This is Affidavit #1 of Zeena Ali in this proceeding and was made on November 26, 2020

> No. S-2010103 Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44 AND THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

IN THE MATTER OF SUNNIVA INC., SUNNIVA MEDICAL INC., 11111035 CANADA INC. AND 1167025 B.C. LTD

On Behalf of the Application Respondent, Matrix Venture Capital Management, Inc.

AFFIDAVIT

I, Zeena Ali, Legal Assistant, c/o 2600-1066 West Hastings Street, Vancouver, British Columbia SWEAR THAT:

- 1. I am a Legal Assistant with the law firm of MLT Aikins LLP, counsel for Matrix Venture Capital Management Inc. ("Matrix"), and, as such, have personal knowledge of the matters deposed to in this affidavit except where stated to be based upon information and belief, in which case I do verily believe the same to be true.
- 2. Attached hereto and marked as **Exhibit "A"** to this my affidavit is a true copy of a letter dated November 26, 2020 from Rommy Shy, a managing member of BOBS LLC, to Alvarez & Marsal Canada Inc., in its capacity as Monitor in this matter.
- 3. I swear this affidavit in support of the Application Response and for no other or improper purpose.

SWORN BEFORE ME at the City of

Vancouver, in the Province of British

Columbia, this 26 day of November, 2020.

A Commissioner for Taking Affidavits in the

Province of British Columbia

ZEĘNA ALI

VANESSA A. MENSINK BARRISTER & SOLICITOR MLT AIKINS LLP 2600-1066 W. HASTINGS ST. VANCOUVER, B.C. V6C 3X1 TELEPHONE: 604-608-4582 This is **Exhibit "A"** referred to in the Affidavit of Zeena Ali sworn before me at Vancouver, BC, the 26th day of November, 2020

Commissioner for Taking Affidavits within British Columbia BOBS LLC 600 S. Spring St. #106 Los Angeles, CA 90014 818-274-2655

November 26, 2020

Alvarez & Marsal 400 Burrard Street, #1680 Vancouver, BC V6C 3A6 Attention Mr. Anthony Tillman

Dear Mr. Tillman,

Re:

Sunniva Inc., Sunniva Medical Inc., 11111035 Canada Inc. and 1167025 Ltd. – CCAA Proceedings

I am the managing member of BOBS LLC which is presently the owner of 69375 Ramon Road, Cathedral City, California (the "California Greenhouse Facility").

I have received and reviewed the court filed materials and in particular the Affidavits #1, #2 and #3 of Anthony F. Holler filed in the CCAA proceeding in Vancouver Registry No. S-2010103 (the "CCAA Proceedings"). I write to respond to certain statements made by Mr. Holler in his Affidavits.

I only received the materials for the application to be heard on Friday November 27, 2020 late yesterday and I would have normally put my comments into an affidavit and filed it in the CCAA Proceeding. Today is Thanksgiving in the US and it is not possible, given the timing of my receipt of the application materials, to prepare and file an affidavit so I am putting my comments in this letter.

In Mr. Holler's Affidavit #2, Mr. Holler indicates that he wanted to either resolve the dispute regarding the construction of the California Greenhouse Facility or seek refinancing or a new ownership partner for the California Greenhouse Facility. I can state unequivocally that BOBS LLC has no intention of selling the California Greenhouse Facility to Mr. Holler or anyone else. It is BOBS LLC intention to complete construction and maintain full ownership.

On November 25, 2019 the prior owner of the California Greenhouse Facility gave notice to CP Logistics Inc. ("CPL") (Sunniva's wholly owned subsidiary) that it considered CPL to have been in default in the terms of its lease in respect of the California Greenhouse Facility (the "Lease") due to its failure to pay for construction change orders and failure to maintain the licenses necessary to conduct its intended business with termination of the Lease to have been within 30 days of the date of the notice. Since the notice was given almost exactly one year ago, CPL has failed to correct any of its breaches of the terms of the Lease.

I do not consider CPL or Sunniva Inc. to presently hold any leasehold interest in the California Greenhouse Facility.

Due to CPL/Sunniva's longstanding failure to correct any of its breaches of the terms of the Lease and its present financial condition, Sunniva and its subsidiaries are simply not potential parties I would allow to become tenants at the California Greenhouse Facility.

I acknowledge that on March 20, 2019, I signed a Subordination Nondisturbance Attornment document (the "Nondisturbance") related to the Lease with CPL however the terms of the Nondisturbance were only in effect so long as Sunniva/CPL were not in default in the terms of the Lease. In fact, it is my position that the Lease was in default and was terminated.

I note that in paragraph 22 of Anthony Holler's Affidavit #2 he states: "I believe that preserving and developing the Petitioners' US assets, and in particular the leasehold interest in the California Greenhouse Facility, represents the only meaningful source of potential recovery for the Petitioners' creditors. I further believe that for this potential recovery to be realized, the Petitioners require a negotiated solution to the Construction Dispute and Arbitration surrounding the California Greenhouse Lease, or alternatively, new financing or strategic partners or investors to replace the current Greenhouse Owner and complete construction of the California Greenhouse Facility."

I personally dispute the foundation of Mr. Holler's assumptions and allegations in paragraph 22 of his Affidavit #2. BOBS LLC does not intend to sell the California Greenhouse Facility to Sunniva or anyone. Sunniva and its subsidiaries have no leasehold interest in the California Greenhouse Facility. BOBS LLC is not interested in pursuing a new lease with Sunniva or its subsidiaries due to their lack of managerial experience, debt-laden financial status and history of defaults with regard to their prior Lease.

Presently BOBS LLC is not a party to any arbitration related to the Lease. Should Sunniva initiate such proceedings, as Mr. Holler mentioned in his Affidavit #3, BOBS LLC is prepared to vigorously fight to avoid having Sunniva foisted upon it as an unwanted tenant. We firmly believe that Sunniva presently has no valid leasehold interest in the California Greenhouse Facility, and we also firmly believe that Sunniva would be an extremely undesirable tenant given its extensive history of defaults as well as its precarious financial condition. The possibility of a Sunniva tenancy at the California Greenhouse Facility is a possibility we will fight vigorously as it is seen as only bringing financial hardship upon BOBS LLC.

Yours Sincerely,

Rommy Shy