

RECEIVERSHIP SALE Candre Cannabis Inc.



State of the Art Indoor Cannabis Production, Processing and Packaging Facility, in Sundre, Alberta



Phase 1 Bid Deadline: April 28, 2023



Facility Acquisition Opportunity

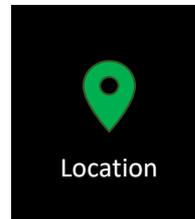
Company Background

- Candre Cannabis Inc. (“**Candre**” or the “**Company**”) cultivated and produced cannabis products, including high-quality bulk flower and pre-rolled cannabis products. Candre held licenses from Health Canada under the Cannabis Act and Cannabis Regulations and is party to certain supply agreements with, among regulators and customers, the Alberta Gaming, Liquor and Cannabis Commission and the Ontario Cannabis Retail Corporation.
- In March 2018, Candre began construction of a new 43,335 square foot, state of the art cannabis cultivation, production and processing facility (the “**Production Facility**”) in Sundre, Alberta. Construction was completed in June 2019, and the Company completed its first harvest in September 2019. Candre’s cannabis products were marketed under well-respected brands such as Tommy’s Craft Cannabis, Queen of Bud Cannabis, Calyptra Light and Violet Tourist.

Court Process

- On March 6, 2023, the Court of King’s Bench of Alberta (the “**Court**”) granted an order (the “**Receivership Order**”) appointing Alvarez & Marsal Canada Inc. (“**A&M**”) as the receiver and manager (the “**Receiver**”) of Candre and its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).
- In the Receivership Order, the Court directed that the Property specifically excluded any of the Company’s assets for which any permit or license is issued or may be issued in accordance or connection with the Controlled Substances Legislations (as defined in the Receivership Order).
- The Receivership Order authorizes the Receiver to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any parts thereof.
- Subsequently, on March 24, 2023, the Court further approved the sales, investment and solicitation process (“**SISP**”) to be conducted by the Receiver to market and sell Candre’s Property.
- The Company’s Property includes:
 - The “turn-key” Production Facility situated on the 2.31 acres of land located at 819 5th Avenue SW, Sundre, Alberta; and
 - All equipment situated within the Production Facility.

Facility Acquisition Highlights



- The Production Facility is located in Sundre, AB and is within close proximity to the cities of Calgary and Red Deer, and is conveniently located near Highway 2, Alberta’s main transportation corridor.
- Candre’s facility and 2.31 acres of land are situated in the Town of Sundre, which is surrounded by numerous other towns in Mountain View County.



- The fully automated Production Facility was licensed by Health Canada and designed to comply with European Good Manufacturing Practice Guidelines (“**GMP**”).
- The 43,335 square foot Production Facility hosts fifteen (15) isolated grow rooms with 32-foot ceilings, a separate manufacturing, processing and shipping area, and a large commercial area to house administrative functions.



- The Production Facility has been equipped with industry-leading mechanical and electrical systems to facilitate reliable and large-scale agricultural production.
- Relatively new, well-maintained, and redundant mechanical systems such as chillers, cooling towers and air handling units provide for a reliable cultivation process.



Production Facility Details

Grow Rooms

- As depicted in the floor plan to the right, the Production Facility was designed for 15 isolated grow rooms, with a total flower bench of more than 34,540 square feet.
- 14 of the individual grow rooms occupy an area of approximately 1,630 square feet and all grow rooms are equipped with bottom-up air circulation.
- 32-foot ceilings in each grow room can accommodate a purpose-built three-tier mobile vertical grow system.

