 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. The Applicants are hereby permitted to file a joint proposal to their creditors in the Consolidated Proposal Proceeding.
5. 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, and the votes of creditors (for procedural purposes) at such meeting shall be calculated on a consolidated basis;
 - (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.

6. 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.
7. 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).
8. 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.
9. The Estates are not substantively consolidated, and nothing in this Order shall be construed to that effect.
10. 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

11. 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.
12. The stay of proceedings in the within matter is extended by 45 days to and including August 12, 2024 (the "**Proposal Extension Date**").
13. 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

14. Until 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

15. Until 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

16. 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

17. 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.
18. 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 30 hereof.

INTERIM FINANCING AND INTERIM LENDER'S CHARGE

19. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (the "**Interim Loan Facility**") pursuant to the Interim Financing Term Sheet (the "**Term Sheet**") among the Applicants and ● (in such capacity, the "**Interim Lender**"), in order to finance the Applicants' working capital requirements and other general corporate purposes and permitted capital expenditures set forth in the Term Sheet, provided that borrowings under the Interim Loan Facility shall not exceed the principal amount of \$● unless permitted by further order of this Court.
20. The Applicants are hereby authorized and empowered to execute and deliver the Term Sheet and such credit agreements, mortgages, charges, hypothecs, and security documents, guarantees and other definitive documents (collectively, the "**Interim Financing Credit Documentation**"), as are contemplated by the Term Sheet or as may be required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the Interim Lender under and pursuant to

the Term Sheet and the Interim Financing Credit Documentation as and when the same become due and are to be performed.

21. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Term Sheet, which Interim Lender's Charge shall be in the aggregate amount of the obligations outstanding at any given time under the Term Sheet and the Interim Financing Credit Documentation. The Interim Lender's Charge shall have the priority set out in paragraph 30 hereof.
22. Notwithstanding any other provision of this Order:
 - (a) the Interim Lender's may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Interim Financing Credit Documentation;
 - (b) upon the occurrence of an event of default under the Term Sheet or the Interim Financing Credit Documentation or the Interim Lender's Charge, the Interim Lender, upon 5 days notice to the Applicants and the Proposal Trustee, may exercise any and all of their rights and remedies against the Applicants or the Property under or pursuant to the Term Sheet or the Interim Financing Credit Documentation, and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender's to the Applicants against the obligations of the Applicants to the Interim Lender's under the Term Sheet, the Interim Financing Credit Documentation or the Interim 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
 - (c) the foregoing rights and remedies of the Interim Lender's shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
23. All claims of the Interim Lender pursuant to the Interim Financing Credit Documentation are not claims that may be compromised pursuant to any proposal under the BIA filed by the Applicants without the consent of the Interim Lender and the Interim Lender shall be treated as unaffected in any Proposal filed by the Applicants under the BIA with respect to any advances made under the Term Sheet or the Interim Financing Credit Documentation.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. 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.
25. 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 \$721,000, as security for the indemnity provided in paragraph 24 of this Order. The D&O Charge shall have the priority set out in paragraph 30 hereof.

KERP CHARGE

26. 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.
27. 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 26 of this Order. The KERP Charge will have the priority set out in paragraph 30 hereof.
28. 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.
29. 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

30. The priorities of the Administration Charge, D&O Charge, Interim Lender's Charge, and the KERP Charge (collectively, the "**Charges**") shall be as follows:

First - Administration Charge;

Second – Interim Lender’s Charge;

Third – D&O Charge; and

Fourth – KERP Charge.

31. 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.
32. 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.
33. 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.
34. The Charges, the Term Sheet and the Interim Financing Credit Documentation shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees and/or the Interim 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 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, including the Term Sheet and the Interim Financing Credit Documentation, 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, the Applicants entering into the Term Sheet, or the execution, delivery or performance of the Interim Financing Credit Documentation; and
- (iii) the payments made by the Applicants pursuant to this Order, including the Term Sheet and the Interim Financing Credit Documentation, 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

- 35. 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.

GARNISHMENT

- 36. High Park Shops Inc. ("**High Park**"), the Bank of Montreal ("**BMO**"), and the Accounting Department of the Alberta Court of King's Bench, to the extent that any one of them is in possession of or has control over all or part of the amount of approximately \$15,500 garnished by High Park from 420 Parent's bank account on **[NTD: Insert date]** (the "**Garnished Funds**"), shall immediately return or cause to be returned the Garnished Funds to 420 Parent.
- 37. High Park has no remedy against the Applicants or the Applicants' property in respect of the judgment of Applications Judge J.R. Farrington granted on February 7, 2024 in Alberta Court of King's Bench Court File Number 2001-02873 (the "**HP Judgment**"), and High Park shall not commence or continue any action, execution or other proceedings, including any garnishment, for the recovery of any claim in respect of the HP Judgment until the expiry of the stay of proceedings in the within matter or further Order of this Court.
- 38. To the extent that 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 of the Garnished Funds, 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

39. 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.
40. 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.
41. 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.
42. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.

J.C.K.B.A.

SCHEDULE "B"

PROPOSED FORM OF SEALING ORDER

COURT FILE NUMBER

Clerk's stamp

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,

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

APPLICANTS

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

DOCUMENT

ORDER (RESTRICTED COURT ACCESS ORDER)

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
4300 Bankers Hall West
888-3rd Street SW
Calgary, AB T2P 5C5

Karen Fellowes, K.C. / Natasha Doelman

Tel: (403) 724-9469 / (403) 781-9196

Fax: (403) 266-9034

Email: kfellowes@stikeman.com / ndoelman@stikeman.com

File No.: [155857.1002](#)

DATE ON WHICH ORDER WAS PRONOUNCED: June 27, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

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

UPON THE APPLICATION of the Applicants, 420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC 1) Limited (collectively, "**FOUR20**" or the "**Applicants**") for an order sealing the Key Employee Retention Program (the "**Confidential Exhibit**"); appended as **Exhibit "Q"** to the Affidavit of Scott Morrow, sworn **June 19, 2024** (the "**First Morrow Affidavit**"); AND UPON reviewing the Confidential Exhibit and the First Report of KSV Restructuring Inc. in its capacity as proposal trustee of the Applicants (the "**Proposal Trustee**"), dated ●; AND UPON having heard counsel for FOUR20, counsel for the Proposal Trustee, and counsel for any other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Confidential Exhibit shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the Alberta *Rules of Court*.
2. The Clerk of this Honourable Court shall file the Confidential Exhibit in a sealed envelope, and the Confidential Exhibit and envelope shall each have attached to them to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD. AND GREEN ROCK CANNABIS (EC 1) LIMITED WHICH IS SEALED PURSUANT TO THE RESTRICTED COURT ACCESS ORDER OF THE HONOURABLE JUSTICE N.J. WHITLING GRANTED JUNE 27, 2024.

3. Leave is hereby granted to any person, entity or party affected by paragraphs 1 and 2 of this Restricted Court Access Order to apply to this Court for a further Order vacating, substituting, modifying, or varying the terms of this Restricted Court Access Order, with such application to be brought on notice to the Applicants.
4. The Applicants shall serve by courier, fax transmission, email transmission or ordinary post, a copy of this Restricted Court Access Order on all parties present at this application and on all parties who are presently on the service list established in these proceedings and such service shall be deemed good and sufficient for all purposes.

J.C.K.B.A.