CV-20-00641220-00CL

Court File No. ________________

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

SUPERIOR COURT OF JUSTICE
COUR SUPÉRIEURE DE JUSTICE

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN GROWTH BRANDS REALTY LTD. AND XANTHIC BIOPHARMA LIMITED

Applicants

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing on May 20, 2020 at 8:00 a.m. via videoconference due to the COVID-19 pandemic.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date May 20, 2020

Issued by

Local registrar
C. Irwin
Registrar

Address of court office 330 University Avenue, 9th fl Toronto, Ontario M5G 1R7

APPLICATION

THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") substantially in the form attached at Tab 5 of the Applicants' Application Record, for, *inter alia*:

   (a) abridging the time for service of this Notice of Application and the materials filed in support of the Application and dispensing with further service thereof;

   (b) declaring that the Applicants are parties to which the CCAA applies;

   (c) appointing Ernst & Young Inc. ("**EY**") as an officer of this Court to monitor the assets, businesses and affairs of the Applicants (in such capacity, the "**Monitor**");

   (d) staying all proceedings taken or that might be taken in respect of the Applicants, their directors and officers, and the Monitor until May 29, 2020, subject to further Order of the Court (the "**Stay of Proceedings**");

   (e) approving the debtor-in-possession term sheet between Green Growth Brands Inc. and All Js Greenspace LLC dated as of May 19, 2020 (the "**DIP Agreement**"), which is to be secured by a charge over the Applicants' property (the "**DIP Lender's Charge**");

   (f) granting the following charges over the Applicants' property:

      (i) an administrative charge in favour of the Monitor, counsel to the Monitor, counsel to the Applicants (the "**Administration Charge**");

      (ii) a charge in favour of the directors and officers of the Applicants (the "**Director's Charge**");

      (iii) the DIP Lenders' Charge; and

2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS APPLICATION ARE:

General

(a) The Applicants, Green Growth Brands Inc. ("**GGB**"), GGB Canada Inc., Green Growth Brands Realty Ltd., and Xanthic Biopharma Limited are companies to which the CCAA applies;

(b) The claims against the Applicants exceed $5 million;

(c) The Applicants are part of a cannabis enterprise (the "**GGB Group**") that is licensed to grow, process and sell cannabis in various jurisdictions within the United States:

(d) Until very recently, the GGB Group operated two distinct lines of business: (a) cannabis cultivation, processing and production of products containing more than 0.3% tetrahydrocannabinol ("**THC**"), and the distribution of the THC products as a multi-state operator through wholesale and retail channels in medical and adult-use dispensaries in Florida, Massachusetts and Nevada (the "**MSO Business**"), and (b) cannabidiol ("**CBD**") infused consumer product production, wholesale and retail operations online and through mall-based kiosk shops (the "**CBD Business**");

(e) The creation of the GGB Group was funded through equity and debt financing. GGB has always been cash flow negative. Commencing in early 2019, GGB began experiencing liquidity issues.

(f) The CBD Business was severely negatively impacted by the onset of the COVID-19 pandemic, and on March 19, 2020, GGB was forced to indefinitely suspend its CBD Business;

(g) GGB currently has in excess of $100 million of secured debt, the majority of which has matured. In addition, GGB is facing several lawsuits in the United States and Canada;

(h) GGB is suffering a severe liquidity crisis and is generally unable to meet its obligations as they come due. The Applicants require an urgent stay of proceedings and additional financing in order to continue operating the MSO Business in the ordinary course and preserve enterprise value while they pursues a formal sales process;

(i) EY has consented to act as the Monitor;

Stay of Proceedings

(j) The Applicants require a Stay of Proceedings and the other relief sought to permit them to continue operating as a going concern as they pursue sale options in order to maximize enterprise value;

(k) It is necessary and in the best interests of the Applicants and their stakeholders that the Applicants be afforded the "breathing space" provided by the CCAA as they attempt to restructure their business;

DIP Agreement

(a) All Js Greenspace LLC ("**All Js**"), one of GGB's existing secured lenders, has agreed to fund these CCAA proceedings through a debtor-in-possession loan facility (the "**DIP Agreement**");

(b) The Applicants are seeking approval of the DIP Agreement and authority to borrow US$1 million during the initial 10-day stay period;

(c) All Js and the Applicants' debenture holders have also agreed to has also agreed to enter into a stalking-horse agreement (the "**Stalking Horse APA**") and act as a stalking-horse bidder pursuant to a Court-approved sale and investment solicitation process (the "**SISP**");

(d) No relief is being sought in this initial application with respect to the Stalking Horse APA or the SISP, as this relief will be sought at the Comeback Hearing;

Court Ordered Charges

(e) The Administration Charge and D&O Charge are required to secure the professional services required to complete these CCAA proceedings and ensure the continued cooperation of the Applicants' directors and officers.;

(f) The DIP Lender's Charge is a condition to the advance of funds under the DIP Agreement, which is necessary in order to fund the CCAA proceedings;

Other Grounds

(g) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

(h) Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;

(i) Section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

(j) Such future and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this Application:

(a) the Affidavit of Raymond C. Whitaker III, sworn May 19, 2020, and the exhibits attached thereto;

(b) the consent of EY; and

(c) such further and other evidence as counsel may advise and this Court may permit.

May 20, 2020

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SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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