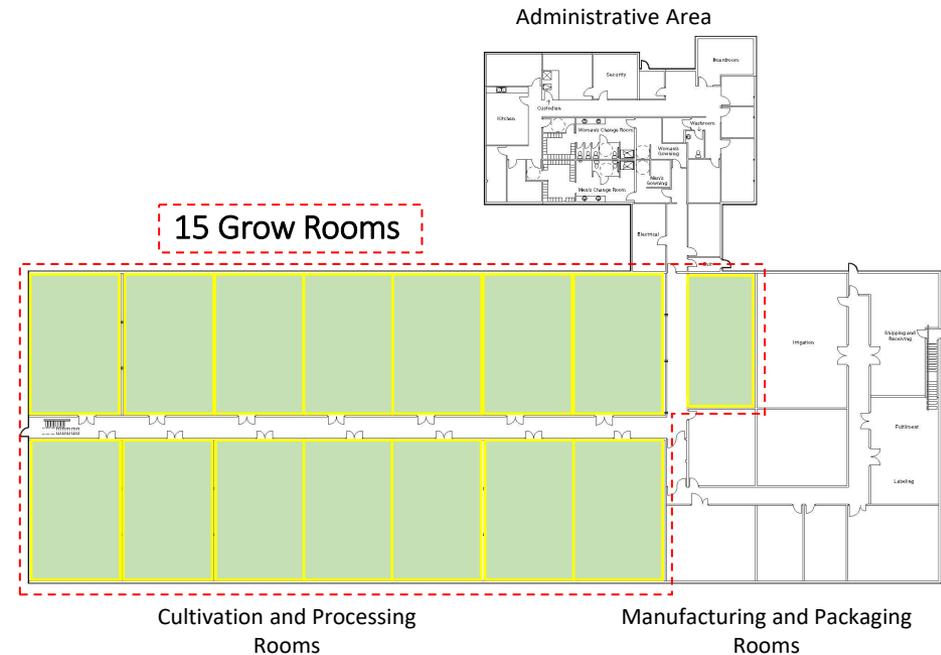
Mechanical and Electrical Equipment

- Significant capital was invested in the Production Facility to equip the building with industry-leading mechanical and electrical systems. These advanced mechanical and electrical systems facilitate the reliable and large-scale production of agricultural products.
- The Production Facility is fully automated and includes industry-leading infrastructure such as mobile shelving, Fluence lighting, automated HVAC system with built in redundancy, back up generator, sophisticated irrigation/fertigation system and CO2 supply.
- The Production Facility contains high-end full redundancy mechanical equipment, including:
 - Chillers
 - Back-Up Generator
 - Boiler
 - Cooling Tower
 - Air Handling Units and Make-Up Air Units
 - 192 Charcoal Filters in the building exhaust

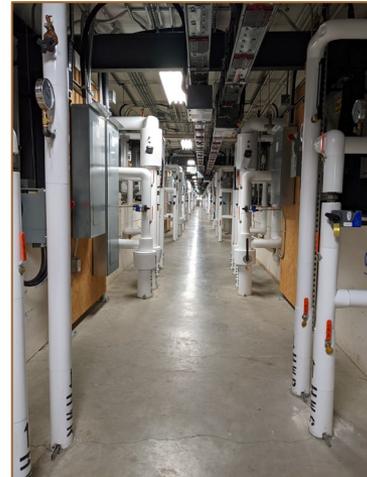
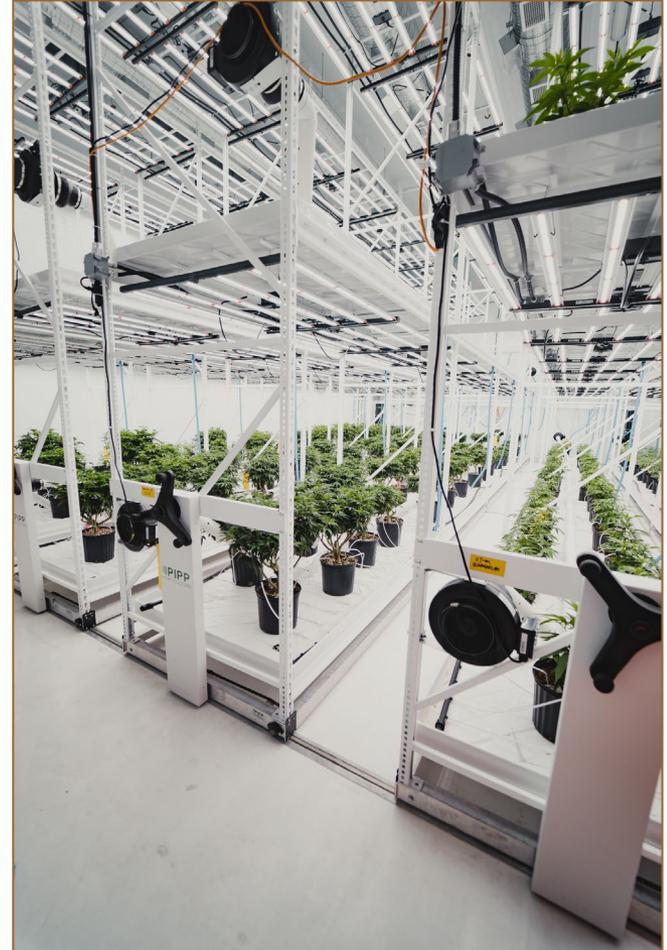
Administrative Area

- The Production Facility includes a separate administrative area that contains office rooms, meeting rooms, staff change areas and a large lobby to house various administrative functions.

Production Facility Footprint



Production Facility Photos



Sales Process and Next Steps

Next Steps

- The Receiver is conducting the SISP in accordance with the SISP procedures document posted on the Receiver’s website: www.alvarezandmarsal.com/candre (the “SISP Procedures”). All capitalized terms used but not defined in this document shall bear their meanings as defined in the SISP Procedures. The SISP will provide for the solicitation of interest for:
 - the sale of all or a portion of Candre’s Property (a “Sale Proposal”); and
 - the investment in the licensed wholesale cannabis production business that was formerly operated by Candre or such other business which a potential bidder might propose to engage in using some or all of the Property of Candre (the “Business”). Such proposals for the Business may take the form of an investment in or a proposal to restructure, reorganize, recapitalize, or refinance Candre (an “Investment Proposal”).
- Any Sale Proposal or Investment Proposal will be on an “*as is, where is*” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver whatsoever. All qualified interested parties will be provided with an opportunity to participate in the SISP and are required to execute a non-disclosure agreement (the “NDA”) that accompanies this document to receive access to a virtual data room (the “Data Room”) with additional information. The Receiver and its advisors make no representation or warranty as to the accuracy or completeness of the information contained herein, in the Data Room, or otherwise made available pursuant to the SISP.

Event	Date
Phase 1 Bid Deadline	April 28, 2023 (5:00pm MST)
Receiver to assess Qualified LOIs, in consultation with the Secured Creditor	April 28 - May 2, 2023
Phase 2 Due-Diligence Process	May 2 - May 11, 2023
Phase 2 Bid Deadline	May 12, 2023 (5:00pm MST)
Receiver to review Phase 2 bids, and identify the Successful Bid	May 13 - May 19, 2023
Receiver to seek Court Approval of Successful Bid submitted by Successful Bidder	Week of May 29, 2023

- Phase 1:**
 - Per the SISP, a Qualified Bidder must deliver a non-binding letter of intent to the Receiver by the Phase 1 Bid Deadline: **5:00pm MST on April 28, 2023.**
- Phase 2:**
 - Per the SISP, a Phase 2 Qualified Bidder must deliver a formal binding offer to the Receiver by the Phase 2 Bid Deadline: **5:00pm MST on May 12, 2023.**
 - A bid in Phase 2 shall be accompanied by a deposit equal to 10% of the purchase price, which will be non-refundable if the bid is deemed to be the Successful Bid.
- The Receiver reserves the right at any time to amend or terminate these sale procedures, to decline an interested party the ability to participate in the process, to terminate discussions with any or all interested parties, to reject any or all offers, or to negotiate with any party with respect to a possible transaction.
- Interested parties who wish to pursue a potential acquisition are required to execute an NDA, to receive access to additional information. Please contact a representative of the Receiver listed below for further information. Any interested party who wishes to participate in the SISP should review the SISP procedures in detail.

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